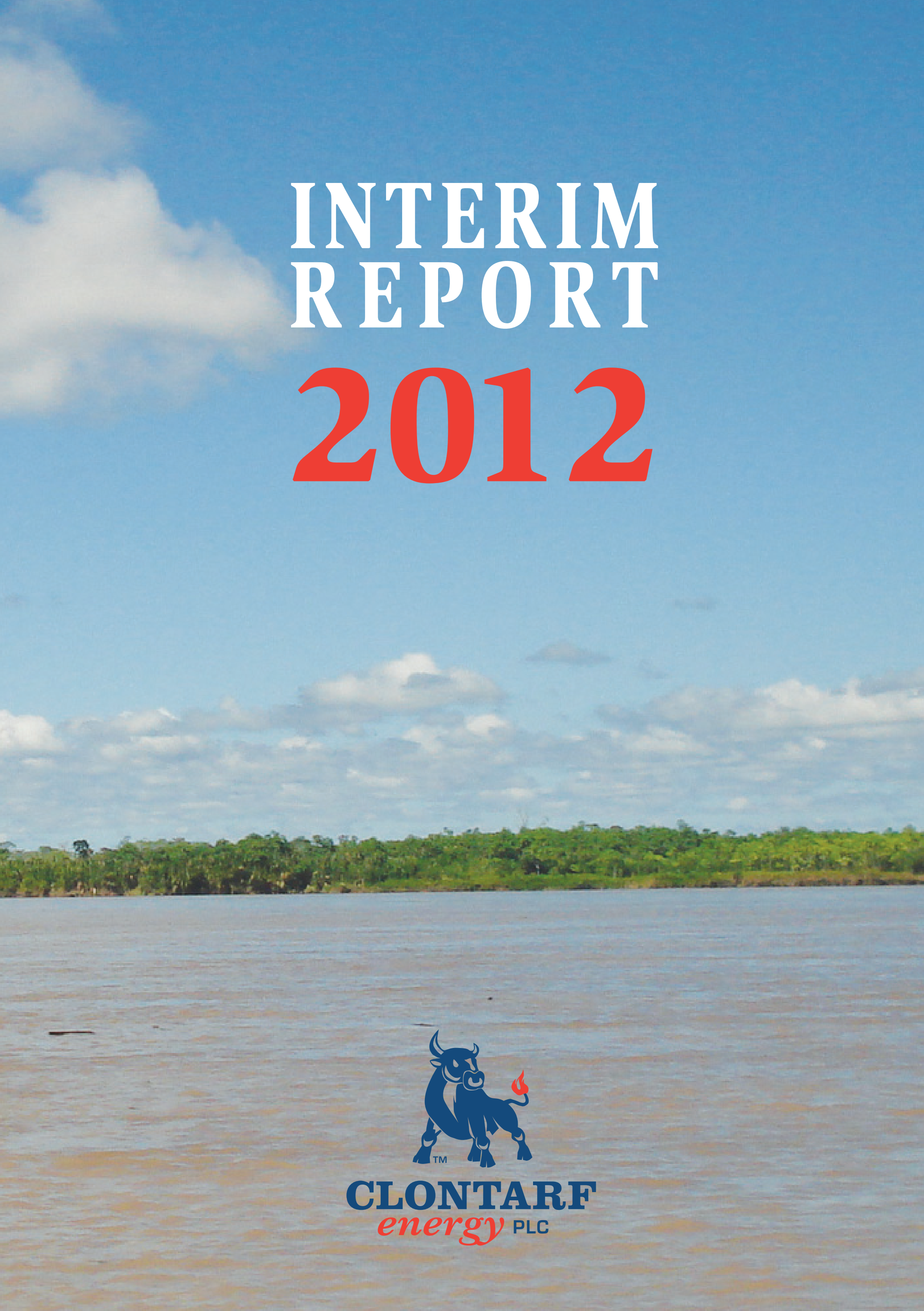
INTERIM REPORT 2012



CLONTARF energy PLC

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

Interim Statement for the period ended 30 June 2012

Peru

Clontarf acquired one million hectares of exploration acreage in two blocks with the signing of licences in September 2011. Seismic has been re-processed and reinterpreted. Multiple leads and prospects have been worked up on both blocks 188 and 183. An extensive programme of environmental workshops and community meetings has been completed. Farm-out discussions are ongoing with interested parties in relation to each block.

Block 183, located in the Marañon basin, covers 396,826 hectares in Central Peru. Two oil fields and one gas field neighbour Block 183. We have analysed and worked with 1,700 km of quality 2D seismic data, which was re-processed, migrated, and re-interpreted, with well-control from the fifteen wells drilled in the basin. The main source rocks is Pucara from the Triassic Age.

We have worked up several leads and drillable prospects, including a gas play, Pacaya, close to the Deminex-drilled neighbouring Shanushi gas occurence just north of our Block 183, with 4-way closure on the same Yurimaguas Anticline trend. This same trend has an additional prospect which also demonstrates strong amplitude anomalies correlated with the gas-condensate found in the same top Pucara/Sarayaquillo level of the Shanusi well. We are in farm-out discussions to drill what we believe to be an extension of this structure, so as to provide gas to generate electricity for the power-hungry city of Tarapoto, circa 60km away, as well as distributing natural gas and LPG as well as marketing the condensate production.

The second Peruvian Block, 188, covers 595,809 hectares in the South Ucayali/Madre de Dios basin. Block 188 is near the world-class producing Camisea gas and condensate fields, as well as two recent discoveries by Repsol of over 4 tcf of gas in Block 57, and recent significant discoveries by Petrobras in block 58. There is 2,000 km of reasonable quality analogue 2D seismic data within this Block. Extensive Ucayali regional data is also available (13,400 km of 2D seismic and 50 wells).

The main petroleum system is Paleozoic, but four source rocks & three seals have been proven. There are three main producing reservoirs in the area. The main challenge in seeking large stratigraphic traps is demonstrating a regional seal.

Oil & gas have already been discovered on Block 188, in the 2,750 metre Panguana X-1 well, drilled by Phillips Petroleum in 1999. Phillips tested the positive log interval, finding oil and no water in the chambre of the Formation RFT (Repeat Formation Tester) test tool (open hole). The oil collected was of 37°API in the Green Sandstone Formation of Cretaceous and Paleozoic age. Physical samples showed that the oil had been generated in the Devonian Madre de Dios kitchen.

Panguana was not developed due to historic factors, especially remoteness and a then low oil price. At that time explorers needed very large discoveries to pay demanding fiscal terms and justify the capex necessary in what was a remote and challenging area. Now there is established infrastructure linked to the nearby Camisea gas/condensate fields and better terms.

In a world of rising resource nationalism, Peru is now a priority area for oil multinationals due to its attractive fiscal terms, a stable government and a relatively unexplored hydrocarbon system. The Company is in discussions with potential partners to explore these blocks.

Ghana

Ghana is a world hot spot for oil development. Clontarf holds a 60% interest in a licence agreement over a very prospective onshore/offshore block. The 1,532 km2 Tano 2A Block is held by a private Ghanaian company, owned 60% by Clontarf Energy, 30% by Petrel, and 10% by local Ghanaian interests. A Petroleum Agreement was signed between the parties and the Ghana National Petroleum Company (GNPC) in March 2010. Parliamentary ratification is still awaited.

Tano onshore oil seepages have been recorded for a century. An initial concern was that these seepages might relate to a different source rock to that of the nearby discoveries. Clontarf's technical team has long believed that both the oil seepages as well as most of the discovered oil originated in the same source rock, deep out to sea.

Industry exploration data released during 2012 support the Company's view that the extensive oil shows and seeps on the Tano shoreline are sourced from the prolific Cenomanian-Turonian sequences of the deeper Tano Basin, which also charged the huge producing Jubilee Field. The possible migration of this oil across the Tano shelf presents opportunities for traps within the shallow marine-onshore sections.

In recent months negotiations have continued between the parties and GNPC. To assist the ratification process substantial security has been offered to GNPC. This guarantees a significant portion of the agreed work programme. Clontarf and its partners have completed all of the analysis possible on available data and are ready to move.

Bolivia

Our third sphere of activity is in Bolivia, a country with significant mineral and hydrocarbon potential. Clontarf inherited a company which has been active in Bolivia for over 20 years. The acquisition brought interests in two producing fields. The Monteagudo oil/gas field (30% Clontarf, 30% Repsol, 20% Petrobras, 20% Andina which is owned by the state), has been producing for 40 years and is in decline. There is a well-defined deep target (4,000 metres) in the Block, in the Devonian Formations. Giant gas discoveries, of trillions of cubic feet, have been made in the Huamapampa and Santa Rosa Formations on adjacent blocks by Total, Petrobras and Repsol. During 2011, negotiations to purchase Repsol's 30% and Petrobras' 20% stakes were satisfactorily concluded. Any transfer of ownership requires approval by the Bolivian Government and Legislature. This process is slow, but we are hopeful it will be completed during 2013. Operatorship would be transferred to our new partner, Latinoamericana de Energia, which would result in significantly lower operating costs and hence, profitability, for the Monteagudo Field. This restructuring would also facilitate early drilling of the deep gas play.

Clontarf also holds a 10% interest in the producing El Dorado gas field near Santa Cruz in Bolivia. There is a legal dispute with our operating partner, YPFB Chaco which is owned by the state. Negotiations are ongoing and, based on legal advice received, we believe that we can resolve the outstanding legal and financial issues. Clontarf has been involved in the El Dorado field for over a decade. Early drilling suggested a field in excess of 0.4 trillion cubic feet of gas. Plans to exploit this gas in the early 2000s were frustrated by low gas prices. Recently, the majority owner YPFB Chaco, has drilled additional wells, constructed a modern gas-processing plant and is producing 10 MMCFD of gas and 230 Bbls/day of liquids (condensate and natural gasoline) from 3 producing wells. The successful re-entry well has not yet been brought into production because of a delay in issuing environmental permits, which are expected soon. Once this permit is received, production could rise to about 19 million cubic feet daily with up to 500 barrels of condensate.

There is a dispute between Clontarf and Chaco over cash calls made by Chaco which originates from the time the asset was owned by Pan American Energy.

Existing oil and gas exploration and production contracts may be influenced by evolving Bolivian legislation. To date, the Bolivian Government has not issued the necessary regulations governing implementation of the new constitution, however a new supreme decree has been issued recently increasing the oil price from US$ 27/barrel to US$ 60/barrel.

Tax changes are currently the subject of international arbitration initiated by oil companies active in Bolivia. Other than these tax changes, Clontarf does not believe that the role of operator is adversely affected and expects to continue operating in Bolivia.

USA

In April 2011 Clontarf Energy plc acquired the Hydrocarbon Exploration group including its US subsidiary Endeavour Oil & Gas Inc which held interests in the Gulf of Mexico.

At that time Endeavour had already been in dispute for four years with its partner on HI30L block in the Gulf of Mexico, Hunt Oil Company, over unauthorized expenditure as described below. The dispute with Hunt Oil Company dates back to 2007 when Endeavour was a fully owned subsidiary of Pan Andean Resources plc. Endeavour had appointed Hunt operator of the HI30L block.

As operator, Hunt incurred unauthorized expenditure which was disputed by Endeavour. Legal proceedings commenced in 2009 and in January 2011 a judgement of US$3.8 million was obtained by Hunt against Endeavour. It was expected that the judgment would be settled by ceding the US assets of Endeavour to Hunt Oil.

Hunt was not satisfied with the value of the US assets and is seeking to make Hydrocarbon liable for any deficit. In March 2012 Hunt filed proceedings against Hydrocarbon Exploration Limited, Petrolex SA, Pan Andean Resources plc and the former directors of Endeavour Oil & Gas (including three of the current directors of Clontarf). We believe there is no merit for the proceedings and are defending them fully.

The dispute with Hunt Oil Company was fully disclosed when Hydrocarbon Exploration acquired Endeavour from Pan Andean Resources plc in April 2010. It was also fully disclosed in 2011 when Clontarf acquired Hydrocarbon Exploration and listed on AIM.

Due to the on-going proceedings Clontarf placed no value on the US assets.

Outlook

Peru is our immediate priority. We hope to fast-track a re-evaluation of the Panguana structure in Block 188, possibly together with investigation of the Pinria structure to the west. In Block 183, there seems an early opportunity to tap likely gas reserves, as part of an integrated gas-to-power development to service this fast-growing electricity-hungry region.

Ghana offers significant upside to the Company. We are ready to begin the next phase of exploration and remain hopeful of ratification as we have a signed agreement with the state petroleum company.

There is very little that can be done in Bolivia until title is clarified and the current proposal before the parliament is ratified. Clontarf is examining ways to finance operations with the least impact on shareholders.

John J Teeling

John Teeling
Chairman

28th September 2012

Financial Information (unaudited)

	Six Months Ended		Year Ended
	30 June 12 unaudited	30 June 11 unaudited	31 Dec 11 audited
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**£'000**	**£'000**	**£'000**
REVENUE	-	-	-
Cost of sales	-	-	-
GROSS PROFIT	-	-	-
Listing and acquisition costs	-	(446)	(446)
Administrative expenses	(246)	(245)	(423)
OPERATING LOSS	(246)	(691)	(869)
Finance revenue	1	-	1
Finance costs	(1)	(2)	(2)
LOSS BEFORE TAXATION	(246)	(693)	(870)
Income Tax	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(246)**	**(693)**	**(870)**
LOSS PER SHARE - basic and diluted	**(.12p)**	**(0.52p)**	**(0.52p)**

CONDENSED CONSOLIDATED BALANCE SHEET	30 June 12 unaudited £'000	30 June 11 unaudited £'000	31 Dec 11 audited £'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	5,788	4,822	5,248
	5,788	4,822	5,248
CURRENT ASSETS			
Trade and other receivables	24	47	262
Cash and cash equivalents	121	1,154	492
	145	1,201	754
TOTAL ASSETS	5,933	6,023	6,002
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	(628)	(295)	(451)
TOTAL LIABILITIES	(628)	(295)	(451)
NET ASSETS	**5,305**	**5,728**	**5,551**
EQUITY			
Share capital	500	500	500
Share premium	9,249	9,249	9,249
Reserves	(4,444)	(4,021)	(4,198)
TOTAL EQUITY	**5,305**	**5,728**	**5,551**

Financial Information (unaudited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Share Premium £'000	Share based Payment Reserves £'000	Retained Losses £'000	Total Equity £'000
As at 1 January 2011	188	2,674	207	(3,732)	(663)
Shares issued	113	2,614	-	-	2,727
Hydrocarbon shares acquired	169	3,882	-	-	4,051
Warrants exercised	13	192	(74)	74	205
Share Options exercised	17	26	-	-	43
Warrants issued	-	(6)	6	-	-
Share issue costs	-	(133)	-	-	(133)
Share Options granted	-	-	191	-	191
Total comprehensive loss	-	-	-	(693)	(693)
As at 30 June 2011	**500**	**9,249**	**330**	**(4,351)**	**5,728**
Total comprehensive loss	-	-	-	(177)	(177)
As at 31 December 2011	**500**	**9,249**	**330**	**(4,528)**	**5,551**
Total comprehensive loss	-	-	-	(246)	(246)
As at 30 June 2012	**500**	**9,249**	**330**	**(4,774)**	**5,305**

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended 30 June 12 unaudited £'000	Six Months Ended 30 June 11 unaudited £'000	Year Ended 31 Dec 11 audited £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(246)	(693)	(870)
Finance costs recognised in loss	1	2	2
Finance revenue recognised in loss	(1)	-	(1)
Exchange movements	11	3	2
Profit on disposal of licence	-	-	(207)
	(235)	(688)	(1,074)
Movements in Working Capital	415	(903)	(962)
CASH USED IN OPERATIONS	**180**	**(1,591)**	**(2,036)**
Finance costs	(1)	(2)	(2)
Finance revenue	1	-	1
NET CASH USED IN OPERATING ACTIVITIES	180	(1,593)	(2,037)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets	(540)	(181)	(607)
Profit from disposal of licence	-	-	207
Cash transfers on acquisition	-	34	34
NET CASH USED IN INVESTING ACTIVITIES	(540)	(147)	(366)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of warrants	-	205	205
Proceeds from share issue	-	2,727	2,727
Share issue costs	-	(133)	(133)
Proceeds from exercise of options	-	43	43
NET CASH FROM FINANCING ACTIVITIES	-	2,842	2,842
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(360)**	**1,102**	**439**
Cash and cash equivalents at beginning of the period	492	55	55
Effect of exchange rate changes on cash held	(11)	(3)	(2)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**121**	**1,154**	**492**

1. **INFORMATION**
The financial information for the six months ended June 30th, 2012 and the comparative amounts for the six months ended June 30th, 2011 are unaudited. The financial information above does not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Interim Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the Group 2011 Annual Report, which is available at www.clontarfenergy.com

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

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

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

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

	Six months Ended		**Year Ended**
	30 June 12	**30 June 11**	**31 Dec 11**
	£	**£**	**£**
Numerator			
For basic and diluted EPS retained loss	(246,261)	(693,411)	(870,082)
Denominator			
Weighted average number of ordinary shares	200,184,469	134,378,870	167,785,327
Basic EPS	(0.12p)	(0.52p)	(0.52p)
Diluted EPS	(0.12p)	(0.52p)	(0.52p)

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

4. **ACQUISITION OF SUBSIDIARY**

On 6 April 2011, the Company completed the acquisition of Hydrocarbon Exploration plc, 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)

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

	Fair Value
Non Current Assets	**£'000**
Intangible Assets	4,471
	4,471
Current Assets	
Trade and other receivables	214
Cash and cash equivalents	34
	248
Total Assets Acquired	4,719
Current Liabilities	
Trade and other payables	(300)
Total Liabilities Assumed	**(300)**
Net Assets Acquired	**4,419**
Total Consideration	
Fair value of shares issued	4,051
Fair value of replacement options issued	190
Fair value of previously held shares	178
	4,419

The acquisition of Hydrocarbon Exploration was completed in April 2011 and the Group completed a provisional assignment of fair values to identifiable net assets acquired for the 2011 interim financial statements. As permitted under IFRS 3, Business Combinations, these provisional fair values were amended for the year ended 31 December 2011. The amendments related to the fair value of the assets acquired in respect of Endeavour Oil & Gas Limited.

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

5. INTANGIBLE ASSETS

Exploration and evaluation assets:	**30 June 12**	**30 June 11**	**31 Dec 11**
	£'000	**£'000**	**£'000**
Cost:			
At 1 January	6,976	2,105	2,105
Additions	540	181	607
Disposal	-	-	(207)
Assets acquired (Note 4)	-	4,471	4,471
Closing Balance	**7,516**	**6,757**	**6,976**
Impairment:			
At 1 January	1,728	1,935	1,935
Disposal	-	-	(207)
Closing Balance	**1,728**	**1,935**	**1,728**
Carrying value:			
At 1 January	**5,248**	**170**	**170**
At period end	**5,788**	**4,822**	**5,248**

Regional Analysis

	30 Jun 12	30 Jun 11	31 Dec 11
	£'000	£'000	£'000
Peru	4,598	4,107	4,193
Ghana	463	415	441
Bolivia	727	300	614
	5,788	4,822	5,248

Exploration and evaluation assets relates to expenditure incurred in prospecting and exploration for oil and gas in Ghana, Peru and Bolivia.

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

The group's activities are subject to a number of significant potential risks including:
- price fluctuations
- foreign exchange risks
- uncertainties over development and operational risks
- operations and environmental risks
- political and legal risks, including arrangements with governments for licenses, profit sharing and taxation.
- foreign investment risks including increases in taxes, royalties and renegotiation of contracts
- liquidity risks
- funding risks

Having reviewed the deferred exploration and evaluation development expenditure at 30 June 2012, the directors are satisfied that the value of the intangible asset is not less than carrying net book value.

6. The Interim Report for the six months to June 30th, 2012 was approved by the Directors on 27th September 2012.

7. The Company had cash balances of £121,000 as at 30 June 2012. The Directors consider that Clontarf is able to continue to operate within its current levels of funding in the immediate term although cash resources are limited. The Board is currently actively considering the best manner in which to address the future financing of the Company including ongoing discussions with a number of potential partners in relation to the group's interest in licences in Peru.

8. Copies of the interim report will be sent to shareholders and will be available for inspection at the Companies Registered Office at 20-22 Bedford Row, London WC1R 4JS. The Interim Report will also shortly be available for viewing at Clontarf Energy plc's website at www.clontarfenergy.com

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