

Clontarf Energy Plc



CLONTARF
energy PLC

Interim Report
2015

Clontarf Energy plc
(“Clontarf” or “the Company”)

Interim Statement for the period ended 30 June 2015

Clontarf currently operates in a very hostile market environment. We are fully funded for current activities over the next couple of years. We have made progress on two fronts: in Peru and Ghana.

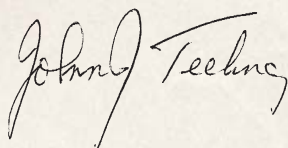
A significant step forward took place in Peru when Union Oil and Gas, a large private South American agribusiness/energy group, took over the rights and obligations on Block 183. We think this is a particularly prospective block with adjacent consumer gas markets and discoveries in surrounding areas.

Union was a target partner for Clontarf when we were originally awarded the Block 183 & 188 acreage in 2011. A deal did not happen then because of Union's lack of familiarity with Peruvian conditions at that time. Instead, a local private group took the block hoping to develop a power generation project fuelled by gas from Block 183. The intervening period proved difficult to raise major funds for the project's development, and the private group has in turn now passed the Block to Union, a much larger group. Union is now operating elsewhere in Peru and is working on Block 183. We expect Union to complete the work programme, including the acquisition of seismic data and, if prospects are confirmed, the commencement of a drilling programme. Clontarf has a 3% revenue royalty up to US\$5 million each for any two discoveries which are brought into production.

The current position regarding Ghana is that the Ghanaian National Petroleum Commission is actively considering the current re-application by Pan Andean Resources Ltd (60% Clontarf, 30% Petrel, 10% local interests) over circa 1,500 sq km plus of the shallow-to-medium depth part of the prospective Tano Basin. A year ago we withdrew a court case to force the Ghanaian authorities to process our 2010 application. There was a dispute over part of what we believed to be our acreage. Following discussions with the Ghanaian authorities, we agreed new co-ordinates and a speedy ratification process. Little has happened so far. We threatened to recommence court proceedings. Once more a compromise was agreed under which the local company, Pan Andean, agreed, without prejudice, to re-submit a fresh proposal over acreage defined by the revised coordinates. This has been done and that re-application is now being considered.

We are now in the seventh year of a bear market for junior exploration shares on the AIM market. World political and economic turmoil, exacerbated by a collapsed oil price, means the current market is now worse than any time in the past six years. When oil prices are US\$50 a barrel or less, the incentive to explore in frontier areas is compromised. Not only that, expensive production will be put on care and maintenance. But, the emerging world economies will, over the coming decades, require vast quantities of oil to fuel cars, homes and industry and we believe that Ghana is well placed to benefit from this future growth.

Clontarf continues to monitor ways to create shareholder value. As explorers, we look at new projects and/or jurisdictions becoming available for exploration.

A handwritten signature in black ink that reads "John Teeling". The signature is written in a cursive style with a large, sweeping initial "J".

John Teeling
Chairman

21st September 2015

Financial Information (unaudited)

	Six Months Ended		Year Ended
	30 June 15 unaudited	30 June 14 unaudited	31 Dec 14 audited
	£'000	£'000	£'000
<u>CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u>			
REVENUE	-	-	-
Cost of sales	-	-	-
GROSS PROFIT	-	-	-
Administrative expenses	(86)	(131)	(245)
OPERATING LOSS	(86)	(131)	(245)
Finance revenue	1	1	1
Finance costs	(1)	(29)	(30)
LOSS BEFORE TAXATION	(86)	(159)	(274)
Income Tax	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(86)</u>	<u>(159)</u>	<u>(274)</u>
LOSS PER SHARE - basic and diluted	<u>(0.02p)</u>	<u>(0.08p)</u>	<u>(0.09p)</u>
<u>CONDENSED CONSOLIDATED BALANCE SHEET</u>			
	30 June 15 unaudited	30 June 14 unaudited	31 Dec 14 audited
	£'000	£'000	£'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	3,084	3,026	3,059
	<u>3,084</u>	<u>3,026</u>	<u>3,059</u>
CURRENT ASSETS			
Trade and other receivables	7	2	10
Cash and cash equivalents	323	14	397
	<u>330</u>	<u>16</u>	<u>407</u>
TOTAL ASSETS	<u>3,414</u>	<u>3,042</u>	<u>3,466</u>
LIABILITIES:			
CURRENT LIABILITIES			
Trade payables	(68)	(159)	(79)
Other payables	(756)	(1,281)	(711)
	<u>(824)</u>	<u>(1,440)</u>	<u>(790)</u>
NON CURRENT LIABILITIES			
Loans	-	(598)	-
TOTAL LIABILITIES	<u>(824)</u>	<u>(2,038)</u>	<u>(790)</u>
NET ASSETS	<u>2,590</u>	<u>1,004</u>	<u>2,676</u>
EQUITY			
Share capital	1,136	519	1,136
Share premium	10,493	9,324	10,493
Reserves	(9,039)	(8,839)	(8,953)
TOTAL EQUITY	<u>2,590</u>	<u>1,004</u>	<u>2,676</u>

Financial Information (unaudited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Share Premium £'000	Share Payment Reserves £'000	Retained Losses £'000	Total Equity £'000
As at 1 January 2014	500	9,249	330	(9,010)	1,069
Issue of shares	19	75	-	-	94
Total comprehensive loss	-	-	-	(159)	(159)
As at 30 June 2014	519	9,324	330	(9,169)	1,004
Share options granted	-	-	1	-	1
Share options expired	-	-	(130)	130	-
Warrants expired	-	-	(6)	6	-
Issue of shares	617	1,199	-	-	1,816
Share issue expenses	-	(30)	-	-	(30)
Total comprehensive loss	-	-	-	(115)	(115)
As at 30 December 2014	1,136	10,493	195	(9,148)	2,676
Total comprehensive loss	-	-	-	(86)	(86)
As at 30 June 2015	1,136	10,493	195	(9,234)	2,590

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended 30 June 15 unaudited £'000	30 June 14 unaudited £'000	Year Ended 31 Dec 14 audited £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(86)	(159)	(274)
Finance costs recognised in loss	1	29	30
Finance revenue recognised in loss	(1)	(1)	(1)
Exchange movements	2	(6)	(5)
Share options granted	-	-	1
	(84)	(137)	(249)
Movements in Working Capital	12	144	49
CASH USED IN OPERATIONS	(72)	7	(200)
Finance costs	(1)	(29)	(30)
Finance revenue	1	1	1
NET CASH USED IN OPERATING ACTIVITIES	(72)	(21)	(229)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets	-	-	622
Share issue expenses	-	-	(30)
NET CASH GENERATED BY FINANCING ACTIVITIES	-	-	592
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(72)	(21)	363
Cash and cash equivalents at beginning of the period	397	29	29
Effect of exchange rate changes on cash held	(2)	6	5
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	323	14	397

1. INFORMATION

The financial information for the six months ended 30 June 2015 and the comparative amounts for the six months ended 30 June 2014 are unaudited. The financial information above does not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Interim Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the Group 2014 Annual Report, which is available at www.clontarfenergy.com

The interim financial statements have not been audited or reviewed by the auditors of the Group pursuant to the Auditing Practices board guidance on Review of Interim Financial Information.

2. No dividend is proposed in respect of the period.

3. LOSS PER SHARE

Basic loss per share is computed by dividing the loss after taxation for the year available to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend during the year. Diluted earnings per share is computed by dividing the loss after taxation for the year by the weighted average number of ordinary shares in issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the year.

The following table sets out the computation for basic and diluted earnings per share (EPS):

	Six months Ended		Year Ended
	30 June 15	30 June 14	31 Dec 14
	£	£	£
Numerator			
For basic and diluted EPS	(86,361)	(159,325)	(274,196)
	<u> </u>	<u> </u>	<u> </u>
Denominator			
For basic and diluted EPS	454,225,781	206,861,662	298,858,400
	<u> </u>	<u> </u>	<u> </u>
Basic EPS	(0.02p)	(0.08p)	(0.09p)
Diluted EPS	(0.02p)	(0.08p)	(0.09p)
	<u> </u>	<u> </u>	<u> </u>

Basic and diluted loss per share are the same as the effect of the outstanding share options is anti-dilutive and is therefore excluded.

4. INTANGIBLE ASSETS

Exploration and evaluation assets:	30 June 15	30 June 14	31 Dec 14
	£'000	£'000	£'000
Cost:			
At 1 January	8,106	8,011	8,011
Additions	25	62	95
	<u> </u>	<u> </u>	<u> </u>
Closing Balance	8,131	8,073	8,106
	<u> </u>	<u> </u>	<u> </u>
Impairment:			
At 1 January	5,047	5,047	5,047
Provision for impairment	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Closing Balance	5,047	5,047	5,047
	<u> </u>	<u> </u>	<u> </u>
Carrying value:			
At 1 January	3,059	2,964	2,964
	<u> </u>	<u> </u>	<u> </u>
At period end	3,084	3,026	3,059
	<u> </u>	<u> </u>	<u> </u>

Regional Analysis	30 Jun 15	30 Jun 14	31 Dec 14
	£'000	£'000	£'000
Peru	2,474	2,474	2,474
Ghana	610	552	585
	<u>3,084</u>	<u>3,026</u>	<u>3,059</u>

On 15 May 2013, the company signed an agreement with Peru Oil and Gas Exploration Limited (POGEL). Under the agreement POGEL, an energy investment company, has undertaken responsibility to put up performance bonds and conduct contractual work on the Exploration and Development Contracts on Peruvian Block 183. Clontarf Energy plc converted its interest in Blocks 183 to an overriding royalty of 3% on production from any commercial discovery.

On 12 August 2013, Rurelec Plc, an AIM listed energy provider in South America, entered into an agreement with POGEL to purchase gas from Block 183 when and if gas is produced. Clontarf holds a 3% overriding royalty on production from any commercial discovery. The royalty payment is capped at US\$5 million per structure and US\$10 million in total for the block.

On 28 July 2015 the company announced that they had agreed with the Ghanaian authorities that Pan Andean Resources Ltd ("Pan Andean"), the Company's local subsidiary (60% Clontarf, 30% Petrel, 10% Locals), will reapply for an exploration licence over 1,500 plus sq km of acreage in the Tano Basin offshore Ghana.

This agreement follows protracted discussions on how best to implement the terms of a court approved settlement relating to a signed 2010 Petroleum Agreement which had not been approved by the Ghanaian cabinet or parliament. Revised co-ordinates over the area were agreed by the parties concerned in October 2014.

The Ghanaian Ministry of Energy has now invited Pan Andean to submit a fresh application over the agreed co-ordinates. Pan Andean has been given assurances that this fresh application will be expeditiously processed through the approvals process. Following legal advice Pan Andean is proceeding in accordance with these assurances to submit a fresh application.

Exploration and evaluation assets relates to expenditure incurred in prospecting and exploration for oil and gas in Peru and Ghana. The directors are aware that by its nature there is an inherent uncertainty in such development expenditure as to the value of the asset.

The realisation of these intangible assets is dependent on the discovery and successful development of economic oil and gas reserves which is affected by the risks outlined below. Should this prove unsuccessful the value included in the balance sheet would be written off to the statement of comprehensive income.

The group's activities are subject to a number of significant potential risks including:

- licence obligations
- requirement for further funding
- geological and development risks
- title to assets
- political risks

Having reviewed the deferred exploration and evaluation development expenditure at 30 June 2014, the directors are satisfied that the value of the intangible asset is not less than carrying net book value.

5. TRADE PAYABLES

	30 June 15	30 June 14	31 Dec 14
	£'000	£'000	£'000
Trade payables	58	134	59
Other accruals	10	25	20
	<u>68</u>	<u>159</u>	<u>79</u>

6. OTHER PAYABLES

	30 June 15	30 June 14	31 Dec 14
	£'000	£'000	£'000
Amounts due to directors	756	1,281	711
	<u>756</u>	<u>1,281</u>	<u>711</u>

Other payables relate to remuneration due to directors' accrued but not paid at period end.

On 21 July 2014, the company issued 70,302,632 new ordinary shares at a price of 0.75p per share totalling £527,270 to the directors as part repayment of directors loans and accrued remuneration.

7. LOANS	30 June 15 £'000	30 June 14 £'000	31 Dec 14 £'000
Loans repayable	-	598	-
	-	598	-

During 2013 loans were received by the company's subsidiary Hydrocarbon Exploration Limited, from South American lenders. The loans were for a period of two years and the lenders agreed that they would accept ordinary shares in Clontarf Energy plc in lieu of cash repayment of amounts due. The loans bear interest at 10% per annum.

On 17 July 2014, the loans were converted into shares and the company issued 79,767,067 new ordinary shares at a price of 0.75p per share to the lenders as full and final settlement.

8. SHARE CAPITAL

Allotted, called-up and fully paid:

	Number	Share Capital £	Premium £
At 1 January 2014	200,184,469	500,461	9,248,336
Issued during the period	7,231,975	18,080	75,936
At 30 June 2014	207,416,444	518,541	9,324,272
Issued during the period	246,809,337	617,023	1,198,332
Share issue expenses	-	-	(29,345)
At 31 December 2014	454,225,781	1,135,564	10,493,259
Issued during the period	-	-	-
At 30 June 2015	454,225,781	1,135,564	10,493,259

Movements in share capital

On 14 January 2014 a total of 7,231,975 shares were issued at a price of 1.3 pence per share in settlement of outstanding professional fees amounting to £94,016.

On 17 July 2014 a total of 79,767,067 shares were issued at a price of 0.75 pence per share to South American lenders in settlement of the total principal amount and interest outstanding on the loans in the subsidiary company Hydrocarbon Exploration Limited.

On 21 July 2014 a total of 16,200,000 shares were placed at a price of 0.75 pence per share. Proceeds were used to provide additional working capital and fund development costs.

On 21 July 2014 a total of 79,413,699 shares were issued at a price of 0.75 pence per share to directors in settlement of unpaid directors remuneration and loans.

On 28 October 2014 a total of 71,428,571 shares were placed at a price of 0.70 pence per share. Proceeds were used to provide additional working capital and fund development costs.

9. SUBSEQUENT EVENTS

On 28 July 2015 the company announced that they had agreed with the Ghanaian authorities that Pan Andean Resources Ltd ("Pan Andean"), the Company's local subsidiary (60% Clontarf, 30% Petrel, 10% Locals), will ready for an exploration licence over 1,500 plus sq km of acreage in the Tano Basin offshore Ghana.

10. The Interim Report for the six months to June 30th, 2015 was approved by the Directors on 21st September 2015.

11. Copies of the interim report will be mailed shortly only to those shareholders who have elected to receive it. Otherwise, shareholders will be notified that the Interim Report will be available on the website at www.clontarfenery.com. Copies of the Interim Report will also be available for collection at the Companies Registered Office at 20-22 Bedford Row, London WC1R 4JS.