

# ADAMS NATURAL RESOURCES FUND, INC.

500 East Pratt Street, Suite 1300  
Baltimore, MD 21202

November 9, 2017

## **IMPORTANT NOTICE** **Please Read Carefully**

*To our Shareholders:*

The Board of Directors today declared (i) a dividend of \$0.20 per share from 2017 net investment income and (ii) a distribution of \$0.68 per share from net capital gains realized during the year 2017, all of which was long-term, payable December 20, 2017, to shareholders of record at the close of business November 22, 2017.

### **Options to Receive Stock or Cash**

Each shareholder may elect to receive the income dividend and the capital gain distribution in one of three different ways, as follows:

#### ***Option 1***

You may elect to receive full shares of stock for the combined total income dividend and capital gain distribution of \$0.88 per share. Any balance of less than one full share will be paid in cash.

A shareholder exercising Option 1 whose combined total dividend and capital gain distribution amounts to less than the value of one share of stock will receive only cash.

All full shares of stock will be placed in electronic book entry form and a statement will be mailed. If you wish to receive a certificate for the shares credited to your account, please contact American Stock Transfer & Trust Company, LLC after the payable date.

#### ***Option 2***

You may elect to receive full shares of stock for the capital gain distribution of \$0.68 per share. The income dividend and any balance of the capital gain distribution of less than one full share will be paid in cash.

A shareholder exercising Option 2 whose total capital gain distribution amounts to less than the value of one share will receive only cash.

All full shares of stock will be placed in electronic book entry form and a statement will be mailed. If you wish to receive a certificate for the shares credited to your account, please contact American Stock Transfer & Trust Company, LLC after the payable date.

#### ***Option 3***

You may elect to receive both the income dividend and the capital gain distribution in cash.

#### ***Automatic Reinvestment (Investors Choice)***

**No option card is enclosed for shareholders whose dividends are automatically reinvested.** The total payment will be used for the purchase of stock and, if applicable, will include a fractional share. **There will be no service charge for the December 20, 2017 reinvestment.** You will receive a confirmation of shares credited to your account 10 to 12 days after the date of the distribution.

**Since the income dividend and the capital gain distribution reflect the realization of increased value of your investment, an election to receive the dividend and distribution in shares will tend to maintain the total value of your investment in the Fund, and an election to receive cash will tend to reduce that investment's total value. Option 1 provides the best opportunity for shareholders who wish to build up their holdings in the Fund's stock.**

## **How to Exercise Your Option**

Determine the option you wish to exercise and clearly mark the box indicating such option on the enclosed card. Then sign and mail this card in the enclosed postage-paid envelope so that it will be received by American Stock Transfer & Trust Company, LLC, 6201 15<sup>th</sup> Avenue, Brooklyn, NY 11219 not later than **December 8, 2017**.

**Please note that your option card must be received by American Stock Transfer & Trust Company, LLC by the close of business December 8, 2017. If it is *NOT* received by American Stock Transfer & Trust Company, LLC by December 8, 2017, or if it is received but none of the boxes is clearly marked, you will automatically receive payment under Option 2.**

## **Method of Computation**

The number of additional shares to be issued to a shareholder electing Option 1 or 2 will be determined by dividing the total dollar amount of their combined dividend and capital gain distribution under Option 1, or the total dollar amount of their capital gain distribution under Option 2, by the value per share of the Fund's stock on December 8, 2017. The "value per share" on that date for this purpose shall be the **lower** of (1) the "fair market value" on that date, which shall be the **mean** between the high and low sales prices on the New York Stock Exchange or, if there are no sales, then the **mean** between the closing bid and asked quotation for such day, or (2) the net asset value per share determined as of the close of business on December 8, 2017. In no event shall the "value per share" for this purpose be less than 95 percent of the "fair market value" on December 8, 2017. In the event that the New York Stock Exchange should be closed on December 8, 2017, prices from the next preceding day on which the New York Stock Exchange shall have been open will be used in this computation.

The number of shares that will be outstanding after these payments are made cannot be established until the price at which shares will be issued has been determined, as described in the preceding paragraph, and the elections of the shareholders have been tabulated.

As of the close of business October 31, 2017, the net asset value of the Fund's stock, as computed by the Fund, was \$22.83 per share and the closing price on the New York Stock Exchange was \$19.52 per share. Therefore, on that date the market price represented a discount of 14.5 percent from the net asset value. If the market price discount on the computation date should be the same as on October 31, 2017, after provision for the payments announced herein, and assuming that shareholders elect to take 44 percent of the total payment (the approximate average over the past five years) in stock, the net asset value per share would be reduced by 0.3 percent.

## **Important — Federal Income Tax Information — Note Carefully**

Both the income dividend and the capital gain distribution which you will receive are subject to federal income taxes, whether received in stock or cash.

**Accordingly, the dividend of \$0.20 per share from net investment income should be reported in your federal income tax return for the calendar year 2017 as dividend income, whether received in stock or cash.**

**The long-term capital gain distribution of \$0.68 per share, whether received in stock or cash, should be reported in your federal income tax return for the calendar year 2017 as long-term capital gain realized in 2017 regardless of how long you have owned your Adams Natural Resources Fund stock. The long-term capital gain distribution is taxable at the capital gain tax rates. Shareholders should consult their tax advisers for their individual tax rates.**

If you exercise Option 1 or 2, your cost basis per share for federal tax purposes of the shares you receive will generally be an amount equal to the amount you would have received had you taken the dividend or capital gain distribution in cash divided by the number of shares that you receive.

If you have any questions, please contact the Shareholder Relations Department at American Stock Transfer & Trust Company, LLC at 866-723-8330. If you have any further questions, please communicate with the office of the Secretary, Adams Natural Resources Fund, Inc., 500 East Pratt Street, Suite 1300, Baltimore, MD 21202 (410-752-5900 or 800-638-2479) or by e-mail to: [contact@adamsfunds.com](mailto:contact@adamsfunds.com).

Yours truly,

MARK E. STOECKLE  
*Chief Executive Officer*

**MAIL YOUR OPTION CARD EARLY IN ORDER TO GUARD AGAINST MAIL DELAY.**  
**THE OPTION CARD MUST BE RECEIVED BY AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC**  
**NO LATER THAN THE CLOSE OF BUSINESS ON DECEMBER 8, 2017.**