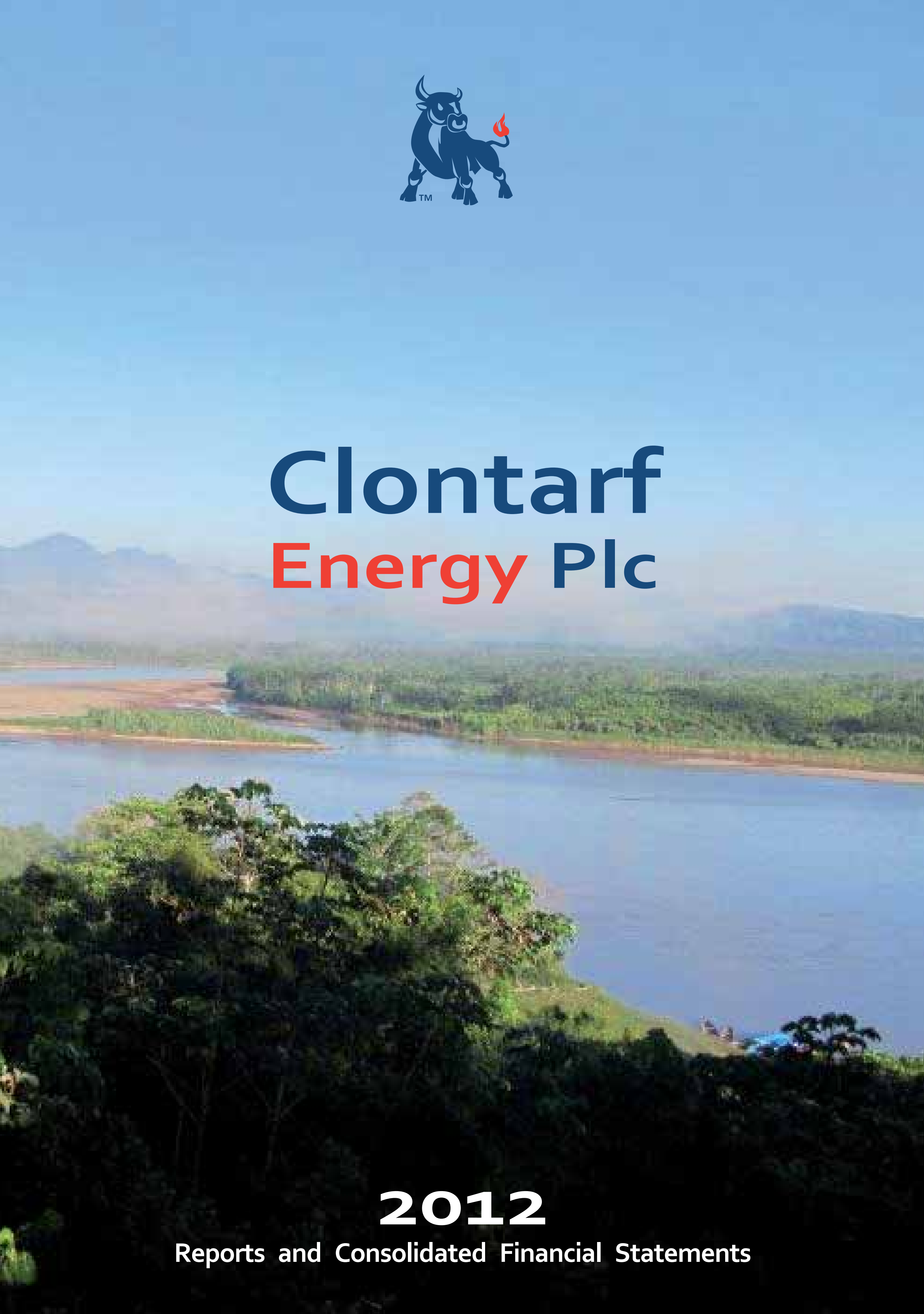

Clontarf Energy Plc

2012

Reports and Consolidated Financial Statements

Contents

Chairman's Statement

Clontarf Energy was formed in 2010 by reversing the unlisted Hydrocarbon Exploration Plc into Persian Gold Plc and then relisting. Hydrocarbon Exploration contained oil and gas prospects in Boliva, Ghana and the United States, interests which were spun out of the acquisition of Pan Andean Resources by Petrominerales. Persian Gold, an AIM listed Iranian gold explorer severely impacted by sanctions on Iran, needed a new direction. During the extended listing process two new Peruvian exploration licences were acquired by Hydrocarbon Exploration.

On listing Clontarf Energy held 60% of a licence agreement on the Tano 2A block in Ghana, 100% of two onshore licences in Peru, as well as interests in Bolivia and in the US which were valued at nominal sums. The Bolivian interests were subject to a nationalisation decree and legal uncertainties while an on-going court case in Texas made valuing the US assets a difficult task. Our strategy was simple – develop the Ghanaian block and farm out the two Peruvian blocks while holding on to what we could in Bolivia. The focus on Ghana continues.

Ghana

The Directors believe that the Tano 2A block in Ghana is a top class prospect. We knew Ghana having explored for gold over many years. We saw potential in the offshore but the financial commitment would have been too big for us. In 2008 we signed an agreement on Tano 2A – a shallow offshore/onshore block. We signed a revised agreement in 2010 with the Ghanaian National Petroleum Company (GNPC). The agreement requires cabinet and parliamentary approval which is awaited. In 2010/2011 we gathered and acquired all available historical data and using the latest technology reviewed the potential of the Tano 2A block. We believe that we have identified a number of good quality leads. Our advisors believe that oil has migrated northwards from the deeper offshore reservoirs where big discoveries have been made. There are numerous seepages onshore some of which were worked over 100 years ago. Further seismic will be shot to define targets once the ratification process is completed. During the three year wait for ratification we have remained fully engaged with the GNPC. We have put in place an insurance bond covering half of the initial three year agreed work programme, though there is no requirement for this in our contract.

Clontarf is not alone in awaiting licence ratification, we understand that numerous other agreements are in the queue. Ghana has had outstanding exploration success and there is significant upside potential on the blocks where agreements have been signed.

Peru

We were pleased in October 2010 when Clontarf was awarded two exploration licences over two large onshore blocks in the Peruvian jungle – Block 183 covering nearly 400,000 hectares located in North Central Peru and Block 188, covering nearly 600,000 hectares, in the Southern Ucayali basin. Clontarf was the only junior to be awarded licences in that licensing round. We immediately set to work hoping to repeat the earlier successes we had with four blocks in Peru then held by Pan Andean Resources, the forerunner of Clontarf.

We obtained, analysed and reviewed available seismic and well log data and were heartened to identify what we believed to be excellent leads, prospects and targets. An extensive farm out process began in 2011. Our prior work had given us a contact list and the credibility to gain access. Over a period of 18 months, over 50 presentations were made in Canada, North America, South America and Europe. The expectation was of a deal to recover all prior costs together with at least a 20% carry through the initial work programme plus one well. More than ten companies signed the Confidentiality Agreement and received the data.

There was interest from potential farminees and terms were discussed. Gradually interested parties faded away until by the end of 2012 we were left with a number of local groups and one international consortium. A Memorandum of Agreement was signed in late 2012 with the international consortium. Despite continued discussions a final deal never materialised. An agreement in principle was reached with a South American group. Once again the deal never completed. Now time became a threat. As licence holder, Hydrocarbon Exploration was obliged to put up a $500,000 performance bond by mid-March for Block 188 and another by mid-May for Block 183. We were assured by all parties concerned that a deal would be completed in time. This became unlikely. Peruvian Oil and Gas Exploration Ltd (POGEL), a private group, had approached us in early 2013 with a specific proposal related to sourcing gas for electricity generation. As the deadline for bond placement loomed, the board decided against raising funds to put up the bonds, as we were not able to farm out, so we either gave up the blocks or negotiated with POGEL. The royalty deal announced was not well received by the market because no cash was received. A royalty agreement of 3%, though capped at US$5 million per commercial discovery, has the same impact as a bigger free carry through to production because it is before costs.

How did this happen? We were running out of time and our expectation of significant multinational interest was wrong. We continue to believe that Peru is a prospective country for hydrocarbons with good commercial terms but the international oil industry appears to think otherwise. Delays due to bureaucracy, political posturing, environmental constraints and indigenous peoples' opposition are impacting badly on investor perceptions. Supporting this view is the fact that the parties interested at the end were either local or overseas companies with local interests.

It has cost significant sums to undertake the preliminary work on the blocks, to undertake the long farm out process, to pay training grants and to run the Peruvian operation. In March 2013 Hydrocarbon borrowed $400,000 from a financial institution in Lima, Peru to meet its commitments. This one year loan has a 10% coupon. The lenders have indicated that they will convert into shares in Clontarf Energy at the prevailing price of any future fundraise. The Board believes that the geology of the blocks is good. POGEL is expected to drill targets already identified by Clontarf.

Bolivia

After operating in Bolivia since 1988 we reluctantly deem it necessary to make full provision in the accounts for the remaining asset value of around £850,000. In 2010 a law was enacted nationalising all hydrocarbon assets. The implementation of this statute is confusing. Clontarf holds a 30% interest in the producing Monteagudo gas and oil field. We believe there is a high probability of significant gas reserves in deeper formations on the block. Our partners are Petrobras, Repsol and Andina -YPFB. Together with an Argentinian company we negotiated a deal with our partners for them to exit the block and for the interest of Clontarf to increase to 50%. This requires cabinet and parliamentary approval. No progress has been made in the past year. Title remains unclear. A similar situation exists on the El Dorado gas field where Clontarf claims a 10% ownership. We did not meet cash calls because there was or is no certainty of title. So we claimed *force majeure*. We subsequently negotiated a deal with the state oil company YPFB to regain the 10% interest by paying back costs. Again lack of clarity on what exactly we would own meant that we did not make the payments. We will attempt to recover what we can by available means including arbitration, legal action and selling Petrolex, the Bolivian subsidiary.

In 2001 the then Pan Andean acquired a UK company, Endeavour Oil & Gas Ltd., which had a US subsidiary with onshore and offshore oil/gas assets. The purchase price was $13 million. The operation was profitable until falling gas prices as a result of the shale gas revolution led to losses in Endeavour. In total since 2001 Clontarf and Pan Andean received over $7 million from Endeavour – not a good investment. Meanwhile a disagreement with Hunt Oil, the operator of our High Island 30 oil platform, relating to a well abandonment led, to a court case in Texas. Judgement was given against Endeavour Oil & Gas Inc., the local Texan subsidiary owned by Petrolex, our subsidiary. Hunt was offered ownership of Endeavour but declined. Hunt initiated legal cases against Endeavour, its directors and Hydrocarbon Exploration. Our legal advice is that there is no legal recourse to Clontarf Energy.

Clontarf was born at a difficult time. The AIM market in London was imploding for exploration ventures. New funding sources dried up and have stayed dry. We listed in 2011 with less than £2 million in cash but with high hopes for our activities in Ghana and Peru. Over $1 million has been spent on the Ghanaian block while awaiting ratification. In Peru we spent money keeping the new licences in good standing, identifying prospects and attempting to farm out. The farm out did not happen in the way it was envisioned. The royalty agreement negotiated provides some potential future value to the company. As the farm out process dragged on local costs in Peru were funded by a locally sourced loan. The lenders have indicated a willingness to accept shares for sums due. To preserve Company funds no salaries or fees have been paid to the three principal directors since the company was formed.

The directors will support a new fundraising and it is also the intention that sums due to directors and the Peruvian loans will be converted into shares as part of any future fundraising. This will help strengthen the balance sheet.

Clontarf is focused on Ghana licence ratification and will then build on the extensive work already undertaken. We will maintain our royalty interest in Peru and we will seek to dispose of Petrolex which holds the Bolivian and United States interests.

John J Teeling

Chairman
29 May 2013

Background

Clontarf Energy plc and Pan Andean Resources through their subsidiaries have explored for oil & gas since the 1990's Clontarf has been listed on the AIM market of the London Stock exchange since 2005. We have been active in Ghana since 2008, Peru since 2004 and Bolivia since 1988.

Ghana – Tano 2A Block

Clontarf Energy holds 60% of the Tano 2A onshore / shallow offshore licence (with Petrel Resources 30%, and local Ghanaian interests 10%) via a Ghanaian private company, Pan Andean Resources Ltd., as required under law. The Tano 2A Block is 1,532 km2 and we have already identified a significant number of leads and prospects from data analysis. A revised Petroleum Agreement was signed in March 2010, and is now working its way through the official ratification process.

Ghana's status as an oil industry hotspot has been reinforced by further discoveries over the past twelve months:
In early 2012 Tullow Oil reported a further find at Ntomme in the Tano Basin; in September 2012 ENI recorded a new discovery at their Offshore Three Points block, while in December 2012 Hess announced a further discovery at their own Deepwater Tano / Cape Three Points block.

Tullow Oil expects to grow its oil and gas production by up to 16% this year, underpinned by output from its 50% stake in the Jubilee oil field in the Tano Basin near our acreage. It expects to produce between 86,000 and 92,000 barrels daily (boe/d) of oil equivalent in 2013, compared to 79,200 boe/d in 2012. The increased potential of the Tano Basin resulted in the sale last year of Sabre Oil and Gas, which had a reported 4.05% interest in an offshore block in the Jubilee Field, to Petro S.A. for a reported cash consideration of $500 million.

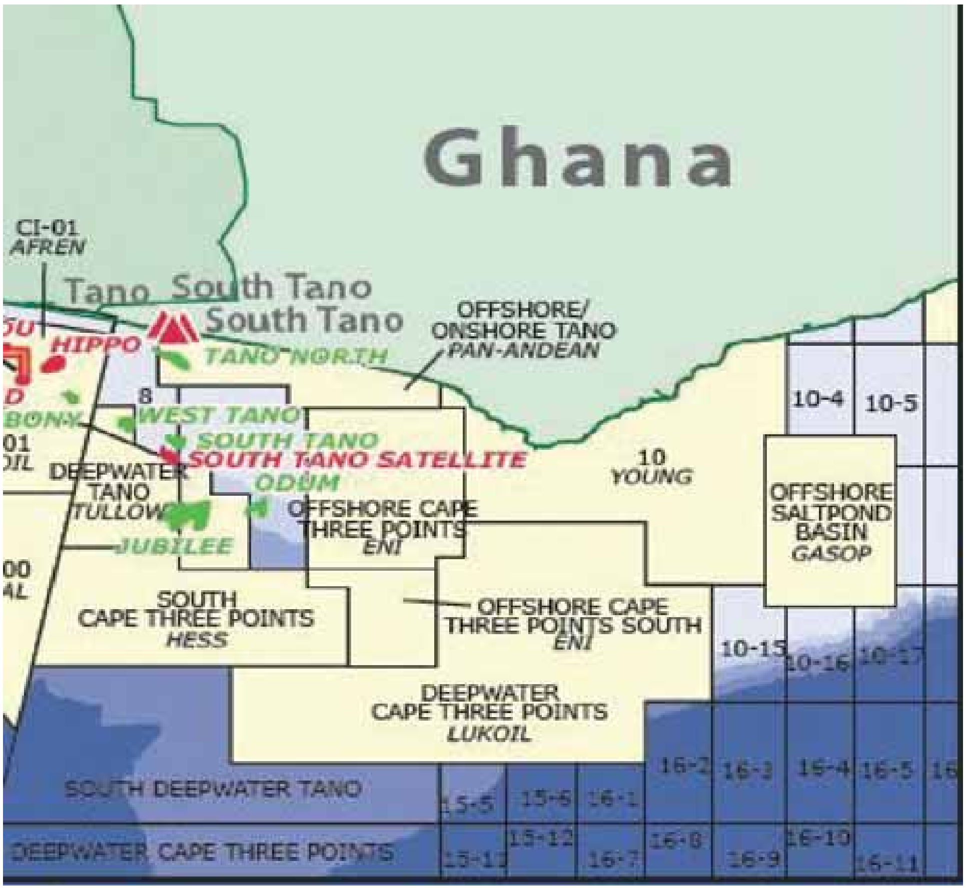

Fig. 1: Map Of Ghanaian Exploration Blocks: Pan Andean Resources Limited's Tano 2A Onshore / Offshore Block

Recent discoveries have been concentrated in Cretaceous reservoirs of the Tano Basin in western Ghana. The oil is generated in a deep-sea kitchen and migrates up-dip into the existing discoveries and further through reservoirs under shallow water and onshore, as shown by extensive onshore seepages – which have been documented for a century. In 2011 our technical team completed all of the initial phase of work possible on the Ghanaian Tano 2A Block using historic seismic, well data and regional geological material available. There is limited seismic coverage of varying quality from four programmes which required considerable work to reprocess, clarify and tie-in.

Following discussions with larger companies and contractors we believe that we now have a detailed grasp of the potential and issues of Tano 2A. We believe that the plays are similar to those in deeper water, though we expect the fan structures and trapping mechanism to differ.

Despite or maybe because of recent discoveries, the Ghanaian ratification process remains slow. Following a revised Petroleum Agreement in March 2010, we shared the general industry's expectation that several Petroleum Agreements would be soon ratified by Parliament.

However, over the last three years only one exploration licence has been ratified by the Ghanaian Parliament. Slow ratification is unfortunately common in democracies requiring specific parliamentary approval for each licence, especially following a series of major discoveries in a new producing province as decision-makers grapple with the implications of enhanced upside and reduced geological risk.

Aware of the problem, the Ghanaian authorities have put in place systems aimed to facilitate a smoother future ratification process. A necessary feature of liberal democracy is elections, which can cause short-term uncertainty and delay business decisions. Ghana had elections in December 2012, which passed peacefully under law; the incumbent party remained in power and a new minister for energy is in place. The rapid growth of Ghana's oil industry has caused the authorities to strengthen governance by appointing additional Vice-Ministers.

Clontarf Energy plc takes care to act as a responsible citizen conscious of its responsibilities to shareholders. We are working with GNPC pragmatically and have committed to a vigorous work programme and tight time-frame.

Our Petroleum Agreement includes no requirement for any bond or formal guarantee of this agreed work programme. As the ratification process developed the Ghanaian National Petroleum Company ("GNPC") sought additional comfort outside of that contemplated in the signed Petroleum Agreement. We have now offered the GNPC additional comfort which satisfies reasonable requirements: In 2012 we put in place a syndicate of local and international reinsurers to offer a Guarantee / Bond Cover Note for the requested 50% of the work programme. This respects Ghanaian Insurance Law and reinforces our commitment to 'Local Content'. This structure supports our work while drawing Ghanaian financial players into the oil and gas industry. This solution is the first of its kind and shows the potential for innovation in supporting local industry. This echoes Ghanaian Government policy that the new Local Content Regulation is "to be the platform for achieving the goals of the oil and gas sector with active participation by Ghanaian citizens in all roles, at all levels and in all activities relating to the oil and gas value chain." The participation of our local partner as well as our team's track-record in energy insurance will facilitate ratification.

Our technical team acquired all data available from GNPC and has integrated the geological and seismic data with our own regional database system to expedite the exploration work. In this way we have gained time and are confident of meeting the demanding time-frame contemplated in the Petroleum Agreement.

Terms

Fiscal terms in Ghana are competitive and compare favourably to best international practices. There is a royalty of 12.5% for oil and 10% for gas, a 10% carried state interest (held by the national oil company, the GNPC) and a standard 35% income tax on profits. In addition the GNPC can elect to pay their way for a further 15%. There is also a super-profits tax or 'Additional Oil Entitlement (AOE)' which is payable according to the overall Rate of Return. There is no 'bonanza tax' for rates of return under 12.5%. The Additional Oil Entitlement rises in a step function with returns to a maximum of 30% for project and an IRR over 27.5%. There are also modest land rentals plus Training Allowance plus an additional 'Technology Support' one-time payment.

The primary terms of the renegotiated Tano 2A Agreement are summarised as follows:

- The licence is divided into an initial period of three years (the "Initial Exploration Period"), a first extension period of two years ("First Extension Period") and a second extension period of one and half years ("Second Extension Period")

- During the Initial Exploration Period, the Contractor must;

  (1) Reprocess all existing 2D seismic data covering the licence area (already done);

  (2) Acquire, process and interpret at least 1,000 km2 of new 2D seismic data; and

  (3) Drill a minimum of one exploration well.

- The minimum expenditure during the initial exploration period is US$25 million for one well onshore or US$35 million for an offshore well.

- Standard training allowances yearly and a one-off technology payment.

Operations

Our 60% owned local company Pan Andean Resources tracked down and purchased the extensive available data on the Tano 2A Block from GNPC including 42 geological reports and 676km of 2D seismic data. We reviewed the four seismic survey datasets – both onshore and offshore - which was shot and originally processed by different companies. We identified a significant number of leads and prospects from an analysis of the data. The initial interpretation of the main seismic surveys was completed in 2011.

Data quality was variable, so much work was required to maximize the value and reliability of the database. This reflects the data's vintage, together with some apparent defects in the processing parameters. However, it also reflects the challenges in acquiring quality seismic data in the shallow water and surf zone conditions immediately offshore, and the frequently swampy nature of the coastal plain. Future reprocessing of diverse original data would provide a more uniform database, and improve the seismic data in terms of statics, velocities, frequency content and multiple elimination. In turn, this will help to minimize the 'mis-tie' problems between the different surveys that bedevil such exploration.

Clontarf has almost completed the first phase of work, in advance of ratification, of what is expected in the three year exploration licence. Further seismic will be shot in the areas where leads and prospects have been generated.

Technical Outline

There are numerous surface seeps and "tar mats" onshore, and some of these were exploited by shallow wells in the 1890's and early 1900's. This prompted Gulf Oil in the 1950's to drill four spaced onshore wells along the coastline, but without the benefit of seismic control. These proved a southward thickening (>3,000m) Cretaceous-Cenozoic sedimentary section, with oil shows. In the 1980's, under an assistance agreement GNPC/PetroCanada drilled a series of shallow (c. 600m) wells to gain further onshore control. Most of these wells, again drilled without seismic control, encountered oil shows. Seismic data acquired by GNPC in several short surveys after that time is only of poor to fair quality. One commercial well – Fusion X-1 (1981) – drilled after the seismic acquisition – was located at the basin margin and had a Total Depth in Basement at only 590m, without success. The drilled onshore sections have generally low source potential and no mature source sequence has been identified in the onshore wells. The onshore oil seeps are being fed by active source systems in some part of the offshore area.

No wells have been drilled offshore on the Tano 2A Block and seismic data acquired by GNPC is of only fair quality. Wells drilled elsewhere on the Tano shelf in the 1960's and 1970's – generally located on Lower Cretaceous fault structures – all encountered flows of oil. However, the Lower Cretaceous sand reservoir quality proved to be poor, and despite prolonged and concerted efforts during the 1980's, it has not proved to be possible to bring these oil accumulations to production. After a period of relative inactivity, this picture has dramatically changed in the last few years. The discovery of large volumes of oil in high quality Upper Cretaceous reservoirs under deeper water has changed the outlook for the entire Tano Basin.

The following points can be made with respect to source rocks offshore in the Tano Basin:-

- Active oil and gas kitchens are clearly operating on a regional scale.
- Cenomanian-Turonian anoxic sediments have probably acted as the major source interval, whilst the Campanian- Maastrichtian has good source potential in some wells.
- Source rock sections in wells on the Tano shelf are in the oil window, particularly in the deeper off-structure areas.
- Upper Cretaceous source rocks probably entered the main oil generation phase in mid-Cenozoic time, and the systems are still active.

Studies carried out earlier by offshore operators, particularly on the South Tano Field and Dana WT-1x wells on the outer shelf, together with onshore oil samples, suggest that all these oils were sourced from Cenomanian-Turonian source rocks in deeper water. It is evident that large volumes of oil from Upper Cretaceous source sequences on the outer shelf or slope have migrated shoreward and up-dip to the coast. As soon as our licence is ratified, we will improve the existing seismic database and as soon as practical thereafter acquire new and better quality seismic data. The aim is to identify potential targets within which some of the shoreward migrating oil has been trapped, particularly within quality Upper Cretaceous reservoirs.

Despite the frustrations of an involved ratification process, the under-lying prospectivity and appeal of the Tano 2A has continued to improve during the past year. It is now a valuable asset, and we must generate the maximum value from this opportunity.

Peruvian Blocks:

Our group has been operating in Peru since 2004, formerly as Pan Andean Resources plc, which was acquired by Petrominerales of Canada in 2010. We reached an attractive agreement for our shareholders and sold the company. We immediately formed Hydrocarbon Exploration (which became part of Clontarf Energy PLC in 2011). We were the only junior qualified to bid on the maximum 4 Blocks in the 2010 new exploration area international tender carried out by Perúpetro on behalf of the Peruvian government, and were awarded Blocks 183 and 188. This gave us 2.5 million acres of prospective acreage in Peru, an established oil & gas province with an attractive business environment.

During 2012 / 2013, Clontarf Energy operated in Peru via its subsidiary's Peruvian branch (Hydrocarbon Exploration Sucursal del Perú). In May 2013 its 100% operating interest was converted into a 3% royalty interest in an exercise to broaden the financial strength and gas-to-power generation expertise of Hydrocarbon Exploration Sucursal del Perú. This interest included its rights under two contracts with the Peruvian National Oil & Gas Company (Perúpetro S.A.).

When our group originally applied for this large Peruvian acreage position in late 2010, we planned to repeat our team's past farm-out success (as Pan Andean Resources plc in 2007) when we farmed three blocks out to large oil companies. In those farm-outs we achieved an effective 30% carry and cost recovery.

Peru had grown rapidly in the interim and successfully conducted peaceful elections after which there was an orderly transition to the current elected government. Nonetheless, international oil industry attitudes to the region have worsened: there have been well-publicised price-controls, tax increases and even effective expropriations in some regional countries.

Peru's fiscal terms have not changed materially since 2010, but public airing of the issues have raised industry anxieties. Peru has long been known for its strict and detailed environmental permitting. In recent years these necessary measures have become more bureaucratic and inflexible, leading to delays conducting seismic, drilling wells and developing discoveries.

Though Peru has produced oil for a century, most fields discovered so far are small to medium sized. Major companies today are looking for larger discoveries of over 500 million barrels recoverable, requiring a clear regional seal as well as hydrocarbon generation. There are potential stratigraphic plays in Peru, but so far few have been discovered. For these reasons the farm-out process over the past year was difficult. We presented to about 50 companies, and generated some initial agreements in principle, yet none survived the entire corporate approvals process.

Our preference was to again achieve a "gold-plated" farm-out to a cash-flush major. This did not happen, within the time available, mainly because there were several other Peruvian properties on offer, including from restructured Canadian companies, while several Independent and Major acreage holders are re-focusing elsewhere.

We hoped that Asian National Oil Corporations would be as open and aggressive in Peru as they are in Africa. But they remain cautious and diffident.

We had the choice of raising cash in Clontarf Energy plc - which would dilute shareholders - or to avoid dilution of the parent company by bringing fresh capital directly into our Peruvian branch. The cleanest and most practical way to do this in the time was by converting Clontarf Energy plc's interest to a royalty.

Our two Peruvian blocks 188 & 183 were awarded in a 2010 official bid round, approved by the new government, and signed in September 2011. They covered first phase work done on circa one million hectares of prime Peruvian acreage. Block 183 is in north-central Peru, and offers potential to produce gas-condensate and refined projects. Block 183's proximity to the fast growing town of Tarapoto and significant regional population make it the priority for gas developments.

Block 183 and the Alfaro Gas / Power Project

This Block is in a rapidly developing San Martin region of north-central Peru, and is mainly gas and condensate prone. Unlike Block 188 there is significant local population and some infrastructure. Accordingly Block 183 lends itself to an "Integrated Gas and Power Project".

The Alfaro structure has estimated most likely case prospective reserves of just over One trillion cubic feet of natural gas and 45 million barrels of condensate. It is located in Peru's prolific Marañon basin, which is a seven-billion barrel Sub-Andean foreland basin system.

Block 183 is covered by around 1,700 km of 1970's and 1980's 2D seismic acquired by Deminex, Coastal, and BP. This seismic was reprocessed to a very high standard by Amerada Hess in 2008, which included velocity controls based on the data from the fifteen deepest wells in the area. There are two oil fields, Maquia and Huaya, located adjacent to the southern portion of Block 183 and one major gas field, Aguaytia, also to the south of Block 183.

Within Block 183 is the Alfaro prospect ("lead 1"), which has an estimated One trillion cubic feet of recoverable gas resources and 45 million barrels of condensate. The calculations used for the prospective reserves of Alfaro are shown below:

GAS RECOVERY - SARAYAQUILLO FORMATION (JURASIC)									
NET PAY	POROSITY	Sw	1-Sw	Sh	Gas VF	GAS IN PLACE	GAS IN PLACE	RF	GAS RECOVERY
m	Ø	%	%	%	Bgi	m³	CUBIC FEET	%	pc
50,00	0,1500	0,3200	0,0480	0,1020	0,00292	49794897945,2055	1758506820934,9300	0,60	1055104092560,96
								MMMpc=	1.055,10
								MM BOE=	175,85

Table 1

As shown in Figure 2 below, the Alfaro prospect is located near the major cities of Tarapoto, Yurimaguas and Moyobamba, which currently do not have natural gas supply. These cities are also located on the Peru National Power Transmission Interconnected System.

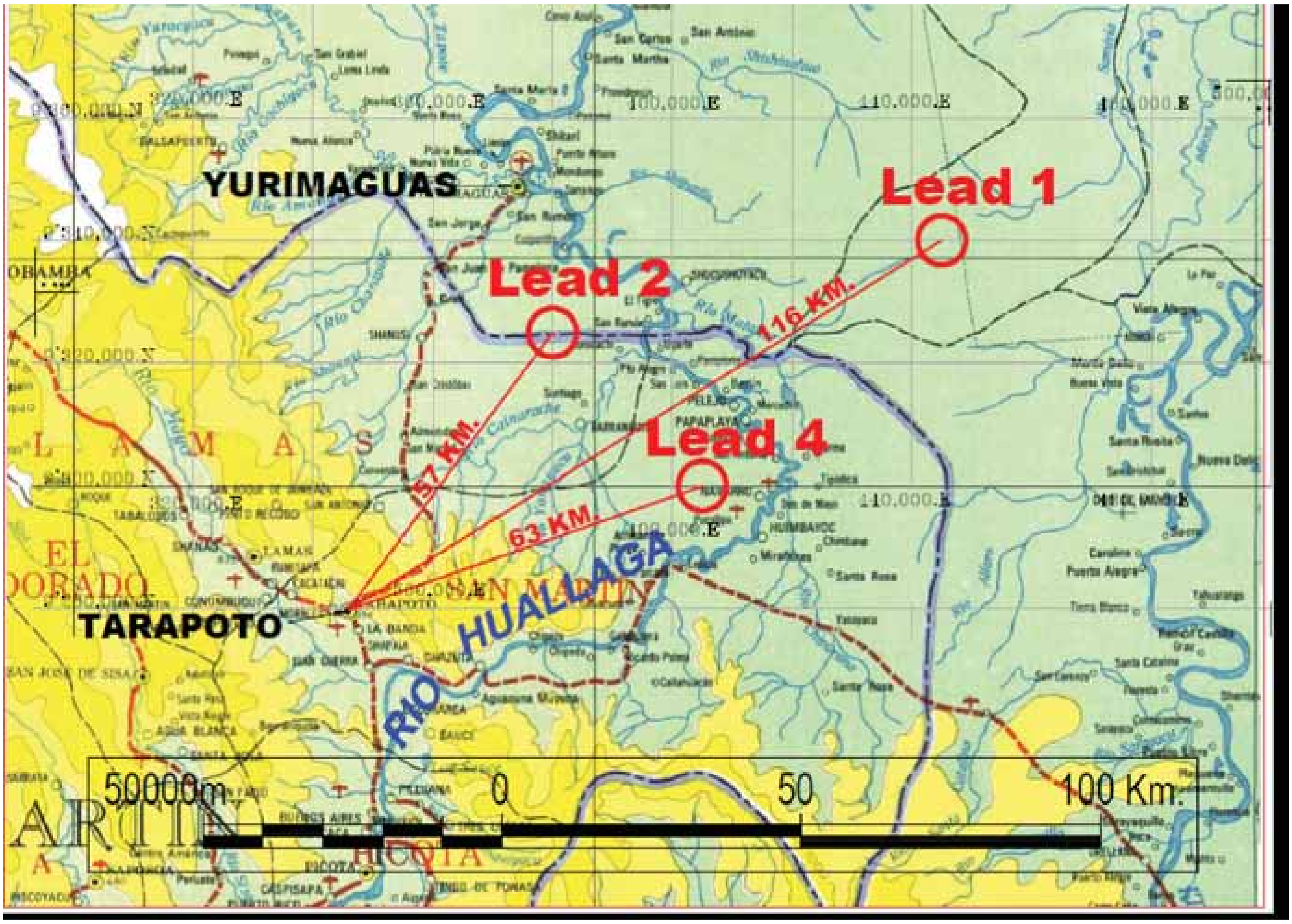

Figure 2: Alfaro Prospect located near major cities

This prospect is relatively low risk for the following reasons:

a. The nearby Shanusi well, drilled by Deminex on the plunge of a similar structure, found natural gas and condensate including the five components at the top of the Jurassic Sarayaquillo formation. This well was not tested due to mechanical problems which resulted in the loss of the well, including the possibility of a DST test.

b. There is four-way closure in a structurally higher position than the Shanusi well, controlled by six seismic lines which cross the structure.

c. The work carried by Hydrocarbon Exploration based on the information from the latest reprocessing, carried out by Amerada Hess, identified very conspicuous amplitude anomalies related with probable gas reservoirs. The Hydrocarbon Exploration technical team has, in addition, identified paleo- channelling of a pre-Cretaceous origin, and has found clear pinch-outs related to the amplitude anomalies.

d. Hydrocarbon Exploration technical staff have confirmed these amplitude anomalies through Amplitude Versus Offset (AVO) analysis, with the assistance of Zeptec Geophysical, based in Colombia. This should reduce the risk of not finding commercial hydrocarbons and increase the prospective gas reserves.

The target Sarayaquillo Formation, of the Jurassic age, is approximately 400 metres thick. Within this formation, there are limestone evaporates and shales, which include the Eolian sandstone reservoirs, which are the main target. The porosity in these sandstones is 23% which enhances the attractiveness of Alfaro. The hydrocarbons were sourced from the Pucara formation and migrated up to fill the Alfaro trap. Based on these technical parameters, and the stratigraphic sequence information, Hydrocarbon Exploration staff has estimated 50 metres as the net pay thickness. Parcep, for the Shanusi well, used 40 metres as the net pay thickness. Our prospective reserve estimates use a recovery factor (Rf) of 60%, where the Shanusi estimates utilized a 80% recovery factor. As concerns water saturation (Sw), Hydrocarbon Exploration is using a 35% water saturation, compared with 32% used by Parcep. Hence, the most probable prospective reserves are 1.05 Trillion cubic feet.

The Hydrocarbon Exploration technical work has advanced the additional notion that this gas is coming from methane carbohydrates, originating in the Paleo-Jurassic basin.

These reservoirs were sealed by the shales and/or evaporates of the same Jurassic age. It is our belief that the large Aguaytia gas field, which produces from the base Cretaceous Cushabatay formation is of the same gas origin that we are expecting in the Alfaro structure. The Aguaytia gas migrated to the Cretaceous Cushabatay probably as a result of damage in the Sarayaquillo seals.

Providing increased electricity coverage for the Peruvian population is a central aspect of the current Government's plan, and generally supported by communities and the authorities. Following clarifying legislation and privatisation of the Peruvian hydrocarbon and the electric power sectors, free markets for hydrocarbons and electricity and modern regulatory frameworks have been established. The effective expected netback gas price is about $3.50 per MBTU in this part of Peru. Electricity despatch rules are clear and reflect good international practice.

Our technical work has identified three important, relatively low-risk, natural gas exploration prospects near the cities of Tarapoto and Yurimaguas. Based on this effort, we developed an integrated natural gas and power generation / transmission project. Advantages include fast growing local electricity demand and a favourable location approximately 60 kilometres from these cities, and hence the northern end of the Peru electric power interconnected transmission system. These fields could also provide much needed LPG, natural gasoline and condensate for the rapid-growth markets of Tarapoto and Yurimaguas, currently served by product transported over great distance and with important logistical impediments.

The legal framework for the Peruvian electric sector is established in the Electricity Concessions Law, Decree Law No. 25844, as well as its associated regulations, most notable Regulations to the Law of Electrical Concessions, Supreme Decree No. 009-93-EM. Environmental responsibility for the Executive Branch in Peru is carried out through the environmental offices of the various ministries, principally through the Ministry of Energy and Mines (MME), which regulates the energy sector, and the General Office of Environmental Matters (DGAA) within the MME, provides a framework for environmental regulation and oversight in this sector. New power generation capacity will facilitate new transmission lines which will provide energy to agricultural and mining regions, which have suffered from lack of affordable energy.

Delivering local electricity will reduce power losses on the primary transmission system. Recent dispatch data show high capacity and energy losses on the local transmission system.

Our envisaged project includes construction and operation of a gas-fired, 155 MW single-cycle thermal power plant; the construction of 220 KV transmission lines and related facilities to connect the power plant with the Peru interconnected transmission grid; the confirmation and development of a gas field to supply gas to the new power plant and sell natural gas liquids ("NGLs") to the existing domestic market; and the construction and operation of natural gas pipeline of 60 km to transport natural gas to the capital city of Tarapoto and gas processing facilities, gas and NGL pipelines, and NGL fractionation, storage and loading facilities.

The envisaged power plant will include two gas turbines (ABB type GT11N1 or equivalent of other providers) with a net output of approximately 77 MW each and a heat rate of approximately 10,750 BTUs per KWH (LHV) at base load conditions. The fuel source for the plant will be natural gas transported to the plant by pipeline (totalling approximately 60 km) from the gas field located to the east. The civil construction and plant layout will be completed to facilitate a future expansion from single-cycle to combined-cycle.

The plant will incorporate a zero-discharge design of process fluids. Air cooling will be used to dissipate excess turbine heat. Water for plant, process and domestic uses will be from an on-site water well which will avoid the installation of a pipeline (thereby minimizing environmental impacts) to tap the nearby river sources. Oily waters resulting from runoff and operation will be collected in a plant wide drain and sump system. If necessary, an API type separator will be installed. Oily wastes will then be sent to one of the country's refineries, probably Iquitos or Pucallpa, for recycling.

Power Distribution and Transmission

Since the power plant will produce electricity at 13.8 KV, a substation facility will be constructed at the power station in Tarapoto to convert the electricity to a higher voltage of 220 KV for long distance transmission. In addition to the transformer equipment, this facility will include 220 KV line bays and one 220 KV busbar coupling bay.

A new electric transmission line will be constructed as required to connect the new Tarapoto substation to the existing substations along the Peruvian National Power grid.

When the proposed Tarapoto power station is operating at base load conditions, approximately 100 MW will be delivered to the main substation, which is part of the primary transmission system of the Peruvian National Power grid. Total power losses (at peak load operating conditions) should be minimal.

The transmission towers will be located at an average distance of 0.5 km. The transmission tower base footprint will be approximately 15 metres by 15 metres. The towers will be made of steel and will normally be constructed using existing roads.

Gas Field Development

The Alfaro natural gas prospect is located in the west-central part of Block 183, 57 kilometres from the regional capital. Its UTM coordinates are: x 380.000; y 9.325.000. Its potential recoverable P50 resource is over 800 billion cubic feet (bcf) of natural gas and 44 million barrels of condensate and liquids. The structure has four-way closure, a diameter of 20 kilometres and a net pay of 50 metres. This structure is due south of the previously drilled Shanushi well, which found significant evidences of natural gas and condensate.
We envisage an exploratory well and up to six additional gas wells, resulting in a total of seven wells capable of producing. Four wells are required to serve the fuel needs of the envisaged power plant at peak load capacity. The optimal number of wells is seven because even if the power is not dispatched, four wells can produce circa 55 MMCFD. This gas can be processed to extract NGLs, and gas remaining after the extraction process other than that destined for Tarapoto, Yurimaguas (and other long-term off-takers) can be reinjected into the other three wells until the Tarapoto power plant is dispatched again. Each of these new wells will have an average depth of 2,200 to 2,400 metres and will be located in an optimal reservoir engineering profile along the top of the subsurface anticline structure.

The development, drilling and production practices for each of these wells will follow the appropriate guidelines proposed by the Oil Industry International Exploration and Production Forum (E&P Forum) Oil Industry Operating Guidelines for Tropical Rain Forests (Report No. 249/170) and will satisfy World Bank and Peruvian environmental guidelines.

Gas and NGL Pipelines and Processing and Compression Facilities

Gas processing facilities will consist of a cryogenic plant designed to extract a minimum of 82% of propane, 90% of the butane, and 97% of the pentane and other heavier components from the inlet natural gas stream. The gas plant's foot-print is estimated at 4 hectares. Two main pipeline systems originating from the gas processing facilities will be constructed, one for natural gas and the other for NGLs. After satisfying any necessary fuel requirements for the operation of facilities in the gas field, gas from the processing facilities will be recompressed and transported to the power plant and other markets in Peru. Any residue gas in excess of market demand will be re-injected into the gas reservoir.

The gas pipeline system is envisaged to have four segments with a total length of 60 km and sizes ranging from 4.5 inches to 12.75 inches in outside diameter (OD). The segments transporting the gas from the gas field to the power plant will total approximately 60 km. The pipeline system for the NGLs will include 6.625 inch OD pipeline running from the gas processing plant to a fractionation unit that will be constructed. Access roads and construction impacts associated with the construction of the pipelines will be limited to 15 metres from the pipeline route centre-line (i.e. a 30 metre right of way). All pipelines will be of coated steel with cathodic protection and will be buried at a depth of one metre.

For major river crossing, pipeline installation will be dredged and weighted pipeline or boring. Block valves will be installed periodically over the course of the pipeline sectors. All of the pipelines will be built to the United States Department of Transportation (US DOT) specifications.

The NGL fractionation and storage facility will most likely be constructed near the city of Tarapoto. The fractionation facility will fractionate NGLs sent by pipeline from the gas-field into LPG (propane and butane), and natural gasolines (pentane and heavier components).

The LPG will then be sent to on-site storage facilities which the Project Company will construct. Additionally, the Project Company will build truck loading facilities, pipeline delivery systems and river barge loading facilities to deliver the LPG from the storage tanks to customers purchasing these products. The natural gasoline will be trucked or pipelined from the fractionation facility to an oil refinery.

Block 188 Oil play

Block 188 has been described as the best foreland block in the Madre de Dios basin. It has the possibility for elephant-size fields and the expected potential recoverable reserves from this block very near the world-class Camisea fields is over 500 million barrels of oil.

Block 188 is owned 100% by Hydrocarbon Exploration PLC Sucursal del Perú.

The Block 188 License contract is the result of the most recent Perupetro exploration area international tender and was signed in September 2011. It is in its first exploration phase which concluded on March 11, 2013. Hydrocarbon Exploration PLC Sucursal del Perú has disagreed with Perúpetro on the timing of the work performance bond for the second phase of the contract and has elected to appeal to the Conciliation Committee, and if necessary Arbitration, as provided for under the contract.

Block 188 is almost 600,000 hectares in size and is located along the Fitzcarrald Arch, which divides the Madre de Dios basin from the Southern Ucayali basin. The north-Peruvian oil pipeline runs east to west near Block 183, parallel to the Marañon river. To date, one well has been drilled on Block 188, Panguana 1X by Phillips Petroleum and Agip in early 1999, with 37 degree API discovered from the Green Sandstones of the Tarma and three other horizons with oil or gas shows registered. In our work to date, Hydrocarbon Exploration has identified three prospects and ten leads in Block 188.

Block 188 is located northeast of the Camisea area, where the major gas-condensate discoveries in Peru have been registered. Camisea reserves are greater than 12 TCF of gas and 600 million barrels of condensate. Oil has also been tested in the Sepa and La Colpa wells to the west and northwest respectively. Petrominerales announced this past October a light oil discovery about 70 kms away from Block 188 in its Block 126, Repsol announced two discoveries in Block 57 almost adjacent to Block 188 and Petrobras has announced three gas-condensate discoveries in its nearby Block 58. As can be seen from Figure 1, Block 188 is located adjacent to Blocks operated by several international companies working in the Camisea area, including Repsol, Petrobras, Hunt Oil, Pluspetrol, Tecpetrol, and SK.

Access to the Panguana structure is through the Ucayali and Urubamba Rivers, both tributaries of the Amazon River system, and is most navigable in the rainy season. The nearest airport is in the town of Atalaya, and there is a landing strip in the community of Sepahua, from where the smaller Sepahua River branches to the east and reaches the Panguana structure. There is no human settlement of significance in the area of the Panguana structure.

Drilling rig and all well materials arriving from overseas will most likely be transported by sea to northern Brazil and, through the Amazon River, reach the Peruvian Amazon port city of Iquitos. Transport from Iquitos to the Sepahua staging area is on the Ucayali River and then the Urubamba River, both part of the Amazon River system. As seen from Figure 4, Images from the Phillips Petroleum drilling of the Panguana 1X well are included as Figure 5.

Major drilling and services companies are located in Lima and all its equipment can be transported from Lima to Pucallpa by road and from Pucallpa to the Sepahua staging area by river in vessels designed to carry heavy loads.

Lighter equipment can be transported by commercial Airlines to Sepahua and, although Sepahua is a small community, it has enough infrastructure to serve as a suitable staging area for all materials and equipment.

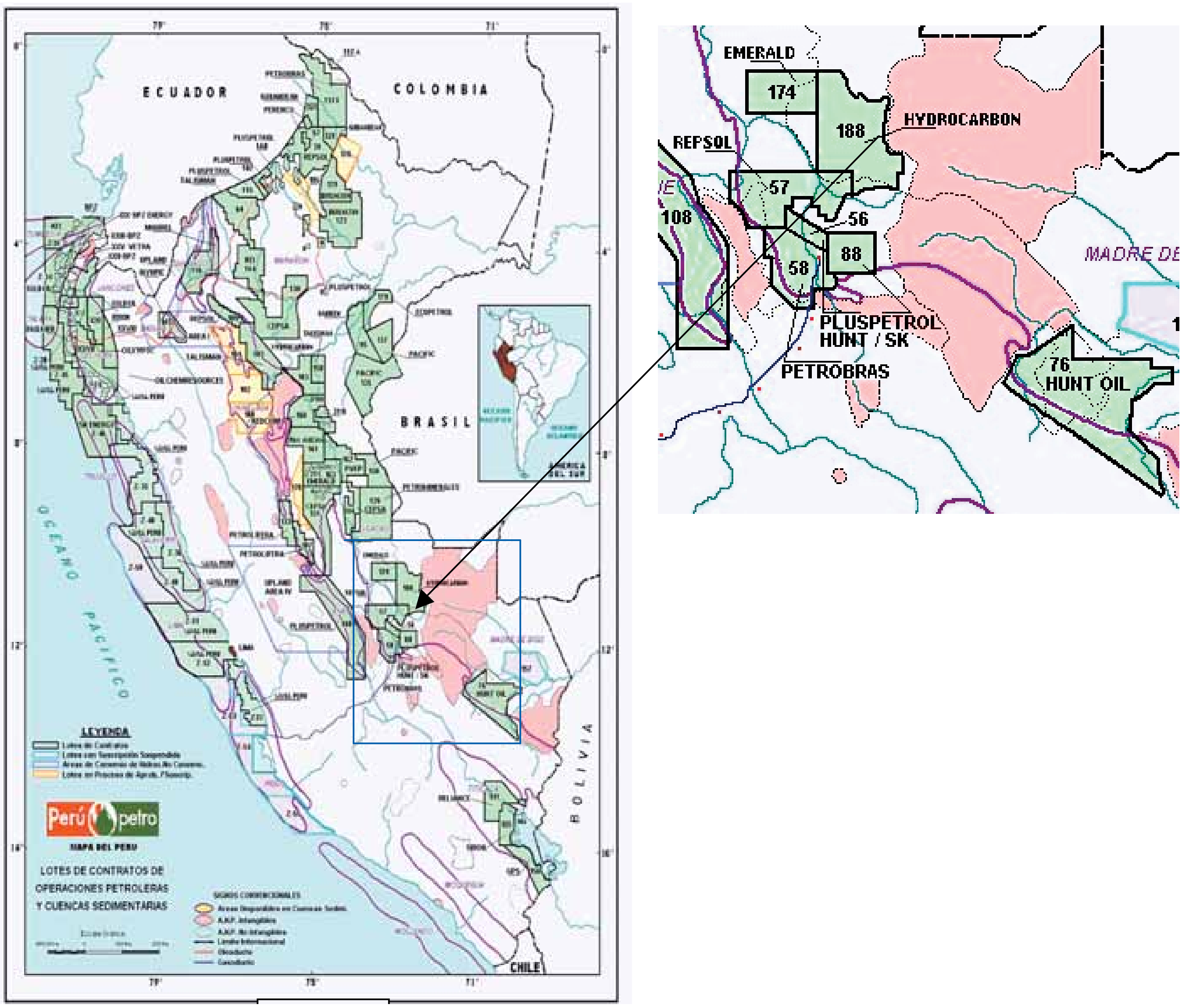

Figure 3: Location of Block 188

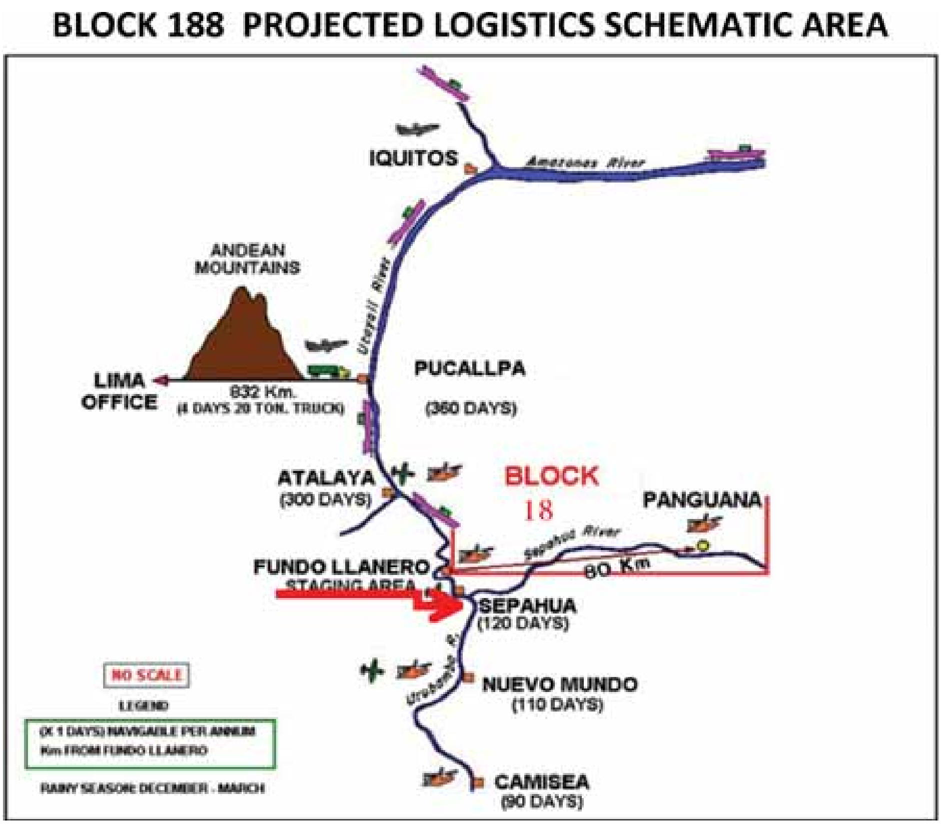

Figure 4: Projected Logistics Schematic Area

Figure 5: Method of Transport

Bolivia

Bolivia is a litigious society, which has been exacerbated by sudden legislative changes under the current elected government. This has led to a situation where there are several international arbitration proceedings underway involving much of the oil & gas, electricity generation and several other foreign owned projects.

Arising out of substantial tax changes, there has been effectively an oil & gas "investors' strike" since 2005. In turn, this has complicated relations between partners, as cash-calls can effectively only be funded by new investment into Bolivia – which is unpopular and hard to fund on the Stock Market. Similar disagreements have arisen between many oil companies and contractors. In these circumstances it is hard to be confident as to the true long-term value of oil & gas assets in Bolivia.

Clontarf has interests, through its wholly-owned subsidiary Petrolex S.A., in the El Dorado gas/condensate producing field in Bolivia on which significant exploration success was enjoyed in 2010, and in the Monteagudo oil / gas producing field in Bolivia. Both of these projects are proven projects close to existing export pipelines. The gas export pipeline to Brazil runs across the El Dorado Field, while the Monteagudo Field is on existing oil pipelines and also the gas export pipeline to Argentina. This means that, in principle, oil and gas production can be connected to existing infrastructure and sold on the international market.

El Dorado Field

Clontarf holds a 10% stake in the field. The remaining 90% stake is held by YPFB Chaco, which was formerly part of the BP group (as Chaco S.A.). In 2007, Chaco was nationalized by the Bolivian state oil company, YPFB, following deteriorating relations between BP and the Bolivian government. We have been in dispute with our 90% operating partner since 2004.

The El Dorado Field covers 18,250 hectares in the Province of Cordillera, Santa Cruz. It is approximately 29 km from the entrance to the massive Bolivia to Brazil gas export pipe line and 55 km. south of the fast-growing city of Santa Cruz de la Sierra on the main paved highway which goes on to Argentina.

Figure 6: El Dorado Field location, Bolivia.

The El Dorado Field produces a relatively rich (i.e. valuable) natural gas which is processed in the nearby Percheles Dew Point gas plant.

The assumption of control of Chaco by YPFB, while perceived internationally as negative, was a positive development for Clontarf, as YPFB brought the El Dorado Field into production, a development that Clontarf had been pushing unsuccessfully since 2000. As part of their work, YPFB drilled a step-out well some 10km away from the original El Dorado discovery in 1999/2000 and beyond a fault that was generally believed to delineate the El Dorado Field. This well was a major discovery, flowing approximately 10 MMscf / d of gas and approximately 390 bcpd – greater even than the combined production of the initial field wells.

Soon after this discovery YPFB re-entered the DRD X-1003 well (that had previously been considered unpromising). Production tests from the re-entry of the DRD X-1003 well gave positive results, with 4 to 5 million cubic feet daily (MMscf/d) of gas flowing with chokes 20/64 and 24/64.

Following this recent exploration success, the Clontarf management team estimates reserves at up to 400 Bscf and 8 to 10 MM barrels of condensate.

Production tests from re-entry into the previously drilled DRD-3 well, gave positive results with 4 to 5 MMCFD of additional gas production.

These wells show that the field extends substantially beyond the boundaries previously delineated by BP.

These results have significantly enhanced the previous estimates of total reserves (proven, probable and possible) in the region of 273.8 billion cubic feet. The successful drilling of DRD X-1005 well, plus the re-entry of DRD X3 have confirmed this improved scenario.

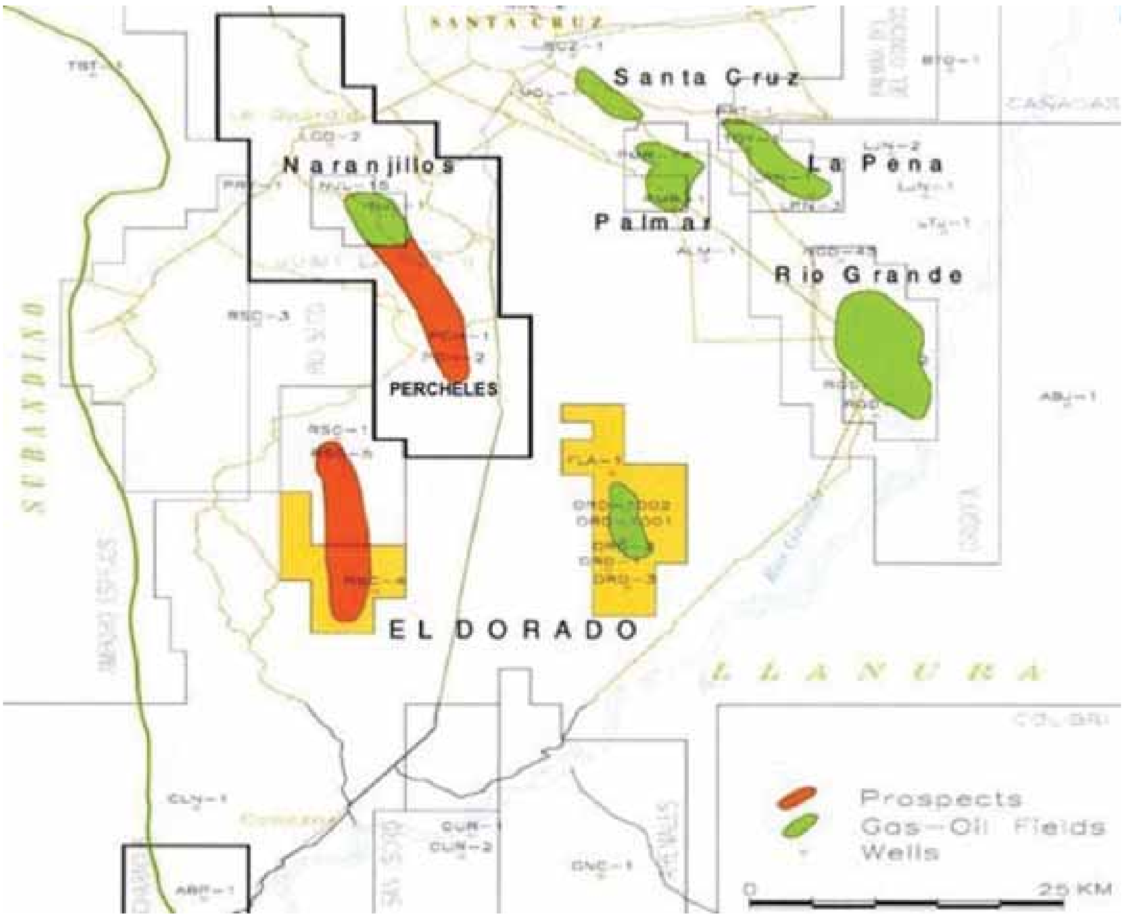

Figure 7. Discoveries in the El Dorado Region

The re-entry of DRD-3 was classified as an advanced well (10 km approximately from DRD-X1001) and the positive results increase the area of El Dorado's reservoirs as well as the volume of rock and contained hydrocarbons. As stated above El Dorado's reserves have consequently increased, with preliminary volumetric calculations indicating that the total recoverable reserves could approach 400 billion cubic feet, together with 8 to 10 million barrels of condensate.

Accordingly, ultimate planned production may be upgraded to circa 40 million cubic feet daily (MMscf / d) and 800 barrels of condensate daily (bcpd), which the Clontarf management expects, will yield gross revenues of over $200k daily. After confirmation of the gas export price and repayment of capex, opex and royalties should yield several million dollars of revenue yearly.

Clontarf has an ongoing historical dispute over cash calls made by Chaco which could affect its continued participation in the field. Arising from the disputes over cash calls and litigation, the operator discontinued demands for cash calls from March 2008. There remains a "force majeure" on this block by Clontarf. A civil lawsuit against Chaco, for the alleged non-fulfilment of the joint operating agreement in respect of the El Dorado Field remains open.

Monteagudo Field

Clontarf holds a 30% interest in the Monteagudo Field in Central Bolivia. This project is operated by Repsol, which holds a 30% interest. Petrobras owns 20% and Andina-YPFB 20%. The Monteagudo Field is located in the Sub Andean belt of Bolivia in the department of Chuquisaca, approximately 240km from the city of Santa Cruz.

The Monteagudo Field is a "traditional" (i.e. pre-1995) field producing 120 bopd of 44? API of oil, 400,000 cf/d of gas and 140 Bbls/d of water. The potential is the deep gas play estimated to contain up to 3tcf. This is identified by 3D seismic data and is identical to nearby multi-tcf discoveries.

Existing oil and gas exploration and production contracts in the country may be influenced by evolving Bolivian legislation such as the recent constitution. To date, the Bolivian Government has not issued the necessary regulations governing implementation of the new constitution.

The industry as a whole is principally concerned with possible tax changes, which are currently the subject of international arbitration initiated by oil companies active in Bolivia.

In June 2005, the Bolivian Government issued three Supreme Decrees establishing royalties of 18%, hydrocarbon taxes of 32%, and increased state involvement in the oil and gas industry.

During 2011, negotiations by a third party company with Clontarf to purchase Repsol's 30% and Petrobras' 20% stakes were satisfactorily concluded. The proposed transfer of ownership is subject to the Bolivian approvals process, which could be a slow process.

The objective of this arrangement is to reduce operating costs in the Monteagudo field. Programs for well repairs are being prepared to increase current Monteagudo production. A greater potential project is to drill the deep target in the Monteagudo structure (Huamampampa and Santa Rosa Devonian Reservoirs). There is immediate export market available at high prices in Argentina.

Directors' Report

The directors present their annual report and the audited financial statements of the group and company for the year ended 31 December 2012.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The main activity of Clontarf Energy plc and its subsidiaries ("the Group") is oil and gas exploration. The Group has exploration interests in Ghana, Bolivia and Peru.

Further information concerning the activities of the group and its future prospects is contained in the Chairman's Statement and the Review of Operations.

RESULTS AND DIVIDENDS

The loss after taxation for the year amounted to £1,304,592 (2011: loss £870,082).

The directors do not propose that a dividend be paid (2011: £Nil).

SUPPLIER PAYMENT POLICY

The group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

DIRECTORS

The current directors are listed on the inside back cover. Jack Teeling resigned as a director on 1 March 2013.

DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors holding office at 31 December 2012 had the following interests in the ordinary shares of the company:

	31 December 2012		31 December 2011	
	Ordinary Shares of 0.25p each Shares Number	**Ordinary Shares of 0.25p each Options Number**	Ordinary Shares of 0.25p each Shares Number	Ordinary Shares of 0.25p each Options Number
J. J. Teeling	**22,286,633**	**3,000,000**	22,286,633	3,090,000
J. Finn	**11,024,867**	**3,000,000**	11,024,867	3,090,000
D. Horgan	**10,842,233**	**3,000,000**	10,842,233	3,050,000
M. Takin	**450,000**	**175,000**	450,000	175,000
Jack Teeling	**7,247,967**	**200,000**	7,247,967	290,000

SUBSTANTIAL SHAREHOLDINGS

The share register records that the following shareholders, excluding directors, held 3% or more of the issued share capital of the company as at 31 December 2012 and 13 May 2013:

	31 December 2012		13 May 2013	
	No. of shares	**%**	No. of shares	%
WB Nominees	**8,713,207**	**4.35%**	**8,885,207**	**4.44%**
TD Direct Investing Nominees (Europe)	**8,284,967**	**4.14%**	**8,067,561**	**4.03%**
Barclayshare Nominee Limited	**6,621,645**	**3.31%**	**6,624,578**	**3.31%**

RISKS AND UNCERTAINTIES

The Group is subject to a number of potential risks and uncertainties, which could have a material impact on the long-term performance of the Group and could cause actual results to differ materially from expectation. The management of risk is the collective responsibility of the Board of Directors and the Group has developed a range of internal controls and procedures in order to manage risk. The following risk factors, which are not exhaustive, are the principal risks relevant to the Group's activities:

Risk	**Nature of risk and mitigation**
Licence obligations	Operations must be carried out in accordance with the terms of each licence agreed with the relevant ministry for natural resources in the host country. Typically, the law provides that operations may be suspended, amended or terminated if a contractor fails to comply with its obligations under such licences or fails to make timely payments of relevant levies and taxes. The Group has regular communication and meetings with relevant government bodies to discuss future work plans and receive feedback from those bodies. Country Managers in each jurisdiction monitor compliance with licence obligations and changes to legislation applicable to the company and reports as necessary to the Board.
Requirement for further funding	The Group may require additional funding to implement its exploration and development plans as well as to finance its operational and administrative expenses. There is no guarantee that future market conditions will permit the raising of the necessary funds by way of issue of new equity, debt financing or farming out of interests. If unsuccessful, this may significantly affect the Group's ability to execute its long-term growth strategy. The Board regularly reviews Group cash flow projections and considers different sources of funds. The Group regularly meets with shareholders and the investor community and communicates through their website and regulatory reporting.
Geological and development risks	Exploration activities are speculative and capital intensive and there is no guarantee of identifying commercially recoverable reserves. The Group activities in Ghana, Peru and Bolivia are in proven resource basins. The Group uses a range of techniques to minimise risk prior to drilling and utilises independent experts to assess the results of exploration activity.

RISKS AND UNCERTAINTIES (CONTINUED)

Title to assets	Title to oil and gas assets in Ghana, Peru and Bolivia can be complex. The Directors monitor any threats to the Group's interest in its licences and employ the services of experienced and competent lawyers in relevant jurisdictions to defend those interests, where appropriate.
Exchange rate risk	The Group's expenses, which are primarily to contractors on exploration and development, are incurred primarily in US Dollars, Sterling and Euros. The Group is therefore exposed to fluctuations in the relative values of the Euro and Dollar. The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates and maintaining a level of cash in foreign denominated currencies sufficient to meet planned expenditure in that currency.
Political risk	The Group holds assets in Ghana, Peru and Bolivia and therefore the Group is exposed to country specific risks such as the political, social and economic stability of these countries. The countries in which the Group operates are encouraging foreign investment. The Group's projects are longstanding and we have established strong relationships with local and national government which enable the Group to monitor the political and regulatory environment.
Financial risk management	Details of the Group's financial risk management policies are set out in Note 22.

In addition to the above there can be no assurance that current exploration programmes will result in profitable operations. The recoverability of the carrying value of exploration and evaluation assets is dependent upon the successful discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Group to raise additional financing, if necessary, or alternatively upon the Group's and company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write down of the carrying values of the Group's assets.

GOING CONCERN

Refer to Note 3 for details in relation to Going Concern.

SUBSEQUENT EVENTS

Refer to Note 27 for details of Post Balance Sheet Events.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

The Board is committed to maintaining high standards of corporate governance and to managing the company in an honest and ethical manner.

The Board approves the Group's strategy, investment plans and regularly reviews operational and financial performance, risk management and health, safety, environment and community (HSEC) matters.

The Chairman is responsible for the leadership of the Board, whilst the Executive Directors are responsible for formulating strategy and delivery, once agreed by the Board. Regional leaders and country managers are responsible for the implementation of the Group's strategy.

The Group aims to maximise the use of natural resources such as energy and water, and is committed to full reinstatement as part of its environmental obligations, where applicable. The Group works towards positive and constructive relationships with government, neighbours and the public, ensuring fair treatment of those affected by the Group's operations. In particular, the Group aims to provide employees with a healthy and safe working environment whilst receiving payment that enables them to maintain a reasonable lifestyle for themselves and their families.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The group made no political or charitable contributions during the year.

KEY PERFORMANCE INDICATORS

The group's main key performance indicators include measuring:

- quantity and quality of potential oil and gas reserves identified by the group;and
- ability to raise finance on the alternative investment market.

In addition, the group reviews expenditure incurred on exploration projects and ongoing operating costs. Further details are set out in the Review of Operations and Chairman's Statement.

CAPITAL STRUCTURE

Details of the authorised and issued share capital, together with details of movements in the company's issued share capital during the year are shown in Note 20. The company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. With regard to the appointment and replacement of directors, the company is governed by the Articles of Association, the Companies Act, and related legislation.

FINANCIAL RISK MANAGEMENT

Details of the group's financial risk management policies are set out in Note 22.

DIRECTORS' INDEMNITIES

The company does not currently maintain directors' or officers liability insurance.

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act, 2006.

A resolution to reappoint Deloitte & Touche will be proposed at the forthcoming Annual General Meeting.

By order of the Board

James Finn
Company Secretary

29 May 2013

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;

- present information, including accounting policies in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Clontarf Energy Plc

We have audited the financial statements of Clontarf Energy plc for the year ended 31 December 2012 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphases of Matter – Realisation of Assets and Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in:

- Notes 13 and 14 concerning the valuation and realization of intangible assets, including the group's Bolivian assets and investments in subsidiaries. The realization of intangible assets of £5,214,930 included in the consolidated balance sheet and intangible assets of £465,378 and investments in subsidiaries of £4,395,549 included in the company balance sheet is dependent on the discovery and successful development of economic reserves including the group's ability to raise sufficient finance to develop those projects. The financial statements do not include any adjustments in relation to these uncertainties and the ultimate outcome of these uncertainties cannot, at present, be determined.
- Note 3 which indicates that the group incurred a loss for the year of £1,304,592 and had net current liabilities of £968,787 at the balance sheet date. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The going concern assumption of the group is dependent on the group obtaining additional finance to meet its working capital needs for a period of not less than twelve months from the date of approval of the financial statements. The directors have prepared the financial statements of the group on the basis that the group is a going concern. The financial statements do not include any adjustments that would result if the group was unable to continue as a going concern.

Separate opinion in relation to IFRSs issued by IASB

As explained in Note 1(i) to the financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ciarán O'Brien (Senior Statutory Auditor)
for and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Auditors

Deloitte & Touche House
Earlsfort Terrace
Dublin 2

29 May 2013

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2012

CONTINUING OPERATIONS	Notes	**2012 £**	2011 £
REVENUE		**-**	-
Cost of sales		**-**	-
GROSS PROFIT		**-**	-
Listing Costs		**-**	(446,216)
Administrative expenses		**(458,501)**	(422,516)
Impairment of exploration and evaluation assets	13	**(844,782)**	-
OPERATING LOSS		**(1,303,283)**	(868,732)
Finance revenue	5	**450**	667
Finance costs	6	**(1,759)**	(2,017)
LOSS BEFORE TAXATION	4	**(1,304,592)**	(870,082)
Income tax expense	10	**-**	-
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		**(1,304,592)**	(870,082)
LOSS PER SHARE – Basic and diluted	11	**(0.65p)**	(0.52p)

Consolidated Balance Sheet

as at 31 December 2012

	Notes	**2012** £	2011 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	13	**5,214,930**	5,248,152
		5,214,930	5,248,152
CURRENT ASSETS			
Other receivables	15	**10,416**	261,915
Cash and cash equivalents	16	**98,880**	491,865
		109,296	753,780
TOTAL ASSETS		**5,324,226**	6,001,932
LIABILITIES:			
CURRENT LIABILITIES			
Trade payables	17	**(455,366)**	(146,862)
Other payables	18	**(622,717)**	(304,335)
TOTAL LIABILITIES		**(1,078,083)**	(451,197)
NET ASSETS		**4,246,143**	5,550,735
EQUITY			
Called-up share capital	20	**500,461**	500,461
Share premium		**9,248,336**	9,248,336
Retained earnings – (deficit)		**(5,833,241)**	(4,528,649)
Share based payment reserve		**330,587**	330,587
TOTAL EQUITY		**4,246,143**	5,550,735

The financial statements of Clontarf Energy plc, registered number 4967918, were approved by the Board of Directors on 29 May 2013 and signed on its behalf by:

John Teeling
Director

Company Balance Sheet

as at 31 December 2012

	Notes	2012 £	2011 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	13	**465,378**	213,492
Investment in subsidiaries	14	**4,395,549**	4,419,178
		4,860,927	4,632,670
CURRENT ASSETS			
Other receivables	15	**5,108**	797,642
Cash and cash equivalents	16	**12,415**	367,402
		17,523	1,165,044
TOTAL ASSETS		**4,878,450**	5,797,714
LIABILITIES:			
CURRENT LIABILITIES			
Trade other payables	17	**(242,925)**	(75,979)
Other payables	18	**(389,382)**	(171,000)
TOTAL LIABILITIES		**(632,307)**	(246,979)
NET ASSETS		**4,246,143**	5,550,735
EQUITY			
Called-up share capital	20	**500,461**	500,461
Share premium		**9,248,336**	9,248,336
Retained earnings – (deficit)		**(5,833,241)**	(4,528,649)
Share based payment reserve		**330,587**	330,587
TOTAL EQUITY		**4,246,143**	5,550,735

The financial statements of Clontarf Energy plc, registered number 4967918, were approved by the Board of Directors on 29 May 2013 and signed on its behalf by:

John Teeling
Director

Consolidated and Company Statement of Changes in Equity *for the year ended 31 December 2012*

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Total £
At 1 January 2011	187,932	2,673,913	207,297	(3,732,450)	(663,308)
Exercise of Warrants	12,786	191,789	(73,883)	73,883	204,575
Exercise of Share Options	17,300	26,100	-	-	43,400
Shares issued for cash	113,659	2,614,161	-	-	2,727,820
Share issue costs	-	(133,081)	-	-	(133,081)
Shares issued on acquisition of Hydrocarbon Exploration	168,784	3,882,032	-	-	4,050,816
Issue of Warrants	-	(6,578)	6,578	-	-
Issue of Share Options	-	-	190,595	-	190,595
Loss for the year	-	-	-	(870,082)	(870,082)
At 31 December 2011	500,461	9,248,336	330,587	(4,528,649)	5,550,735
Loss for the year	**-**	**-**	**-**	**(1,304,592)**	**(1,304,592)**
At 31 December 2012	**500,461**	**9,248,336**	**330,587**	**(5,833,241)**	**4,246,143**

Share premium

The share premium reserve comprises of a premium arising on the issue of shares.

Share based payment reserve

The share based payment reserve arises on the grant of share options under the share option plan.

Retained deficit

Retained deficit comprises of losses incurred in 2012 and prior years.

Consolidated Cash Flow Statement

for the year ended 31 December 2012

	Notes	2012 £	2011 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for financial year		**(1,304,592)**	(870,082)
Finance costs recognised in loss		**1,759**	2,017
Finance revenue recognised in loss		**(450)**	(667)
Exchange movement		**12,806**	1,562
Profit on disposal of licence		**-**	(206,582)
Impairment of exploration and evaluation assets		**844,782**	-
		(445,695)	(1,073,752)
MOVEMENTS IN WORKING CAPITAL			
Increase/(Decrease) in payables		**626,886**	(919,151)
Decrease/(Increase) in trade and other receivables		**251,499**	(43,405)
CASH GENERATED/(USED) BY OPERATIONS		**432,690**	(2,036,308)
Finance costs		**(1,759)**	(2,017)
Finance revenue		**450**	667
NET CASH GENERATED BY/(USED) IN OPERATING ACTIVITIES		**431,381**	(2,037,658)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets		**(811,560)**	(606,766)
Cash transfers on acquisition (Note 12)		**-**	34,007
Proceeds from disposal of licence		**-**	206,582
NET CASH USED IN INVESTING ACTIVITIES		**(811,560)**	(366,177)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from exercise of warrants		**-**	204,575
Proceeds from exercise of options		**-**	43,400
Proceeds from share issue		**-**	2,727,820
Share issue costs		**-**	(133,081)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**-**	2,842,714
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(380,179)**	438,879
Cash and cash equivalents at beginning of the financial year		**491,865**	54,548
Effect of exchange rate changes on cash held in foreign currencies		**(12,806)**	(1,562)
Cash and cash equivalents at end of the financial year	16	**98,880**	491,865

Company Cash Flow Statement

for the year ended 31 December 2012

	Notes	2012 £	2011 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for financial year		**(1,304,592)**	(870,082)
Finance costs recognised in loss		**1,759**	2,017
Finance revenue recognised in loss		**(450)**	(667)
Exchange movement		**459**	6,489
Profit on disposal of licence		**-**	(206,582)
Impairment charge		**135,256**	-
Provision against investment in subsidiary		**25,731**	-
		(1,141,837)	(1,068,825)
MOVEMENTS IN WORKING CAPITAL			
Increase/(Decrease) in payables		**385,328**	(823,654)
Decrease/(Increase) in trade and other receivables		**537,362**	(793,171)
CASH USED BY OPERATIONS		**(219,147)**	(2,685,650)
Finance costs		**(1,759)**	(2,017)
Finance revenue		**450**	667
NET CASH USED IN OPERATING ACTIVITIES		**(220,456)**	(2,687,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets		**(134,072)**	(42,953)
Payments for investment		**-**	-
Proceeds from disposal of licence		**-**	206,582
NET CASH (USED IN)/GENERATED BY INVESTING ACTIVITIES		**(134,072)**	163,629
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from exercise of warrants		**-**	204,575
Proceeds from exercise of options		**-**	43,400
Proceeds from share issue		**-**	2,727,820
Share issue costs		**-**	(133,081)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**-**	2,842,714
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(354,528)**	319,343
Cash and cash equivalents at beginning of the financial year		**367,402**	54,548
Effect of exchange rate changes on cash held in foreign currencies		**(459)**	(6,489)
Cash and cash equivalents at end of the financial year	16	**12,415**	367,402

1. PRINCIPAL ACCOUNTING POLICIES

The significant accounting policies adopted by the Group and Company are as follows:

(i) Basis of preparation

The financial statements for the year ended 31 December 2012, for the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as published by the IASB and as applied in accordance with the provisions of the Companies Act 2006. These financial statements have also been prepared in accordance with IFRSs as adopted by the European Union and in accordance with the Companies Act 2006. The financial statements are presented in pounds sterling.

(ii) Accounting Convention

The financial statements are prepared under the historical cost convention except for the revaluation of certain financial instruments.

(iii) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year.
Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where necessary, adjustments have been made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra – group transactions, balances, income and expenses are eliminated on consolidation.

(iv) Intangible assets

Exploration and evaluation assets
Exploration expenditure relates to the initial search for oil and gas deposits with economic potential in Peru, Ghana and Bolivia. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential.

The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as intangible assets as part of exploration and evaluation assets.

Exploration costs are capitalised as an intangible asset until technical feasibility and commercial viability of extraction of reserves are demonstrable, when the capitalised exploration costs are re-classed to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share based payments) as determined by management.

Prior to reclassification to property, plant and equipment, exploration and evaluation assets are assessed for impairment and any impairment loss recognised immediately in the statement of comprehensive income.

Impairment of intangible assets
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. The company reviews and tests for impairment on an ongoing basis and specifically if the following occurs:

a) the period for which the group has a right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; and
d) sufficient data exists to indicate that although a development in the specific area is likely to proceed the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(v) Foreign currencies

The individual financial statements of each Group company are maintained in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company and presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was re-determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

(vi) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on the taxable result for the year. Taxable result differs from the loss as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable result, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(vii) Share-based payments

The group has applied the requirements of IFRS 2 "Share-Based Payment". In accordance with the transitional provisions, IFRS 2 has been applied to all equity instruments vesting after 1 January 2006, where the grant date is after 7 November 2002.

The group issues equity-settled share based payments. Equity settled share-based payments are measured at fair value at the date of grant. The fair value excludes the effect of non market based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Where the value of the goods or services received in exchange for the share-based payment cannot be reliably estimated the fair value is measured by use of a Black-Scholes model.

(viii) Investment in Subsidiaries

Investments in subsidiaries are stated at cost less any impairment allowance.

(ix) Operating loss

Operating loss comprises of general administrative costs incurred by the company, which are not specific to evaluation and exploration projects. Operating loss is stated before finance income, finance costs and other gains and losses.

(x) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the Statement of Comprehensive Income.

Where a business combination is achieved in stages, the Group's previously-held interest in the acquired entity is remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the Statement of Comprehensive Income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and *IAS 19 Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment;*

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

1. **PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

(xi) Financial Instruments

Financial instruments are recognised in the Group and Company balance sheet when the Group or Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents
Cash and cash equivalents comprises cash held by the Group and Company short-term bank deposits with an original maturity of three months or less.

Financial liabilities
Financial liabilities are classified according to the substance of the contractual arrangements entered into, mainly accruals.

Trade Payables
Trade payables classified as financial liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial assets
Where the fair value of a financial asset can be reliably measured the financial asset is initially recognized at fair value through the profit and loss account. At each balance sheet date gains or losses arising from a change in fair value are recognized in the statement of comprehensive income as other gains and losses.

Financial assets for which the fair value cannot be reliably measured are carried at cost.

Trade Receivables
Trade receivables are measured at initial recognition at invoice value which approximates to fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income where there is objective evidence that the carrying value of the asset exceeds the recoverable amount. Subsequently, trade receivables are classified as loans and receivables which are measured at amortised cost, using the effective interest method.

(xii) Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Exploration and evaluation
The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalise it within intangible assets. Costs which can be demonstrated as project related are included within exploration and evaluation assets. Exploration and evaluation assets relate to prospecting, exploration and related expenditure in Peru, Ghana and Bolivia. The group's exploration activities are subject to a number of significant and potential risks including:

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

The recoverability of these intangible assets is dependent on the discovery and successful development of economic reserves, including the ability to raise finance to develop future projects. Should this prove unsuccessful, the value included in the balance sheet would be written off to the statement of comprehensive income.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(xii) Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of intangible assets
The assessment of intangible assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value in use.

The assessment requires judgement as to the likely future commerciality of the asset and when such commerciality should be determined; future revenues, capital and operating costs and the discount rate to be applied to such revenues and costs.

Deferred tax assets
The assessment of availability of future taxable profits involves judgement. A deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Going concern
The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the group and finance for the development of the group's projects becoming available. Based on the assumptions that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the group's assets, in particular the intangible assets, to their realisable values. Further information concerning going concern is outlined in Note 3.

Key sources of estimation uncertainty
The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payments
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Group has made estimates as to the volatility of its own shares, the probable life of options and warrants granted and the time of exercise of those options and warrants. The model used by the Group is the Black-Scholes valuation model.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group did not adopt any new International Financial Reporting Standards (IFRSs) or Interpretations in the year that had a material impact on the Group's Financial Statements. The following IFRSs became effective since the last Annual Report but had no material impact on the Financial Statements:

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

		Effective date
IFRS 1 (amendment)	First-time adoption of International Financial Reporting Standards	1 July 2011
IFRS 7 (amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 July 2011
IAS 12 (amendment)	Income taxes	1 January 2012

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		Effective date
IAS 1 (amendment)	Presentation of Financial Statements	1 July 2012
IAS 32 (amendment)	Financial Instruments: Presentation	1 January 2013
IFRS 7 (amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IAS 1 (amendment)	Presentation of Financial Statements	1 January 2013
IAS 19 (amendment)	Employee Benefits	1 January 2013
IFRS 13 (amendment)	Fair Value Measurement	1 January 2013
IFRS 12 (amendment)	Disclosure of Interests in Other Entities	1 January 2014
IFRS 11 (amendment)	Joint Arrangements	1 January 2014
IFRS 10 (amendment)	Consolidated Financial Statements	1 January 2014
IAS 28 (amendment)	Investments in Associates and Joint Ventures	1 January 2014
IAS 27 (amendment)	Consolidated and Separate Financial Statements	1 January 2014
IFRS 7 (amendment)	Disclosures – Initial Application of IFRS 9	1 January 2015
IFRS 1 (amendment)	Government Loans	1 January 2013
IFRS 9	Financial Instruments	1 January 2015
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IAS 16 (amendment)	Property, Plant and Equipment	1 January 2013
IAS 34 (amendment)	Interim Financial Reporting	1 January 2013
Annual Improvements to IFRSs 2009 – 2011 cycle		1 January 2013

The Directors are currently assessing the impact in relation to the adoption of these Standards and Interpretations for future periods of the Group, however, at this point they do not believe they will have a significant impact on the financial statements of the Group in the period of initial application.

3. GOING CONCERN

The group incurred a loss for the year of £1,304,592 and had net current liabilities of £968,787 at the balance sheet date. These conditions represent a material uncertainty that may cast doubt on the group's ability to continue as a going concern.

Included in current liabilities is an amount of £622,717 owed to directors in respect of directors' remuneration and loans due at the balance sheet date. The directors have confirmed that they will not seek payment of these amounts for at least one year after the date of approval of the financial statements or until the group has generated sufficient funds from its operations after paying its third party creditors.

As outlined in Note 27, subsequent to year end the group received a loan of US$400,000 from Finanzas & Legal Corporativos S.A.C. PFI for working capital purposes. In addition in May 2013 the group signed an agreement with Peruvian Oil and Gas Exploration Limited (POGEL), under which POGEL will undertake all contractual work on the Group's Peruvian licences.

The directors have prepared cashflow projections and forecasts for a period of not less than 12 months from the date of this report which indicate that the group will require additional finance to fund working capital requirements and develop existing projects. Although it is not possible at this stage to predict whether financing efforts will be successful the directors are confident that following the agreement with POGEL they will be able to raise additional finance as required to meet the group's committed obligations as they fall due.

As in previous years the Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements and believe the going concern basis is appropriate for these financial statements. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

4. LOSS BEFORE TAXATION

	2012 £	2011 £
The loss before taxation is stated after charging:		
Auditor's remuneration	**25,000**	36,987

The analysis of auditor's remuneration is as follows:

	2012 £	2011 £
Fees payable to the group's auditors for the audit of the Group's annual accounts	**25,000**	36,987
	25,000	36,987

Details of directors' remuneration are disclosed in Note 8.

Administrative expenses comprise:

	2012 £	2011 £
Professional fees	**245,197**	236,558
Foreign exchange losses	**12,806**	1,562
Directors' remuneration (Note 8)	**109,000**	160,000
Other administrative expenses	**91,498**	230,978
Profit on disposal of Iranian licence	**-**	(206,582)
	458,501	422,516

5. FINANCE REVENUE

	2012 £	2011 £
Bank deposit interest	**450**	667

6. FINANCE COSTS

	2012 £	2011 £
Bank charges	**1,759**	2,017

7. SEGMENTAL ANALYSIS

Operating segments are identified on the basis of internal reports about the Group that are regularly reviewed by the chief operating decision maker. The Board is deemed the chief operating decision maker within the Group. For management purposes, the Group is currently organized into three segments (Peru, Ghana and Bolivia). The group was also previously involved in exploration activities in Iran.

7. SEGMENTAL ANALYSIS *(continued)*

Segment information about the Group and company's activities is presented below.

7A. Segment Revenue and Segment Result

	Segment Revenue		Segment Result	
	2012	2011	**2012**	2011
Group	**£**	£	**£**	£
Peru	**-**	-	**-**	-
Ghana	**-**	-	**-**	-
Bolivia	**-**	-	**(844,782)**	-
Iran (Note 13)	**-**	-	**-**	206,582
Total continuing operations	**-**	-	**(844,782)**	206,582
Unallocated head office	**-**	-	**(459,810)**	(1,076,664)
	-	-	**(1,304,592)**	(870,082)

There was no revenue earned during the current or prior year. The gain allocated to Iran in the prior year relates to the disposal of one of the Iranian licences to a third party.

7B. Segment assets and liabilities

	Assets		Liabilities	
	2012	2011	**2012**	2011
Group	**£**	£	**£**	£
Peru	**4,831,090**	4,320,664	**52,448**	11,298
Ghana	**465,378**	440,764	**-**	2,028
Bolivia	**-**	618,519	**-**	-
Total continuing operations	**5,296,468**	5,379,947	**52,448**	13,326
Unallocated head office	**27,758**	621,985	**1,025,635**	437,871
	5,324,226	6,001,932	**1,078,083**	451,197

	Assets		Liabilities	
	2012	2011	**2012**	2011
Company	**£**	£	**£**	£
Peru	**4,076,320**	3,920,965	**-**	-
Ghana	**465,378**	406,356	**-**	-
Bolivia	**-**	305,282	**-**	-
Total continuing operations	**4,541,698**	4,632,603	**-**	-
Unallocated head office	**336,752**	1,165,111	**632,307**	246,979
	4,878,450	5,797,714	**632,307**	246,979

7. SEGMENTAL ANALYSIS *(continued)*

7C. Other segmental information

	Group		Company	
	2012	2011	**2012**	2011
Additions to non current assets	**£**	£	**£**	£
Peru	**556,766**	4,192,786	**-**	-
Ghana	**24,614**	276,275	**266,481**	34,408
Bolivia	**230,180**	608,552	**120,661**	8,545
Total continuing operations	**811,560**	5,077,613	**387,142**	42,953
Unallocated head office	**-**	-	**-**	-
	811,560	5,077,613	**387,142**	42,953

8. RELATED PARTY AND OTHER TRANSACTIONS

- **Directors' Remuneration and Key Management Compensation**

Group

The remuneration of the directors, who are considered to be the key management personnel, is set out below.

	2012 Fees: Services as director	**2012 Fees: Other services**	**2012 Total**	2011 Fees: Services as director	2011 Fees: Other services	2011 Total
	£	**£**	**£**	£	£	£
John Teeling	**5,000**	**55,000**	**60,000**	5,000	55,000	60,000
James Finn	**5,000**	**55,000**	**60,000**	5,000	55,000	60,000
David Horgan	**5,000**	**95,000**	**100,000**	5,000	95,000	100,000
Manouchehr Takin	**5,000**	**15,000**	**20,000**	5,000	15,000	20,000
Jack Teeling	**-**	**-**	**-**	5,000	15,000	20,000
	20,000	**220,000**	**240,000**	25,000	235,000	260,000

Company

	2012 Fees: Services as director	**2012 Fees: Other services**	**2012 Total**	2011 Fees: Services as director	2011 Fees: Other services	2011 Total
	£	**£**	**£**	£	£	£
John Teeling	**5,000**	**55,000**	**60,000**	5,000	55,000	60,000
James Finn	**5,000**	**55,000**	**60,000**	5,000	55,000	60,000
David Horgan	**-**	**-**	**-**	-	-	-
Manouchehr Takin	**5,000**	**15,000**	**20,000**	5,000	15,000	20,000
Jack Teeling	**-**	**-**	**-**	5,000	15,000	20,000
	15,000	**125,000**	**140,000**	20,000	140,000	160,000

8. RELATED PARTY AND OTHER TRANSACTIONS *(continued)*

Included in the group figures above is £100,000 of directors' remuneration which was capitalised as exploration and evaluation expenditure during the year.

The number of directors to whom retirement benefits are accruing is £Nil (2011: £Nil) and all remuneration related to short term employment benefits.

As outlined in Note 18, amounts due to directors remain unpaid at the year end.

- **Other**

Group and Company

Clontarf Energy plc shares offices and overheads with a number of companies also based at 162 Clontarf Road. These companies have some common directors.

Transactions with these companies during the year are set out below:

	Botswana Diamonds plc	Hydrocarbon Exploration Ltd	Petrel Resources Plc	Connemara Mining Co. Plc	Cooley Distillery plc	Total
	£	£	£	£	£	£
Balance at 1 January 2011	(29,853)	(195,976)	(63,527)	-	-	(289,356)
Overhead and office costs recharged	(27,236)	-	(6,239)	-	(31,500)	(64,975)
Exploration and evaluation expenditure recharged	-	-	(10,998)	-	-	(10,998)
Repayments	58,254	-	75,224	-	31,500	164,978
Transfer to intercompany	-	195,976	-	-	-	195,976
Balance at 31 December 2011	1,165	-	(5,540)	-	-	(4,375)
Overhead and office costs recharged	**(42,156)**	**-**	**(8,575)**	**(48,319)**	**-**	**(99,050)**
Exploration and evaluation expenditure recharged to Clontarf	**-**	**-**	**(5,774)**	**-**	**-**	**(5,774)**
Exploration and evaluation expenditure recharged by Clontarf	**-**	**-**	**61,204**	**-**	**-**	**61,204**
Repayments	**40,991**	**-**	**(42,000)**	**48,319**	**-**	**47,310**
Balance at 31 December 2012	**-**	**-**	**(685)**	**-**	**-**	**(685)**

Clontarf Energy Plc has a 60% interest in a Ghanian licence. Petrel Resources Plc, and Abbey Oil and Gas plc own the remaining 40%. During 2012 exploration and evaluation expenditure was paid by Petrel Resources plc in relation to the Ghanaian operations. This expenditure was recharged to Clontarf Energy Plc during the year. Exploration and evaluation expenditure was also paid by Clontarf Energy Plc and recharged to Petrel Resources Plc during the year.

In addition to directors' renumeration due at year end an amount of £44,019 was due by the company to David Horgan, a director, and an amount of £65,363 was due by the company to James Finn, a director. The amounts due are unsecured.

8. RELATED PARTY AND OTHER TRANSACTIONS *(continued)*

Company

At 31 December the following amount was due to the company by its subsidiaries:

	2012 £	2011 £
Amounts due from Hydrocarbon Exploration Limited	-	581,320

An allowance of £1,047,382 (2011: £186,532) has been deducted from the amount due by Hydrocarbon Exploration Limited as a result of losses incurred by that company and its subsidiaries during the year. The gross amount due is £1,047,382 (2011: £767,852). The amount due is non-interest bearing, repayable on demand and is unsecured.

The recoverability of amounts due from Hydrocarbon Exploration Limited is dependent on the discovery and successful development of economic mineral reserves.

9. EMPLOYEE INFORMATION

There were no employees of the group or company other than the directors during the current or prior year.

10. INCOME TAX EXPENSE

	2012 £	2011 £
Current tax	-	-
Factors affecting the tax expense:		
Loss on ordinary activities before tax	(1,304,592)	(870,082)
Income tax calculated at 24.5% (2011: 26.5%)	(319,625)	(230,572)
Effects of:		
Tax losses carried forward	116,578	93,755
Items not subject to taxation	203,047	136,817
Tax charge	-	-

No charge to corporation tax arises in the current year or the prior year due to losses incurred.

At the balance sheet date, the group had unused tax losses of £3,154,038 (2011: loss of £2,580,694) which equates to a deferred tax asset of £725,429 (2011: asset of £619,367). No deferred tax asset has been recognised due to the unpredictability of the future profit streams.

11. 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.

11. LOSS PER SHARE *(continued)*

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

	2012	2011
	£	£
Numerator		
For basic and diluted EPS retained loss	**(1,304,592)**	(870,082)
Denominator		
For basic and diluted EPS	**200,184,469**	167,785,327
Basic EPS	**(0.65p)**	(0.52p)
Diluted EPS	**(0.65p)**	(0.52p)

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

12. ACQUISITION OF SUBSIDIARY

On 6 April 2011, the company completed the acquisition of Hydrocarbon Exploration Limited, including its subsidiaries Bolivian Hydrocarbon Limited, Pan Andean Oil and Gas Limited, Hydrocarbon Prospecting plc, Petrolex SA and Endeavour Oil & Gas Limited.

The cost of the acquisition was satisfied by the issue of 2,800 Clontarf Energy plc shares for every one Hydrocarbon Exploration share. A total of 67,513,600 consideration shares were issued by the company to Hydrocarbon shareholders giving a value for the transaction of £4,050,816 (Based on the company share price of 6p at the date of acquisition).

Analysis of assets and liabilities assumed at the date of acquisition:

	Fair Value
	£
Non-Current Assets	
Intangible Assets	4,470,847
	4,470,847
Current Assets	
Trade and other receivables	213,972
Cash and cash equivalents	34,007
	247,979
Total Assets Acquired	**4,718,826**

12. ACQUISITION OF SUBSIDIARY *(continued)*

	Fair Value £
Current Liabilities	
Trade and other payables	(299,716)
Total Liabilities Assumed	**(299,716)**
Net Assets Acquired	**4,419,110**
Total Consideration	
Fair value of shares issued	4,050,816
Fair value of replacement options issued	190,595
Fair value of previously held shares	177,699
	4,419,110

Prior to acquisition the company owned 6% of Hydrocarbon Exploration plc. On acquiring control, the company, as required under IFR3 Business Combinations, re-measured its existing interest at fair value. The resulting gain was not material.

Due to ongoing litigation, the assets of Endeavour Oil & Gas Limited and Endeavour Oil & Gas Inc. were fair valued at nil on acquisition. Endeavour Oil & Gas Inc., the US subsidiary, holds US$288,000 in a deposit account at Barclays bank. This deposit supports bank bond guarantees which were issued to the vendors of HI30L in 1999 in respect of abandonment costs in the US. The funds have been on deposit since 1999 and are not available to the group for alternate use.

The acquisition contributed revenue of £Nil and a loss after tax of £174,857 during the prior period. If the acquisition had been completed on 1 January 2011 group revenue for the prior year would have been £Nil and group loss after tax would have been £879,538.

13. INTANGIBLE ASSETS

	2012 Group £	2011 Group £	**2012 Company £**	2011 Company £
Exploration and evaluation assets:				
Cost:				
At 1 January	**6,976,377**	2,105,346	**1,810,690**	1,767,737
Additions during the year	**811,560**	606,766	**134,072**	42,953
Transfer of Ghana interests	**-**	-	**253,070**	-
Asset acquired (Note 12)	**-**	4,470,847	**-**	-
Disposal	**-**	(206,582)	**-**	-
At 31 December	**7,787,937**	6,976,377	**2,197,832**	1,810,690
Impairment:				
At 1 January	**1,728,225**	1,934,807	**1,597,198**	1,597,198
Provision for impairment	**844,782**	-	**135,256**	-
Disposal	**-**	(206,582)	**-**	-
At 31 December	**2,573,007**	1,728,225	**1,732,454**	1,597,198
Carrying Value:				
At 1 January	**5,248,152**	170,539	**213,492**	170,539
At 31 December	**5,214,930**	5,248,152	**465,378**	213,492

13. INTANGIBLE ASSETS *(continued)*

	2012 Group £	2011 Group £	**2012 Company £**	2011 Company £
Segmental analysis – group				
Peru	**4,749,552**	4,192,786	**-**	-
Ghana	**465,378**	440,764	**465,378**	198,897
Bolivia	**-**	614,602	**-**	14,595
	5,214,930	5,248,152	**465,378**	213,492

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

Interests held in Ghanian licences by the company's subsidiary, Hydrocarbon Exploration Limited, were transferred to the company at carrying value during the year.

The Group's projects in Bolivia continue to encounter a number of prolonged legal disputes, which are set out in Note 25. Due to the on-going political and legal uncertainty the directors have decided to provide in full against the carrying value of the Bolivian assets. Accordingly an impairment provision of £844,782 in respect of the full carrying value of the Group's Bolivian assets has been recorded by the Group in the current year.

In the prior year the group sold their interest in an Iraninan licence to a third party. The carrying value of the licence had been fully impaired in a prior year.

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 in Note 1(xii). Should this prove unsuccessful the value included in the balance sheet would be written off to the statement of comprehensive income.

14. INVESTMENTS IN SUBSIDIARIES

	2012 £	2011 £
Company		
Cost:		
Opening balance	**4,419,178**	67
Transfer from Hydrocarbon Exploration	**2,102**	-
Transfer from Investments	**-**	177,699
Additions	**-**	4,241,412
Provision against Investments	**(25,731)**	-
Closing balance	**4,395,549**	4,419,178

14. INVESTMENTS IN SUBSIDIARIES *(continued)*

The subsidiaries of the company at 31 December 2012 are:

	Total allotted Capital	Country of Incorporation	% Ownership	Nature of Business
Hydrocarbon Exploration Limited	25,538 Ordinary Shares of £50 each	England & Wales	100%	Exploration & Production
Persian Gold plc	5,000,000 Shares At 1p each	England & Wales	100%	Dormant
**Petrolex SA	1,000 Shares at Bs1,000 each	Bolivia	100%	Exploration & Production
**Endeavour Oil & Gas Ltd	100 Shares at £1 each	England & Wales	100%	Exploration & Production
**Endeavour Oil & Gas Inc	10,000 Shares at 10 cent each	USA	100%	Exploration & Production
Bolivian Hydrocarbons Ltd	2 Shares at £1 each	Jersey	100%	Management Company
**Pan Andean Oil & Gas Ltd	200 Shares At 1p each	England & Wales	100%	Dormant
Persian Gold Limited	100 Ordinary Shares Of €1 each	Republic of Ireland	100%	Dormant
**Persian Gold Kish Co	100 Ordinary Shares Of Rls 10,000 each	Iran	100%	Dormant
**Talaye Zard Pars	100 Ordinary Shares Of Rls 10,000 each	Iran	100%	Exploration & Production
**Talaye Pars Yard	100 Ordinary Shares Of Rls 10,000 each	Iran	100%	Exploration & Production
Pan Andean Resources Limited	30,000 Shares Of GHC 1 each	Ghana	60%	Exploration & Production

***indirectly held*

In the opinion of the directors, at 31 December 2012, the value of the investments are not less than their balance sheet value.

15. OTHER RECEIVABLES

	2012 Group £	2011 Group £	**2012 Company £**	2011 Company £
Current assets				
Prepayments	**10,416**	5,230	**5,108**	5,230
Other receivables	**-**	256,685	**-**	211,092
Non-current assets:				
Due by group undertakings (Note 8)	**-**	-	**-**	581,320
	10,416	261,915	**5,108**	797,642

Other receivables are non-interest bearing and are generally repayable within 90 days.

The carrying value of the other receivables approximates to their fair value.

16. CASH AND CASH EQUIVALENTS

	2012 Group £	2011 Group £	**2012 Company £**	2011 Company £
Cash and cash equivalents	**98,880**	491,865	**12,415**	367,402

Cash at bank earns interest at floating rates based on daily bank deposit rates.

17. TRADE PAYABLES

	2012 Group £	2011 Group £	**2012 Company £**	2011 Company £
Trade payables	**414,333**	93,667	**218,925**	30,000
Other accruals	**41,033**	53,195	**24,000**	45,979
Due from Group undertakings	**-**	-	**-**	-
	455,366	146,862	**242,925**	75,979

It is the group's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, it is the group's policy that payment is made between 30 – 45 days.

The carrying value of trade and other payables approximates to their fair value.

18. OTHER PAYABLES

	2012 Group £	2011 Group £	**2012 Company £**	2011 Company £
Amounts due to directors	**622,717**	304,335	**389,382**	171,000
	622,717	304,335	**389,382**	171,000

Other payables relate to amounts due to directors' accrued but not paid at year end. The amount consists of unpaid remuneration of £513,335 (2011: £304,335) and loans of £109,382 (2011: £Nil). Further details are set out in Note 8.

19. FINANCIAL INSTRUMENTS

The Group and Company undertake certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Group and Company hold cash as a liquid resource to fund the obligations of the Group. The Group's cash balances are held in euro, dollar and sterling. The Group and Company strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group and Company expenditure. This is achieved by monthly reviews of expenditure.

The Group and Company has a policy of not hedging due to no significant dealings in currencies other than the reporting currency and euro denominated transactions and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposures on an ad hoc basis.

To date, the Group and Company has relied upon equity funding to finance operations. The Directors are confident that adequate cash resources exist to finance operations for future exploration but controls over expenditure are carefully managed.

19. FINANCIAL INSTRUMENTS *(continued)*

The carrying amounts of the Group and Company foreign currency denominated monetary assets and monetary liabilities at the reporting dates are as follows:

Group

	Assets		Liabilities	
	2012	2011	**2012**	2011
	£	£	**£**	£
Euro	**3,482**	22,557	**50,828**	8,177
US Dollar	**85,634**	150,069	**212,351**	52,041

Company

	Assets		Liabilities	
	2012	2011	**2012**	2011
	£	£	**£**	£
Euro	**3,482**	19,968	**50,828**	8,177
US Dollar	**-**	-	**-**	-

20. CALLED-UP SHARE CAPITAL

	2012	2011
	£	£
Group and Company		
Authorised:		
800,000,000 Ordinary shares of 0.25p each	**2,000,000**	2,000,000

Allotted, called-up and fully paid:

	Number	**Share Capital**	**Share Premium**
		£	**£**
At 1 January 2011	75,172,835	187,932	2,673,913
Issued during the year	125,011,634	312,529	6,574,423
At 31 December 2011	200,184,469	500,461	9,248,336
Issued during the year	**-**	**-**	**-**
At 31 December 2012	**200,184,469**	**500,461**	**9,248,336**

Movements in issued share capital

On 6 April 2011 a total of 67,513,600 consideration shares were issued to Hydrocarbon Exploration Shareholders (excluding the company) as consideration for the acquisition of Hydrocarbon Exploration.

On 6 April 2011 a total of 45,463,671 shares were placed at a price of 6p per share. Proceeds were used to provide additional working capital and fund development costs.

During the prior year 5,114,363 warrants were exercised at a price of 4p per share.

During the prior year 6,920,000 share options were exercised at prices ranging from 0.25p to 2.5p per share.

On 6 April 2011 a total of 649,616 warrants were granted to the Company's broker to subscribe for 649,616 shares at a price of 6p per share. These warrants are exercisable for 3 years from the date of Admission.

20. CALLED-UP SHARE CAPITAL *(continued)*

Share Options
A total of 9,940,000 share options were in issue at 31 December 2012 (2011: 10,850,000). These options are exercisable, at prices ranging between 2.5p and 25p, up to seven years from the date of granting of the options unless otherwise determined by the board.

Warrants
A total of 649,616 warrants were in issue at 31 December 2012 (2011: 649,616). These warrants are exercisable at a price of 6p up to three years from the date of granting of the warrants

21. MATERIAL NON-CASH TRANSACTIONS

There were no material non-cash transactions during the current or prior year other than those outlined in Note 12 and Note 20 above.

22. RISK MANAGEMENT

The group's financial instruments comprise cash and cash equivalent balances, receivables and trade payables. The main purpose of these financial instruments is to fund exploration activities.

The group does not enter into any derivative transactions, and it is the group's policy that no trading in financial instruments is undertaken.

The board reviews and agrees policies for managing risk and they are summarised below.

Interest rate risk profile of financial assets and financial liabilities
The group has no outstanding bank borrowings and has no interest rate exposure, as the group finances its operations primarily through equity finance.

Liquidity risk
As regards liquidity, the group's policy is to ensure continuity of funding primarily through fresh issues of shares. Short-term funding is achieved through utilising and optimising the management of working capital. The directors are confident that adequate cash resources exist to finance operations in the short term, including exploration and development.

Foreign currency risk
The group has no significant dealings in currencies other than the reporting currency and euro denominated currencies.

Capital Management
The primary objective of the group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The capital structure of the group consists of issued share capital and reserves.

The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011. The group's only capital requirement is its authorised minimum capital as a plc.

Credit risk
With respect to credit risk arising from financial assets of the group, which comprise of cash and cash equivalents, the group's exposure to credit risk arises from default of counter party, with a maximum exposure equal to the carrying amount of these instruments. The credit risk of the group is considered minimal.

Credit risk arises on the financial assets of the company, which comprise receivables, as a result of the uncertainties set out in Note 1 (xii) surrounding the recoverability of the assets.

23. SHARE-BASED PAYMENTS

Share options

The Group issues equity-settled share-based payments to certain directors and individuals who have performed services for the Group. Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by the use of a Black-Scholes model.

A total number of 9,940,000 share options were in issue at 31 December 2012 (2011: 10,850,000). These options are exercisable, at prices ranging between 2.5p and 25p up to seven years from the date of granting of the options unless otherwise determined by the board.

The Group plan provides for a grant price equal to the average quoted market price of the ordinary shares on the date of grant. The options vest immediately.

	2012 Options	**2012 Weighted average exercise price in pence**	2011 Options	2011 Weighted average exercise price in pence
Outstanding at beginning of year	**9,940,000**	**6.39**	1,540,000	16.9
Granted during the year	**-**	**-**	8,400,000	4.46
Outstanding and exercisable at the end of the year	**9,940,000**	**6.39**	9,940,000	6.39

At 31 December 2011, there were 910,000 options in existence which were not accounted for under IFRS 2 as the grant date was prior to 1 January 2006. These options expired in the current year.

On 6 April 2011, 3,000 Hydrocarbon Exploration options were surrendered in exchange for the issuance of 8,400,000 new options in Clontarf. The number of replacement options issued was determined by the exchange rate of 2,800 used in the acquisition. The replacement of the share options has been treated as a modification of the existing share options. The incremental fair value of the options was £190,595. The fair value was calculated using the Black-Scholes model.

The inputs into the Black-Scholes model are as follows:

Weighted average share price at date of grant (pence)	6
Weighted average exercise price (pence)	4.46
Expected volatility	23.70%
Expected life	7 years
Risk free rate	5%
Expected dividends	-

Warrants

	2012 Warrants	**2012 Weighted average exercise price in pence**	2011 Warrants	2011 Weighted average exercise price in pence
Outstanding at beginning of year	**649,616**	**6**	5,114,363	4
Exercised during the year	**-**	**-**	(5,114,363)	4
Granted during the year	**-**	**-**	649,616	6
Outstanding and exercisable at the end of the year	**649,616**	**6**	649,616	6

On 6 April 2011 a total of 649,616 warrants were granted to the company's broker in relation to the share placing. These warrants had a fair value of £6,578. The fair value was calculated using the Black-Scholes model.

23. SHARE-BASED PAYMENTS *(continued)*

The inputs into the Black-Scholes model were as follows:

Weighted average share price at date of grant (pence)	6
Weighted average exercise price (pence)	6
Expected volatility	23.70%
Expected life	3 years
Risk free rate	5%
Expected dividends	-

24. COMMITMENTS

There is no capital expenditure authorised or contracted for which is not provided for in these accounts (2011 £Nil).

25. LEGAL CLAIMS AND CONTINGENCIES

Repsol YPF
Petrolex SA, a Bolivian subsidiary of the company, has filed legal proceedings against Repsol YPF, an international integrated oil and gas company. Repsol YPF have in turn, filed legal proceedings against Petrolex SA. The lawsuit against Repsol YPF seeks to claim recompense for economic losses suffered by Petrolex SA as a result of the alleged mismanagement of the Monteagudo Block by Repsol YPF. The directors are of the opinion that agreement will be reached between both parties but that the outcome is not quantifiable at present.

Empresa Petrolera Chaco SA
Petrolex SA has filed legal proceedings against Empresa Petrolera Chaco SA, operator of El Dorado block, for alleged non-fulfilment of the Joint Operating Agreement. Empresa Petrolera Chaco SA have filed a counter-claim against Petrolex SA. The directors are of the opinion that Petrolex SA will be successful in its proceedings.

Intergas Limited
Intergas Limited has filed civil legal proceedings against the company's subsidiary, Petrolex SA. Intergas is claiming US$1,700,000 in respect of costs incurred in relation to drilling at the ChipirlIri (Bolivia) X-1 well. The directors do not believe that the case will succeed and no provision for any liability that might arise has been made.

Bolivia Tax Authority
The Bolivian Tax Authority has filed claims for taxes due against the company's subsidiary, Petrolex SA. Petrolex SA is defending itself from these claims. The directors do not believe that the case will succeed and no provision for any liability that might arise has been made.

Hunt Oil Company
On 14 March 2012 Hunt Oil Company (HOC) filed legal proceedings against Endeavour Oil & Gas Inc. (EOGI), Petrolex SA, Hydrocarbon Exploration Limited, Pan Andean Resources plc, John Teeling, James Finn, David Horgan and Allen Lazenby claiming that EOGI refused to pay contractual obligations to HOC, arising out of HOC's operation of High Island 30 oil well. The directors and the group's legal advisors do not believe that the case will succeed and no provision for any liability that might arise has been made.

26. PARENT COMPANY INCOME STATEMENT

As permitted by Section 408 of the Companies Act, 2006 the Parent Company's Income Statement has not been presented in this document. The loss after taxation as determined in accordance with IFRS for the parent company for the year is £1,304,592 (2011: loss of £870,082).

27. POST BALANCE SHEET EVENTS

On 15 May 2013, the company signed an agreement with Peruvian Oil and Gas Exploration Limited (POGEL). Under the agreement POGEL, an energy investment company, will undertake responsibility to put up performance bonds and conduct contractual work on the Exploration and Development Contracts on Peruvian Blocks 183 and 188. Clontarf Energy plc will convert its interest to an overriding royalty of 3% on production from any commercial discovery. The royalty payment will be capped at US$ 10 million per block and US$ 20 million in total.

Subsequent to the year end the Group received a one year working capital loan of US$400,000 from Finanzas & Legal Corporativos S.A.C. PFI. Interest on the loan is payable at 10% per annum. Under certain circumstances the loan is convertible into ordinary shares in Clontarf Energy plc at market price.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Clontarf Energy plc ("the Company") will be held on Friday 28th June 2013 in City of London Club, 19 Old Broad Street, EC2N 1DS, London at 11am for the following purposes:

Ordinary Business

1. To receive and consider the Directors' Report, Audited Accounts and Auditor's Report for the year ended December 31, 2012.

2. To re-elect director: Manouchehr Takin retires in accordance with Article 25 and seeks re-election.

3. To re-elect Deloitte & Touche as auditors and to authorise the directors to fix their remuneration.

4 To transact any other ordinary business of an annual general meeting.

By order of the Board:

James Finn
Secretary

Registered Office 20-22 Bedford Row, London WCIR 4JS

29 May 2013

Note: A member of the company who is unable to attend and vote at the above Annual General Meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company.

To be effective, the Form of Proxy duly signed, together with the power of attorney (if any) under which it is signed, must be deposited at the Company's Registrars, Computershare Investor Services (Ireland) Ltd., Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, not less than forty-eight hours before the time appointed for the Meeting or any adjournment thereof at which the person named in the Form of Proxy is to vote.

Directors and Other Information

DIRECTORS	John Teeling (Chairman) David Horgan (Executive) James Finn (Executive) Manouchehr Takin (Non–Executive)
SECRETARY	James Finn
REGISTERED OFFICE	20-22 Bedford Row London, WCIR 4JS United Kingdom Telephone +44 117 923 0600
DUBLIN OFFICE	162 Clontarf Road Dublin 3 Ireland Telephone +353 1 833 2833 Fax +353 1 833 3505
STATUTORY AUDITORS	Deloitte & Touche Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland
COMPANY REGISTRATION NUMBER	04967918
SOLICITORS	Brown Rudnick Alexandra House The Sweepstakes Ballsbridge Dublin 4 Ireland
BANKERS	Allied Irish Bank plc 140 Lower Drumcondra Road Dublin 9 Ireland Bank of Ireland 20 Berkley Square London, WIJ 6LL United Kingdom
NOMINATED ADVISOR AND JOINT BROKER	Shore Capital & Corporate Limited Bond Street House 14 Clifford Street London, W1S 4JU United Kingdom
JOINT BROKER	Optiva Securities Limited 2 Mill Street Mayfair London W1S 2AT United Kingdom
REGISTRARS	Computershare Investor Services (Ireland) Limited Heron House, Corrig Road Sandyford Industrial Estate Dublin 18 Ireland

Clontarf Energy Plc
20-22 Bedford Row, London WCIR 4JS
Company Registration Number 04967918

www.clontarfenergy.com