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20 September 2018

Highlands Natural Resources plc ('Highlands' or 'the Company')
Colorado Shale - East Denver Operations Update

Highlands, the London-listed natural resources company, provides the following update about the six new wells being funded entirely by Highlands' partners at its East Denver Project.

As previously announced, drilling operations at the new wells were completed in mid-July. The pad was subsequently prepared for fracture stimulation operations which started in mid-August, and the fracking operations for the Grizzly well are now fully completed with the Ouray and Buckskin wells now around 60% complete. In the meantime, the operations team is currently building all necessary surface facilities.

Colorado has experienced one of the driest summers in recent history and consequently water supply disruptions are becoming more commonplace for the local services industry. Our operations are not immune to these problems. Accordingly, the well operator has informed Highlands that the fracking schedule has been revised, with more staggering of the operations to compensate for the drought conditions. Alternative water supplies have also been organised to complete the operations.

In addition to requisitioned water supplies, Highlands is moving two E10X modular solar powered water-recycling units to the East Denver location to treat production and flow-back water from operations to make the water reusable. Highlands will charge fees for treating the disposed water and selling the fresh water to the operator.

Whilst securing these units represents a considerable achievement given local competition for water, Highlands now expects the fracking operations to be completed in December with flow-back from the new wells in late December or early January, at which point Highlands will have a 7.5% carried interest in eight producing wells when these six additional wells come online.

ENDS

For further information:

Highlands Natural Resources plc
Robert Price +1 (0) 303 322 1066

Cantor Fitzgerald Europe
Nick Tulloch +44 (0) 20 7894 7000
David Porter

Redleaf Communications
Elisabeth Cowell
Fiona Norman +44 (0) 20 3757 6880

Notes to Editors

Highlands (LSE: HNR.L) is a London-listed natural resources company with a portfolio of high-potential oil, gas and helium assets and technologies. The Company's core projects include:

- Colorado Shale: having developed a horizontal oil and gas project targeting the East Denver Niobrara shale formation, Highlands retains a 7.5% carried interest in the project, which is fully funded and operated by Highlands' partners. East Denver is currently producing from two wells, with six additional wells drilled and currently being completed, with the potential for up to 24 wells in total. Highlands is now developing plans to advance its 4,477-acre shale project in the Denver Julesburg Basin west of Denver. Highlands is preparing to file drilling permit and drilling and spacing units to cover wells in West Denver project.
- Well Performance Enhancement Portfolio: A collection of inter-supporting technological and natural resource assets, consisting of DT Ultravert, a re-fracking and parent well protection technology with four patents allowed and additional patents pending in the United States and internationally, 1,100-acre Kansas low-cost highly-pure nitrogen resources and 46,000-acre prospective carbon dioxide resource leases in Arizona. Highlands in advanced commercial discussions with various parties for full scale commercialization of its technological and natural resource assets.
- Kansas Nitrogen Resources: 1,100-acre low-cost nitrogen resources with 99.59% purity and initial flow rate of 2,581 Mcfpd. Highlands is in discussions with end-users of nitrogen for the commercialization of its resources. Highland is in advanced discussions with third parties to sell Nitrogen.
- Montana Helios Two: a 220,000+ acre helium and natural gas prospect in SE Montana with drilling and assessment operations ongoing.