

Clontarf Energy Plc



CLONTARF
energy PLC

2016

Reports and Consolidated Financial Statements

Clontarf Energy plc

Annual Report & Accounts 2016 Contents

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Investors in junior exploration shares have had a tough time in recent years. The lack of buying interest in AIM listed exploration ventures has gone on for nine years. The cycle will turn. The critical factor is to be among those ventures which are placed to benefit from an upturn. Investors good enough or lucky enough to select the right vehicles will profit handsomely.

Clontarf Energy has ensured survival by maintaining their exploration interests and by raising new funds when available. We have active interests and are well funded for the present. We have not relied totally on our legacy ventures and in recent years have examined numerous new ventures and directions. I report below on one such venture, applications for two offshore blocks in Equatorial Guinea, West Africa.

Ghana

The focus of our activities has been and remains, a 60% interest in an onshore/offshore hydrocarbon licence in Ghana – the Tano 2A block. The saga surrounding this licence since first agreed in 2008 continues. Over the years there have been disputes, discussions and resolutions over a series of issues relating to co-ordinates, ownership, work programmes. During the entire time we have continued to talk. In the past year a number of issues have been agreed. Agreement was reached on a major item, the acreage and co-ordinates of the licence area. We were pleased with the outcome. Discussions took place on a revised work programme. Again we are happy with the progress in this area. Our 2008 and 2010 agreements had attractive terms which do not exist in current licencing terms. We are reluctant to accept any changes in these terms as to do so would increase costs. Recent elections returned to power the party who originally agreed the terms. We have good working relationships with politicians in this party.

Certain issues remain outstanding. We are working to solve them. At \$50 a barrel oil we believe the licence area holds significant potential.

Peru

The 3% revenue royalty on Block 183 onshore Peru is looking more interesting. Work done by Clontarf and lately by Union Oil & Gas, the operator, has identified two large structures which Union believe could contain up to 2.2 trillion cubic feet of gas (tcf). There is a large and growing market for power in this part of Peru. Plans exist to use any gas discoveries to generate power.

Time has elapsed since Clontarf entered into a joint venture on the block. The initial partner, POGEL, assigned the block to Union. Permits were obtained by Clontarf for the environmental work done. These need to be re-issued. Once issued a focused seismic campaign will identify drill sites for drilling in either 2018 or more likely 2019.

Bolivia

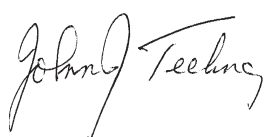
Clontarf inherited three projects in Bolivia. These were nationalised in 2006. Because of this and litigation the Bolivian interests are carried at zero value on the Clontarf balance sheet. Our refusal to accept nationalisation and a declaration of force majeure on work programmes were notified to the Bolivian authorities. There is limited ongoing contact.

New Projects

An opportunity has arisen to acquire offshore licences in Equatorial Guinea. Discussions have taken place in the capital and in external locations. The geology is good. There are discoveries and production in the licence block area. Licencing terms are tough. We have applied for Block EG-23 and EG-21. EG-23 is in shallow water and has had a few wells. EG-21 has had a number of unsuccessful wells. Clontarf specialists believe that modern analysis techniques on available data will reveal new targets.

Future

Clontarf will continue to engage with the authorities in Ghana. We are in a strong legal position. We are pleased to note the progress is being made in Peru. But, we need to reinvigorate the Company. We continue to examine proposals for new projects, new directions and new personnel. We are well financed for our current activities.



John Teeling
Chairman

17 May 2017

- **Work proceeds on Peruvian Block 183, funded by Union Oil & Gas Group**
- **The new Ghanaian Government is reviewing historic Petroleum Agreements, with stated focus on early development.**
- **Application submitted for acreage in the 2017 Equatorial Guinea offshore Bid Round.**

Peru:

Clontarf's 3% revenue royalty position in Peruvian Block 183 has strengthened with the ongoing work and investment of Union Oil & Gas Group (UOGG) as Operator and 80% shareholder.

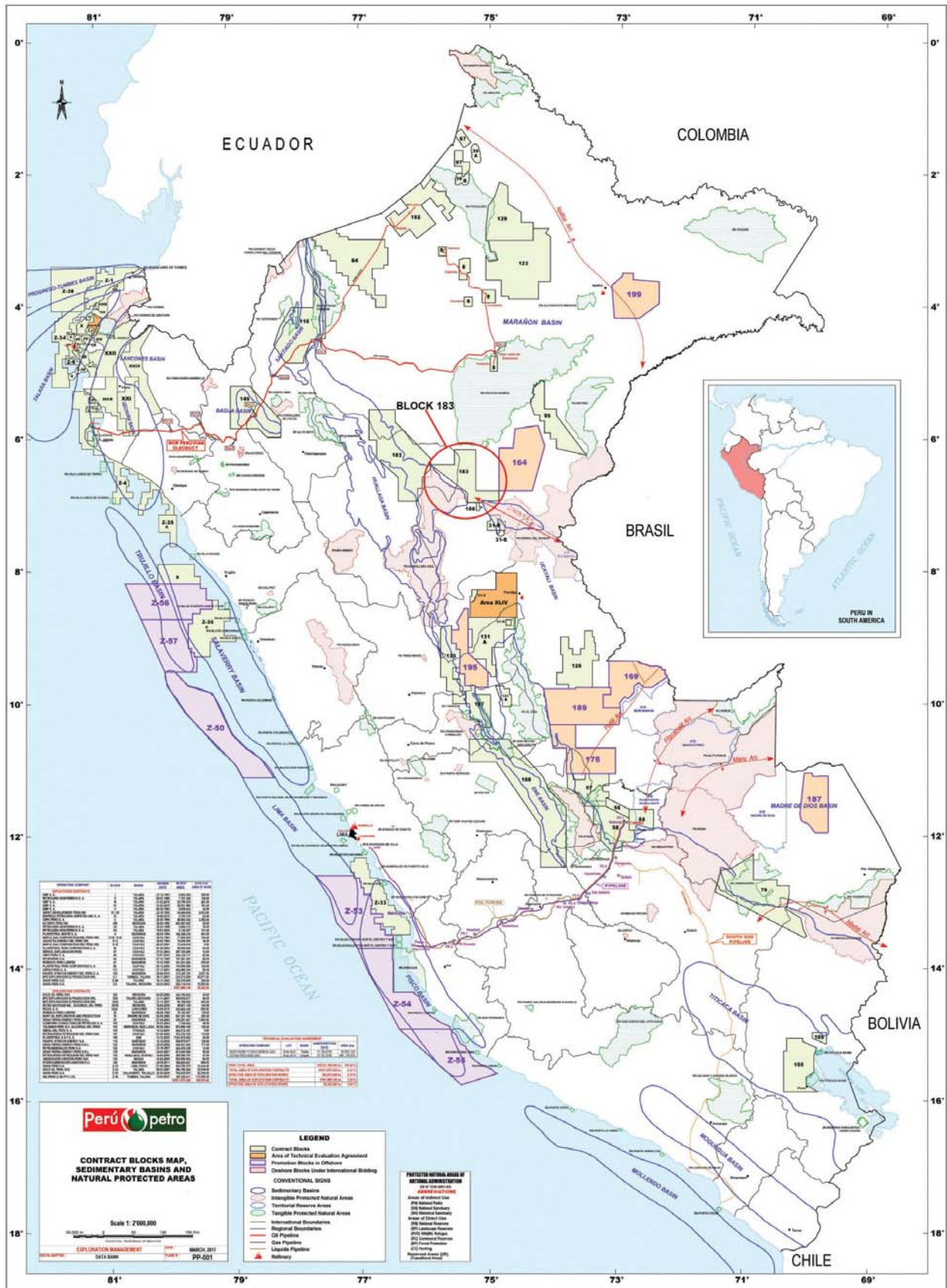
Block 183 lies in a fast developing northern-central development corridor.

As a leading Swiss-Uruguayan agribusiness and energy group, Union Oil & Gas Group has the balance sheet and technical standing to find, appraise and develop a jungle gas discovery.

Union Oil & Gas has been well known to us since 2012. It invests in oil & gas exploration and production in Latin America, with a focus on Peru, Bolivia, Paraguay, and Uruguay. It is a portfolio company of Union Group, a privately owned firm which holds significant strategic interests in businesses spanning the agriculture, energy, forestry, infrastructure, minerals, oil & gas and real estate sectors in Latin America.



Figure 1: Block 183 Peru



Ghana:

Our group has been coordinating with the Ministry, GNPC and other relevant authorities for some years on the revised Open Tano Basin acreage. We are keen to complete the ratification process, so as to start field-work and drive forward with this important project.

The ratification process was delayed by the Ghanaian General and Presidential Election at end 2016 (originally scheduled for November, but finally occurring in December 2016), with officials and parliamentarians reluctant to sign-off shortly before a democratic change of government. The new, more business-friendly NPP administration took charge in January 2017, with parliamentary committees formed by end February 2017. It was an earlier NPP administration which had signed the original Memorandum of Understanding and Heads of Agreement with our group shortly before the end 2008 Ghanaian General and Presidential Election. The new Minister of Energy is the Hon. Boakye Agyarko.

Signed Petroleum Agreement on Tano 2A Block:

Pan Andean Resources Limited is a Ghanaian company, which first signed a Petroleum Agreement with the Ghanaian authorities (GNPC) in December 2008. Following elections and GNPC requests for further clarifications, we signed a revised Petroleum Agreement with the Ghanaian authorities (GNPC and Ministry of Energy) in March 2010. That Petroleum Agreement, in common with other Petroleum Agreements signed by GNPC, are now working their way through the Ghanaian ratification process, which includes parliamentary approval.

Pan Andean Resources Limited is 90% owned by companies in the '162 Group', an Irish industrial / mining and petroleum investment active in Africa and worldwide. The other 10% is held by Abbey Oil & Gas Ltd., a Ghanaian company.

During initial discussions, the '162 Group' interest was held 90% by Pan Andean Resources plc, a London Stockmarket (AiM) listed company. In April 2010 the Peruvian and Colombian acreage of Pan Andean Resources plc was sold for cash to Canadian independent oil company Petrominerales (which is now Pacific Rubiales Corporation). In a High Court approved restructuring, the 162 Group's 90% interest was distributed to its shareholders as new shares in Hydrocarbon Exploration plc, which became Clontarf Energy plc in March 2011. At the request of GNPC and the Ministry of Energy, 30% of this 90% was transferred to another '162 Group', so that henceforth the shareholding has been 60% Clontarf Energy plc, 30% Petrel Resources plc and 10% Abbey Oil & Gas Ltd., a Ghanaian company.

Pan Andean has performed or fulfilled several Obligations pursuant to this signed Petroleum Agreement and also other Obligations not captured under the signed Petroleum Agreement but also performed at the request of both GNPC and the Ministry of Energy and Petroleum.

In the signed Petroleum Agreement of December 2008, and as Revised in 2010 in Articles 26.2 and 26.3, GNPC and the Government of Ghana warranted:

"26.2 The State, its departments and agencies, shall support this Agreement and shall take no action which prevents or impedes the due exercise and performance of rights and obligations of the Parties hereunder.

26.3 This Agreement and the rights and obligations specified herein may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by the Parties."

Pan Andean Resources Limited bought from GNPC and paid GNPC for available seismic and other data and reports since 2010. Under our signed Petroleum Agreement we are obliged to reprocess, as part of our agreed work programme, all of the raw data, including that which GNPC has not yet provided. To save time and vigorously proceed with our work, we are keen to also acquire the outstanding raw data, so that we can complete our agreed work programme.

Our group has already invested 9 years' work in this important project.

In July 2014 revised coordinates for the Tano 2A Block were agreed with the Ghanaian authorities.

We look forward to resolving this matter and ratifying Tano 2A Block.

Equatorial Guinea:

The recently admitted OPEC member, Equatorial Guinea, has some of the most neglected and prospective exploration potential in offshore West Africa. Until recently, this was largely ear-marked for large US companies and favoured National Oil Companies.

Evolving Equatorial Guinea policy, including the recent adhesion to OPEC, may open the way to innovative juniors able to apply new thinking and approaches to historic data.

This is an approach our group has profitably used elsewhere, from Peru to the Irish Atlantic.

Accordingly in 2017, we formally applied for exploration and development acreage in Equatorial Guinea.

We are particularly interested in working on the acreage described as 'EG-23' in the bid round 'EGRonda2016' document.

Our second priority is the acreage described as 'EG-21' (particularly the western, deeper water part of EG-21) in the 'EGRonda2016' document.

Our third priority is the acreage described as 'EG-18', which is described as "under negotiation" in the 'EGRonda2016' document – though we have not yet had an opportunity to study the available data in depth, or cost our work programme.

Peru:

Clontarf Energy plc holds a 3% over-riding royalty in Peruvian Block 183 in the central Peruvian forested foothills. This 3% over-riding royalty is capped at US\$5 million per oil and / or gas discovery and US\$10 million in total. This block was won by Clontarf Energy's Peruvian subsidiary in the 2010 bid round, signed in 2011 and farmed out to Peru Oil & Gas Exploration Limited ("POGEL") in August 2013. In 2015 POGEL farmed 80% of their interest to a leading regional partner, so as to further exploration of the block and development of any commercial oil or gas discoveries.

UOGG now has the principal role in all technical decisions regarding HEPL, a qualified exploration and production company that is qualified by the Peruvian authority Perupetro, and its asset Block 183.

The Block may contain up to 2.2 Trillion Cubic Feet (TCF) of whole recoverable potential gas reserves and a high probability of C5 condensates. It has two oil and gas prospects in anticlines associated with the Sarayaquillo sandstones (Chipurana and Alfaro) located in the Marañón Basin, which has produced oil and gas since the 1940s, close to the border of the Ucayali Basin.

The block covers the original 396,826 hectares awarded in 2010, has good transport infrastructure and is located next to two oil fields and one gas field in adjacent blocks.

Peruvian context:

Though the total Peruvian acreage under hydrocarbon licenses has declined since we sold our direct acreage holding in 2013 (Clontarf's predecessor had previously sold its carried and operating acreage for cash to Petrominerales in 2010), there remain circa 80 hydrocarbon Peru petro-contracts in force (of which circa 20 are exploitation, and circa 60 exploration).

Most of the acreage was relinquished as per contractual terms, as with our former Block 188. Deep jungle or deep water drilling became less economic with lower oil prices since mid-2014, and concerns over adverse fiscal terms in other South American countries. However, industry anxieties about harsher Peruvian fiscal terms have not been borne out, though environmental regulations remain bureaucratic in what is a highly tourism-sensitive country.

In retrospect, many companies had over-bid royalty commitments in bid rounds since 2007. Falling oil prices and market worries over South American fiscal terms and legal title, made it harder to honour aggressive bid terms leading to many companies dropping some or all of their acreage.

Nonetheless, exploration work on logistically accessible acreage has continued in Peru, with production growth on the back of proven resources and what remains an attractive general fiscal regime. One of the resulting discoveries was by operator CEPSA on the Block 131 acreage, which our former group company Pan Andean bid for, won and farmed out to CEPSA in 2007.

A 1995 survey of 1,700 km of 2D seismic on Block 183, reprocessed by the Clontarf Energy plc team in 2012, mapped at base Cretaceous, top Sarayaquillo Formation and identified two important prospects with major exploration potential: Chipurana and Alfaro:

1. Alfaro is a mixed structural-stratigraphic prospect showing amplitude anomalies on reprocessed seismic lines, indicating significant gas occurrence
2. Chipurana is a structural prospect on trend with the Shanusi 1-X well / structure with significant evidence of gas and condensate shows recorded in the upper sequences of Pucara Group (Sarayaquillo Formation).

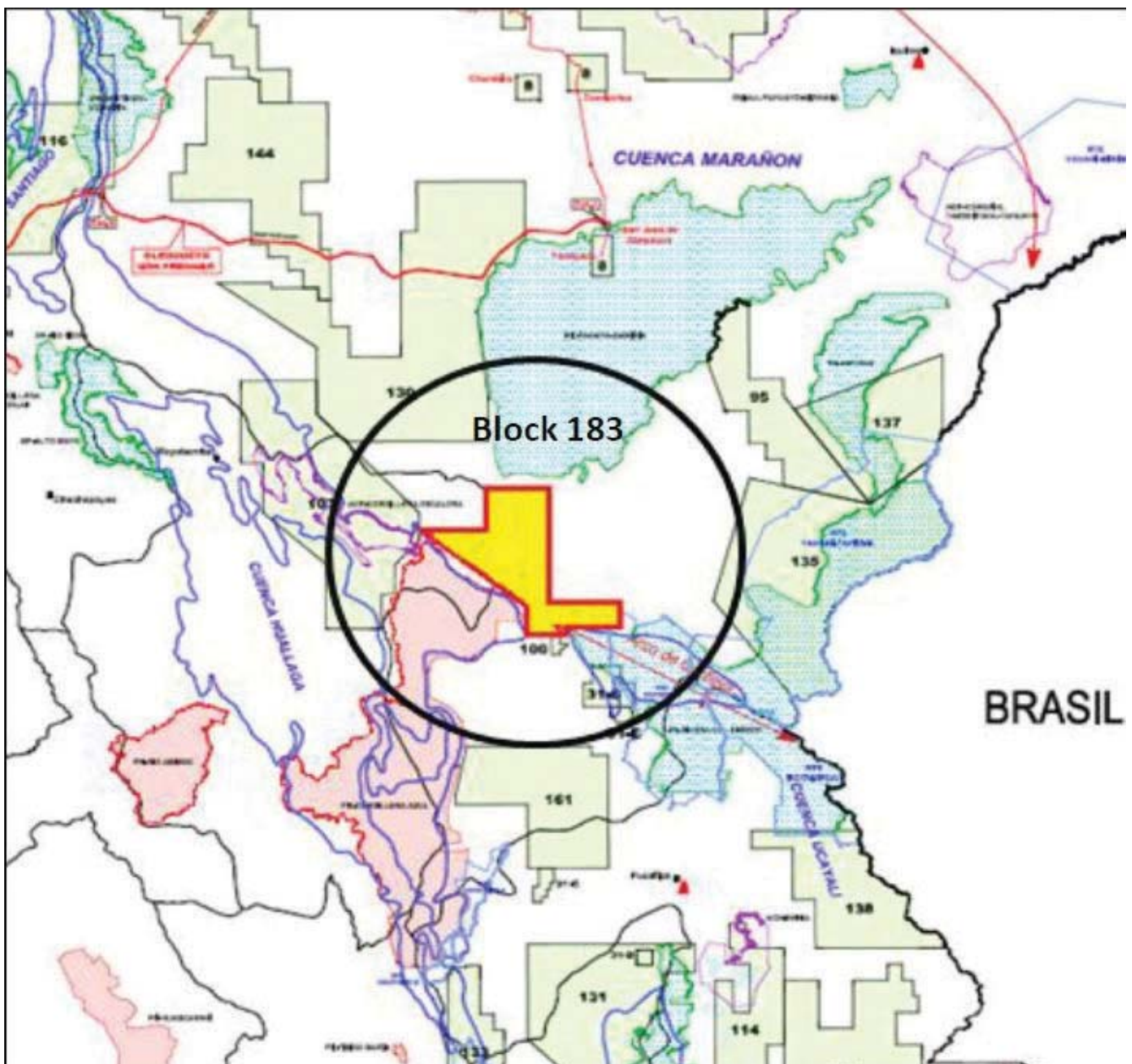


Figure 3: Location of Block 183

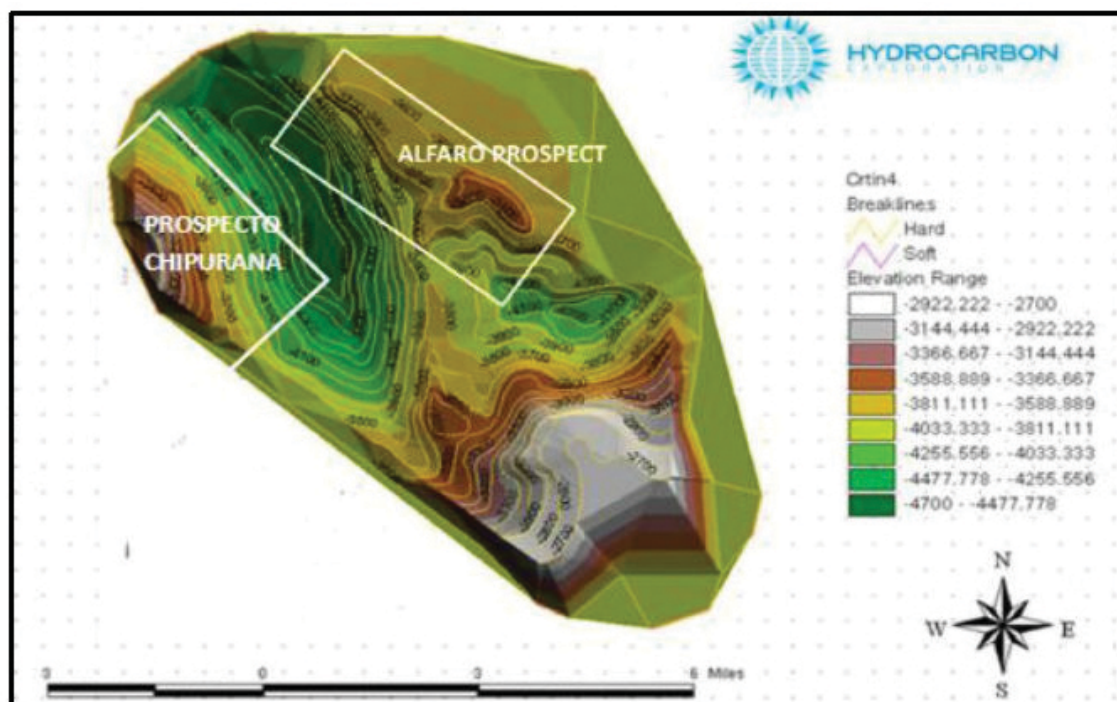
There is evidence of correlation of structural height between Alfaro and Chipurana prospects of the northern and southern sectors of the Block, where 5 wells were drilled with significant evidence of hydrocarbon flushing.

A total of 5 wells have been drilled in Block 183 to date, mainly focusing on the Southern areas. An additional 9 wells have been drilled on comparable plays in neighbouring areas:

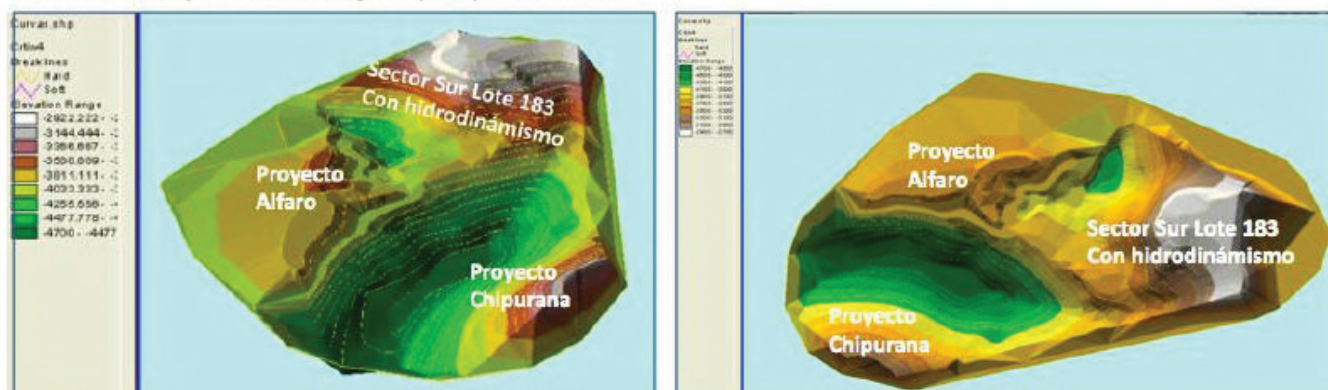
Wells within the current Block 183 include Orellana 1-X, Orellana 2-X, Santa Catalina 1-X, Santa Clara 1-X, and Santa Clara 1-A.

Relevant wells outside the current Block 183 include Shanusi 1-X in the north (1970s gas discovery by Deminex) and in the south Loreto (Block 181), Santa Lucia (Block 158) , Rayo X (Block 160), Insaya (Block 160), y Huaya 1-X, 2-X, 3-X and 4-X (Block 160).

Shanusi 1-X exploratory well drilled in the 1970's by Deminex, near Block 183, reached Jurassic Triassic Formation at 2,925 metres to 4,488 metres.



Block 183: Chipurana and Alfaro prospects location



Seismic interpretation: Cretaceous base – Sarayaquillo Formation

Figure 4: Prospects on Block 183

Significant evidence of gas shows were recorded in Puara section from 4,471 and 4,476 m. interval, increasing to 4,488 (total depth of well).

Inter-tidal Dolomite Crystalline with vugular porosity: 10-20%.

This prospect is relatively low risk:

- 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 given severe stuck tools 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 this 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 is currently executing a further technical effort to confirm these amplitude anomalies through Amplitude Versus Offset (AVO), with the assistance of Zeptec Geophysical, based in Colombia. The further confirmation of these amplitude anomalies definitely reduces the risk of not finding commercial hydrocarbons and increases the prospective gas reserves.

The target Sarayaquillo formation of the Jurassic Age, has approximately 400 metres' thickness. Within this Formation, there are limestone evaporates and shales, which include the Eolian sandstone reservoirs, which are the main target. The porosity in these sandstone are 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 meters as the net pay thickness. Parcep, for the Shanusi well, used 40 meters 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, we consider the 1.05 Trillion cubic feet as the prospective reserves in the most probable case, to be under conservative assumptions.

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.

Planned neighbouring exploration may upgrade Block 183:

Spanish independent CEPSA has long considered onshore Peru as having considerable potential. Our Block 183 borders on CEPSA's priority Block 130.

As reported publicly, Block 130 offers an excellent chance of finding economic reserves of condensate.

CEPSA has completed necessary environmental and communities' work, and plans to shoot 573 km of 2D seismic and to drill 4 exploration wells.

2D seismic will be shot in the districts of Yurimanguas, Jeberos and Teniente López. Wells are planned to be drilled in Yurimanguas and Cahuapanas plays.

The CEPSA work programme will allow to confirmation of the presence, volume, quality and petrophysical characteristics of hydrocarbon potential reserves.

Next steps on Peruvian Block 183:

Block 183 remains in good standing with the same coordinates as applied in 2013.

Following extensions and tightening legislation (after some community and environmental issues between 2012 and 2015 on unrelated blocks involving different companies, many operators, including UOGG, were encouraged to “re-apply” for all community and environmental permits (which Clontarf Energy plc had previously completed in 2011/12). UOGG is now completing this process for a new round of environmental & community meetings next June/July, with a seismic campaign in the following 2018/19 dry season.

The State Oil Company PerúPetro is supportive but the environmental and indigenous bodies are independent. This added bureaucratic burden contributed to the loss of circa 20 companies from Peru during 2016 (see Figure 2).

UOGG has had initial funding discussions internally and with potential partners for additional, state-of-the-art seismic and wells – and UOGG is confident that the size and location of prospects considered will attract support.

Equatorial Guinea:**Equatorial Guinea Technical Assessment****Block EG-23 (Distal Niger)**

- Block EG-23 lies above the complex toe thrust zone of the Niger delta. This zone is largely internally incoherent, with only patchy areas of coherent strata imaged on the seismic data. Well-imaged bedded section is seen both above and below the slumped and thrust toe section. The incoherent toe zone thins southward to a limit at approximately the southern margin of the Block.
- The Block is entirely covered by 3D data of reasonable quality and there are 13 wells.
- Water depths over the acreage are shallow, a definite plus in terms of farm-out.
- Because of the geological complexity and drilling problems presented by the frontal Niger zone, most of the wells in EG-23 have targeted the younger beds above the incoherent complex section in search of Zafiro-type fields. This is particularly true in the north of the Block where the incoherent section is extremely thick. It is difficult to comment on the features targeted by the wells without the relevant interpretations – for instance to see whether channel sands of the Zafiro-type were the main target - or to understand the general lack of success in a block that is contiguous with productive acreage.
- Most of the wells terminated in the top of the structurally complex zone, although several drilled a little way into the zone e.g. Perla-1 & 12 A-8-1X, probably in search of perceived coherent section or anticlinal thrust features. Only the Los Loros-1 well near the southern limit of the toe zone actually drilled through the toe into the underlying section in search of an Alba-type structure.
- No obvious drillable targets were identified, but with improved data quality arising from our proposed work programme it is possible to envisage new prospects emerging in the young supra-toe zone beds, or in the south of the block where the complex zone is thin, in the lower sub-thrust Miocene section.

Block EG-21 (Offshore Rio Muni)

- The large exploration block EG-21 extends from shallow inboard shelf out to water depths approaching 2000m – a negative in farm-out terms. Only ~50% of the area has 3D seismic coverage– the shelf area has only 2D data.
- Unlike EG-23, where the prospects are entirely in the Neogene (Miocene-Pliocene), the prospects in EG-21 are mainly in the Cretaceous, and possibly in the Palaeocene.
- The area is part of the West African salt basin, (Aptian) and the salt in Rio Muni has provided, together with Apto-Albian shales, a plane of décollement for mass basin-ward movement and 'rafting' of the overlying section.
- The acreage is relatively lightly explored, with 10 wells in an area more than four times greater than EG-23, and some of these are on the shallow shelf.
- The offshore area is dominated by structural ridges in the pre-rift basement, with the Cretaceous sediments substantially thicker in the intervening lows. This complexity, combined with the ubiquitous effects of the mass movement within the younger section, presents an exploration challenge. Nevertheless, there appear to be many unexplored leads.
- The Okume and Ceiba oilfields immediately south of the block produce from Campanian complex channel sands, aided in the case of the Ceiba field by structural closure produced by sliding on the underlying salt.

Summary

- EG-23: distal Niger with production on surrounding acreage, shallow water and total 3D coverage are plus factors; but, more heavily drilled than EG-21 and most of the prospects are confined to the upper Tertiary section and to the search for complex Zafiro-type channels, with the possibility for Alba-style structures limited to the southern margin of the block.
- EG-21: adjoining acreage has production, oil-prone, multiple leads and less heavily explored; but: large area and therefore heavy data costs, only 50% 3D coverage, water depths down to 2000 metres, structural complexity and salt sliding. Rio Muni may not be viewed as a 'hot' area in farm-out terms.

Neither area has identified prospects, and both areas require data improvement and re-interpretation before farm-out would be possible.

Bolivia:

Clontarf Energy plc's Bolivian interests are legacy assets formerly owned by Pan Andean Resources plc (before its sale to Petrominerales in 2010). Since the Bolivian projects were non-core to Petrominerales, these assets were spun off to Hydrocarbon Exploration plc, which became a wholly-owned subsidiary of Clontarf Energy plc in 2011.

The Bolivian interests were never central to Clontarf Energy plc's business plan. Nonetheless, management sought and obtained preliminary agreements with operating partners in both the Monteagudo and El Dorado projects to regularise the situation notwithstanding the overall political uncertainty.

Bolivian State policy remains somewhat ambivalent about international capital, with the main gas investments now mainly by state-backed actors with downstream distribution and markets, particularly Brazil's Petrobras and Argentina's YPF.

Clontarf's Bolivian properties have therefore been effectively dormant since 2010 due to adverse government policy towards privately-owned international oil & gas investors. In November 2015 we had discussions with Bolivian and Irish diplomatic officials in the hope of addressing outstanding issues so as to be able to move forward with our projects in Bolivia. So far we have not been able to resolve these issues on terms satisfactory for Clontarf shareholders.

Despite political uncertainty, Bolivia remains a growing economy with good geology for gas and gas export markets. Political uncertainty has constrained industry investment in recent years, but this could be rapidly transformed with a newly elected government or changed policies.

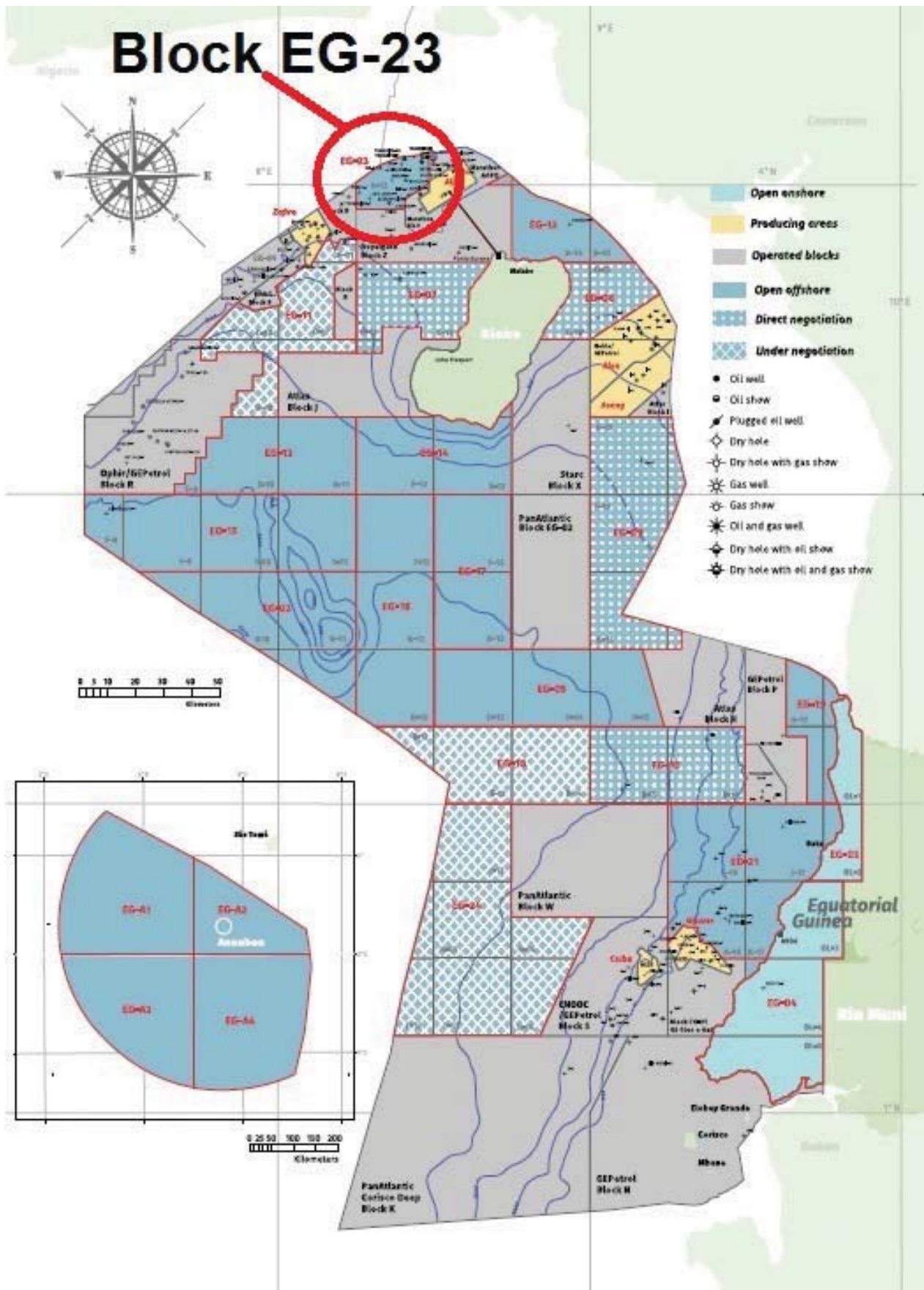


Figure 5: Block EG-23

Clontarf Energy plc

Annual Report & Accounts 2016 Strategic Report

STRATEGY

Our strategy is the appraisal and exploitation of the assets currently owned. Concurrent with this process, the Group's management expects to continue to use its expertise to acquire further licence interests for oil and gas exploration. The Group has exploration interests in Ghana and Peru.

BUSINESS REVIEW

Clontarf Energy plc is a UK registered company, focused on oil and gas exploration. Further information concerning the activities of the group and its future prospects is contained in the Chairman's Statement and the Review of Operations.

The loss after taxation for the year amounted to £199,628 (2015: £204,537).

The directors do not propose that a dividend be paid (2015: £Nil).

FURTHER DEVELOPMENTS

The directors intend to continue their involvement with the licences as disclosed in the Chairman's Statement and Review of Operations. They continue to seek further acquisition opportunities in relation to oil and gas exploration.

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. As detailed in Note 3 the directors expect that adequate resources will be available to meet the group's committed obligations as they fall due. Further details are set out in the Review of Operations and Chairman's Statement.

ENVIRONMENTAL MATTERS

There is currently no impact on the environment as the group has not commenced exploration or drilling on the licences. Any impact on environmental matters will be determined once exploration work commences.

IMPAIRMENT

The directors monitor and assess the recoverability of intangible assets and successful development of economic reserves. 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. The recoverable amount is determined as the higher of fair value less costs to sell and value in use.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

The Board is committed to maintaining appropriate 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.

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.

Clontarf Energy plc

Annual Report & Accounts 2016 Strategic Report (continued)

GOING CONCERN

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

FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management policies are set out in Note 19.

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	<p>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.</p> <p>Country Managers in each jurisdiction monitor compliance with licence obligations and changes to legislation applicable to the company and report as necessary to the Board.</p>
Requirement for further funding	<p>The Group will require additional funding to implement its exploration and development plans as well as 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.</p> <p>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.</p>
Geological and development risks	<p>Exploration activities are speculative and capital intensive and there is no guarantee of identifying commercially recoverable reserves.</p> <p>The Group activities in Ghana and Peru 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.</p>
Title to assets	<p>Title to oil and gas assets in Ghana can be complex due to local practices.</p> <p>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.</p>
Exchange rate risk	<p>The Group's expenses, which are primarily to contractors on exploration and development, are incurred in US Dollar, Sterling and Euros. The Group is therefore exposed to fluctuations in the relative values of the Euro and Dollar.</p> <p>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.</p>

Clontarf Energy plc

Annual Report & Accounts 2016 Strategic Report (continued)

RISKS AND UNCERTAINTIES (CONTINUED)

Risk	Nature of risk and mitigation
Political risk	<p>The Group holds assets in Ghana and Peru and therefore the Group is exposed to country specific risks such as the political, social and economic stability of these countries.</p> <p>The countries in which the Group operates are encouraging foreign investment.</p> <p>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.</p>
Financial risk management	<p>Details of the Group's financial risk management policies are set out in Note 19.</p>

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.

APPROVAL OF THE BOARD

This Strategic Report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration industry. While the directors believe the expectation reflected within the Annual Report to be reasonable in light of the information available up to the time of their approval of this report, the actual outcome may be materially different owing to factors either beyond the Group's control or otherwise within the Group's control, for example owing to a change of plan or strategy.

Accordingly, no reliance may be placed on the forward-looking statements.

On behalf of the Board:

John Teeling
Chairman

Date: 17 May 2017

Clontarf Energy plc

Annual Report & Accounts 2016 Directors' Report

The directors present their annual report and the audited financial statements of the group and company for the year ended 31 December 2016.

DIRECTORS

The current directors are listed on the inside back cover. There were no changes to the Board during the year or since year end.

DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors holding office at 31 December 2016 had the following interests in the ordinary shares of the company:

	31 December 2016		1 January 2016	
	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	38,192,755	3,000,000	38,192,755	3,000,000
J. Finn	38,312,722	3,000,000	38,312,722	3,000,000
D. Horgan	21,950,888	3,000,000	21,950,888	3,000,000

DIRECTORS' REMUNERATION REPORT

The remuneration of the directors for the years ended 31 December 2016 and 31 December 2015 was as follows:

	SALARIES AND FEES	
	2016 £	2015 £
J.J. Teeling	30,000	30,000
J. Finn	30,000	30,000
D.Horgan	30,000	30,000

Directors' Remuneration is disclosed in Note 7 of these financial statements.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 21 June 2017 in accordance with the Notice of Annual General Meeting on page 43 of these financial statements. Details of the resolutions to be passed are included in this notice.

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 17. 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.

Clontarf Energy plc

Annual Report & Accounts 2016 Directors' Report (continued)

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 2016 and 15 May 2017:

	15 May 2017		31 December 2016	
	No. of shares	%	No. of shares	%
HSBC Global Custody Nominee (UK) Limited	59,462,267	10.22%	59,462,267	10.22%
TD Direct Investing Nominees (Europe) Limited	35,518,065	6.10%	26,480,051	4.55%
Renee Nominees (IOM) Limited	32,544,800	5.59%	32,544,800	5.59%
SVS (Nominees) Limited	22,922,184	3.94%	27,425,534	4.71%
Hargreaves Lansdown (Nominees) Limited	19,776,319	3.40%	18,348,030	3.15%
Barclayshare Nominees Limited	17,870,892	3.07%	17,846,601	3.07%

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.

SUBSEQUENT EVENTS

Refer to Note 23 for details of Post Balance Sheet Events.

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

DIRECTORS' INDEMNITIES

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

AUDITORS

Each of the persons who are 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 will be proposed at the forthcoming Annual General Meeting.

By order of the Board:

James Finn
Secretary

Date: 17 May 2017

Clontarf Energy plc

Annual Report & Accounts 2016 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.

Clontarf Energy plc

Annual Report & Accounts 2016 Independent Auditors' Report to the Members of Clontarf Energy plc

We have audited the financial statements of Clontarf Energy plc for the year ended 31 December 2016 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 23. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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.

Emphasis of Matter – Realisation of Assets and Going Concern

In forming our opinion on the financial statements, which is not modified, we draw your attention to:

- Notes 11 and 12 concerning the valuation and realisation of intangible assets and investments in subsidiaries. The realisation of intangible assets of £3,131,779 included in the consolidated balance sheet and intangible assets of £2,669,279 and investments in subsidiaries of £52,104 included in the company balance sheet is dependent on the discovery and the successful development of economic oil and gas 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 to the financial statements which indicates that the group incurred a loss of £199,628 during the year and had net current liabilities of £261,198 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 group had a cash balance of £677,198 at the balance sheet date. Cashflow projections prepared by the directors indicate that the funds available are sufficient to meet the obligations of the Group for a period of at least 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.

Clontarf Energy plc

Annual Report & Accounts 2016 Independent Auditors' Report to the Members of Clontarf Energy plc (continued)

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 Strategic Report and 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.

Sinéad McHugh (Senior Statutory Auditor)
for and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm

Deloitte & Touche House
Earlsfort Terrace
Dublin 2

Date: 17 May 2017

Clontarf Energy plc

Annual Report & Accounts 2016 Consolidated Statement Of Comprehensive Income For The Year Ended 31 December 2016

	Notes	2016 £	2015 £
CONTINUING OPERATIONS			
REVENUE		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Administrative expenses	4	(199,628)	(205,142)
OPERATING LOSS		(199,628)	(205,142)
Finance revenue	5	-	605
LOSS BEFORE TAXATION	4	(199,628)	(204,537)
Income tax expense	9	-	-
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		(199,628)	(204,537)
LOSS PER SHARE – Basic and diluted	10	(0.04p)	(0.05p)

Clontarf Energy plc

Annual Report & Accounts 2016 Consolidated Balance Sheet As At 31 December 2016

	Notes	2016 £	2015 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	11	3,131,779	3,098,916
		3,131,779	3,098,916
CURRENT ASSETS			
Other receivables	13	5,273	5,198
Cash and cash equivalents	14	677,198	225,916
		682,471	231,114
TOTAL ASSETS		3,814,250	3,330,030
LIABILITIES:			
CURRENT LIABILITIES			
Trade payables	15	(53,102)	(58,254)
Other payables	16	(890,567)	(800,567)
		(943,669)	(858,821)
TOTAL LIABILITIES		(943,669)	(858,821)
NET ASSETS		2,870,581	2,471,209
EQUITY			
Called-up share capital	17	1,454,612	1,135,564
Share premium	17	10,773,211	10,493,259
Retained earnings – (deficit)		(9,548,888)	(9,349,260)
Share based payment reserve		191,646	191,646
TOTAL EQUITY		2,870,581	2,471,209

The financial statements of Clontarf Energy plc, registered number 4967918, were approved by the Board of Directors on 17 May 2017 and signed on its behalf by:

John Teeling
Director

Clontarf Energy plc
Annual Report & Accounts 2016
Company Balance Sheet As At 31 December 2016

	Notes	2016 £	2015 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	11	2,669,279	2,666,416
Investment in subsidiaries	12	52,104	52,104
		2,721,383	2,718,520
CURRENT ASSETS			
Other receivables	13	46,631	46,556
Cash and cash equivalents	14	677,196	225,914
		723,827	272,470
TOTAL ASSETS		3,445,210	2,990,990
LIABILITIES:			
CURRENT LIABILITIES			
Trade payables	15	(103,102)	(108,254)
Other payables	16	(471,527)	(411,527)
TOTAL LIABILITIES		(574,629)	(519,781)
NET ASSETS		2,870,581	2,471,209
EQUITY			
Called-up share capital	17	1,454,612	1,135,564
Share premium	17	10,773,211	10,493,259
Retained earnings – (deficit)		(9,548,888)	(9,349,260)
Share based payment reserve		191,646	191,646
TOTAL EQUITY		2,870,581	2,471,209

The financial statements of Clontarf Energy plc, registered number 4967918, were approved by the Board of Directors on 17 May 2017 and signed on its behalf by:

John Teeling
Director

Clontarf Energy plc

Annual Report & Accounts 2016 Consolidated And Company Statement Of Changes In Equity For The Year Ended 31 December 2016

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Total £
At 1 January 2015	1,135,564	10,493,259	195,082	(9,148,159)	2,675,746
Share options expired	-	-	(3,436)	3,436	-
Loss for the year	-	-	-	(204,537)	(204,537)
At 31 December 2015	1,135,564	10,493,259	191,646	(9,349,260)	2,471,209
Issue of shares	319,048	330,952	-	-	650,000
Share issue expenses	-	(51,000)	-	-	(51,000)
Loss for the year	-	-	-	(199,628)	(199,628)
At 31 December 2016	1,454,612	10,773,211	191,646	(9,548,888)	2,870,581

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 2016 and prior years.

Clontarf Energy plc

Annual Report & Accounts 2016 Consolidated Cash Flow Statement For The Year Ended 31 December 2016

	Notes	2016 £	2015 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for financial year		(199,628)	(204,537)
Finance costs recognised in loss		529	583
Finance revenue recognised in loss		-	(605)
Exchange movement		468	1,244
		<u>(198,631)</u>	<u>(203,315)</u>
MOVEMENTS IN WORKING CAPITAL			
Increase in payables		54,848	28,903
(Increase)/decrease in trade and other receivables		(75)	4,940
		<u>(143,858)</u>	<u>(169,472)</u>
CASH USED BY OPERATIONS			
Finance costs		(529)	(583)
Finance revenue		-	605
		<u>(144,387)</u>	<u>(169,450)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets		(2,863)	-
		<u>(2,863)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		650,000	-
Share issue expenses	17	(51,000)	-
		<u>599,000</u>	<u>-</u>
NET CASH GENERATED BY FINANCING ACTIVITIES			
		<u>451,750</u>	<u>(169,450)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the financial year		225,916	396,610
Effect of exchange rate changes on cash held in foreign currencies		(468)	(1,244)
Cash and cash equivalents at end of the financial year	14	<u>677,198</u>	<u>225,916</u>

Clontarf Energy plc

Annual Report & Accounts 2016 Company Cash Flow Statement For The Year Ended 31 December 2016

	Notes	2016 £	2015 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for financial year		(199,628)	(204,537)
Finance costs recognised in loss		529	583
Finance revenue recognised in loss		-	(605)
Exchange movement		468	1,244
		(198,631)	(203,315)
MOVEMENTS IN WORKING CAPITAL			
Increase in payables		54,848	28,903
(Increase)/decrease in trade and other receivables		(75)	13,072
		(143,858)	(161,340)
CASH USED BY OPERATIONS			
Finance costs		(529)	(583)
Finance revenue		-	605
		(144,387)	(161,318)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation assets	17	(2,863)	-
		(2,863)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		650,000	-
Share issue expenses	17	(51,000)	-
		599,000	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		451,750	(161,318)
Cash and cash equivalents at beginning of the financial year		225,914	388,476
Effect of exchange rate changes on cash held in foreign currencies		(468)	(1,244)
Cash and cash equivalents at end of the financial year	14	677,196	225,914

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016

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 2016, 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.

(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 over the investee.
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns

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.

When the group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets less liabilities of the subsidiary.

(iv) Intangible assets

Exploration and evaluation assets

Exploration expenditure relates to the initial search for oil and gas deposits with economic potential in Peru and Ghana. 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 when they meet the conditions for capitalisation and outlined in IFRS 6.

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-classified 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 is recognised immediately in the statement of comprehensive income.

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(iv) Intangible assets (continued)

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.

(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.

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(vi) Taxation (continued)

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.

(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 in addition to any impairments charged on exploration and evaluation assets. Operating loss is stated before finance income, finance costs and other gains and losses.

(x) 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.

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(x) Financial Instruments (continued)

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 recognised 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 recognised 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.

(xi) 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 and Ghana. 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.

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.

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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 (IFRS) or Interpretations in the year that had a material impact on the Group's Financial Statements. The following IFRS became effective since the last Annual Report but had no material impact on the Financial Statements:

		Effective date
Amendments to IAS 1 (Dec 2015)	Disclosure Initiative	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 (Dec 2015)	Investment Entities Applying the Consolidation Exception	1 January 2016
Annual Improvements to IFRSs:	2012-2014 Cycle	1 January 2016
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IFRS 11 (May 2014)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016

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
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
Amendments to IAS 7	Disclosure Initiative	1 January 2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IFRS 2	Classification and Measurement of Share-based payments	1 January 2018

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

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 £199,628 (2015: £204,537) and had net current liabilities of £261,198 (2015: £627,707) 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 £890,567 (2015: £800,567) owed to directors in respect of directors' remuneration due at the balance sheet date. The directors have confirmed that they will not seek settlement of these amounts in cash for a period of 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.

The Group had a cash balance of £677,198 at the balance sheet date. Cashflow projections prepared by the directors indicate that the funds available are sufficient to meet the obligations of the Group for a period of at least twelve months from the date of approval of these financial statements.

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

	2016 £	2015 £
The loss before taxation is stated after charging/(crediting):		
Auditors' remuneration	16,000	20,000
The analysis of auditors' remuneration is as follows:		
Fees payable to the group's auditors for the audit of the Group's annual accounts	16,000	20,000
	16,000	20,000
Details of directors' remuneration are disclosed in Note 7.		
Administrative expenses comprise:		
Professional fees	123,159	127,741
Foreign exchange losses/(gains)	468	1,244
Directors' remuneration (Note 7)	60,000	50,000
Other administrative expenses	16,001	26,157
	199,628	205,142

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

5. FINANCE REVENUE

	2016 £	2015 £
Bank deposit interest	-	605

6. 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 organised into two segments (Peru and Ghana).

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

6A. Segment Revenue and Segment Result

Group	Segment Revenue		Segment Result	
	2016 £	2015 £	2016 £	2015 £
Peru	-	-	-	-
Ghana	-	-	-	-
Total continuing operations	-	-	-	-
Unallocated head office	-	-	(199,628)	(204,537)
	-	-	(199,628)	(204,537)

There was no revenue earned during the current or prior year.

6B. Segment assets and liabilities

Group	Assets		Liabilities	
	2016 £	2015 £	2016 £	2015 £
Peru	2,473,538	2,473,538	-	-
Ghana	658,241	625,378	-	-
Total continuing operations	3,131,779	3,098,916	-	-
Unallocated head office	682,471	231,114	943,669	858,821
	3,814,250	3,330,030	943,669	858,821

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

6. SEGMENTAL ANALYSIS (continued)

6B. Segment assets and liabilities (continued)

Company

	Assets		Liabilities	
	2016 £	2015 £	2016 £	2015 £
Peru	2,136,038	2,136,038	-	-
Ghana	533,241	530,378	-	-
Total continuing operations	2,369,279	2,666,416	-	-
Unallocated head office	775,931	324,575	574,629	519,782
	3,445,210	2,990,991	574,629	519,782

6C. Other segmental information

Additions to non current assets

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Peru	-	-	-	-
Ghana	32,863	40,000	2,863	565,952
Total continuing operations	32,863	40,000	2,863	565,952
Unallocated head office	-	-	-	-
	32,863	40,000	2,863	565,952

7. 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.

	2016 Fees: Services as director £	2016 Fees: Other services £	2016 Total £	2015 Fees: Services as director £	2015 Fees: Other services £	2015 Total £
John Teeling	5,000	25,000	30,000	5,000	25,000	30,000
James Finn	5,000	25,000	30,000	5,000	25,000	30,000
David Horgan	5,000	25,000	30,000	5,000	25,000	30,000
	15,000	75,000	90,000	20,000	75,000	90,000

Included in the above is £30,000 (2015: £40,000) of directors' remuneration which was capitalised as exploration and evaluation expenditure during the year.

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

7. RELATED PARTY AND OTHER TRANSACTIONS (continued)

Company

	2016 Fees: Services as director £	2016 Fees: Other services £	2016 Total £	2015 Fees: Services as director £	2015 Fees: Other services £	2015 Total £
John Teeling	5,000	25,000	30,000	5,000	25,000	30,000
James Finn	5,000	25,000	30,000	5,000	25,000	30,000
	<u>10,000</u>	<u>50,000</u>	<u>60,000</u>	<u>10,000</u>	<u>50,000</u>	<u>60,000</u>

Included in the above is £Nil (2015: £10,000) 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 (2015: £Nil) and all remuneration related to short term employment benefits.

As outlined in Note 16, remuneration due to directors remains 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 £	Petrel Resources Plc £	Connemara Mining Co. Plc £	Total £
Balance at 1 December 2015	-	-	-	(685)
Overhead and office costs recharged	(28,000)	(4,228)	(24,284)	(60,689)
Repayments	28,000	4,228	24,284	25,500
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2015	-	-	-	-
Overhead and office costs recharged	(13,848)	(4,998)	(23,791)	(42,637)
Repayments	13,848	4,998	23,791	42,637
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Company

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

	2016 £	2015 £
Amounts due from Bolivian Hydrocarbon Limited	41,360	41,360
Amounts due to Hydrocarbon Prospecting Limited	(50,000)	(50,000)
	<u>(8,640)</u>	<u>(8,640)</u>

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

7. RELATED PARTY AND OTHER TRANSACTIONS (continued)

On 11 August 2015, as part of the Group re-structuring, all assets and liabilities in Hydrocarbon Exploration Limited were transferred to Clontarf Energy plc. The directors resigned from Hydrocarbon Exploration Limited and the entire issued share capital of Hydrocarbon Exploration Limited was acquired by Hydrocarbon Peru Limited, a subsidiary of Peru Oil and Gas Exploration Limited (POGEL).

Further details are disclosed in Notes 11 and 12.

The balances above are net of an allowance of £533,159 against an amount due from Bolivian Hydrocarbon Limited. This allowance was recorded in prior years in the subsidiary, Hydrocarbon Exploration Limited.

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

8. EMPLOYEE INFORMATION

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

9. INCOME TAX EXPENSE

	2016 £	2015 £
Current tax	-	-
Factors affecting the tax expense:		
Loss on ordinary activities before tax	(199,628)	(204,547)
Income tax calculated at 20.25% (2015: 20.25%)	(40,425)	(41,420)
Effects of:		
Tax losses carried forward	40,425	41,420
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 £4,536,146 (2015: £4,336,518) which equates to a deferred tax asset of £820,998 (2015: asset of £780,573). No deferred tax asset has been recognised due to the unpredictability of the future profit streams.

10. 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.

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

10. LOSS PER SHARE (continued)

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

	2016 £	2015 £
Numerator		
For basic and diluted EPS	(199,628)	(204,537)
Denominator		
For basic and diluted EPS	489,628,260	454,225,781
Basic EPS	(0.04p)	(0.05p)
Diluted EPS	(0.04p)	(0.05p)

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

11. INTANGIBLE ASSETS

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Exploration and evaluation assets:				
Cost:				
At 1 January	8,145,461	8,105,461	7,712,961	2,252,832
Additions during the year	32,863	40,000	2,863	10,000
Transfer from investment in subsidiaries	-	-	-	1,580,086
Transfer from Hydrocarbon Exploration	-	-	-	3,870,043
At 31 December	8,178,324	8,145,461	7,715,824	7,712,961
Impairment:				
At 1 January	5,046,545	5,046,545	5,046,545	1,732,454
Transfer from Hydrocarbon Exploration	-	-	-	3,314,091
At 31 December	5,046,545	5,046,545	5,046,545	5,046,545
Carrying Value:				
At 1 January	3,098,916	3,058,916	2,666,416	520,378
At 31 December	3,131,779	3,098,916	2,669,279	2,666,416
Segmental analysis				
	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Peru	2,473,538	2,473,538	2,136,038	2,136,038
Ghana	658,241	625,378	533,241	530,378
	3,131,779	3,098,916	2,669,279	2,666,416

Clontarf Energy plc

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Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

11. INTANGIBLE ASSETS (continued)

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

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

On 11 August 2015, as part of the Group re-structuring, all assets and liabilities in Hydrocarbon Exploration Limited were transferred to Clontarf Energy plc. The directors resigned from Hydrocarbon Exploration Limited and the entire issued share capital of Hydrocarbon Exploration Limited was acquired by Hydrocarbon Peru Limited, a subsidiary of Peru Oil and Gas Exploration Limited (POGEL).

Accordingly, a net amount of £555,952 being interests in Peru was transferred from Hydrocarbon Exploration Limited to Clontarf Energy plc and investment in subsidiaries of £1,580,086 was reclassified as intangible assets.

In 2014, the Group reached an agreement with the Ghanaian authorities on the specific revised coordinates of the signed petroleum agreement on a licence block in the Tano area of Ghana. Clontarf Energy PLC await ratification of the amended Petroleum Agreement by Cabinet and Parliament.

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

The realisation of these intangible assets is dependent on the discovery and successful development of economic oil and gas reserves which is affected by the uncertainties outlined above and risks outlined in Note 1(xi). Should this prove unsuccessful the value included in the balance sheet would be written off to the statement of comprehensive income.

12. INVESTMENTS IN SUBSIDIARIES

	2016 £	2015 £
Company		
Cost:		
Opening balance	52,104	1,582,188
Transfer from Hydrocarbon Exploration	-	50,002
Transfer to Intangible Assets	-	(1,580,086)
Closing balance	52,104	52,104

On 11 August 2015, as part of the Group re-structuring, all assets and liabilities in Hydrocarbon Exploration Limited were transferred to Clontarf Energy plc. The directors resigned from Hydrocarbon Exploration Limited and the entire issued share capital of Hydrocarbon Exploration Limited was acquired by Hydrocarbon Peru Limited, a subsidiary of Peru Oil and Gas Exploration Limited (POGEL).

Accordingly, investments in subsidiaries of £50,002 were transferred from Hydrocarbon Exploration Limited to Clontarf Energy plc. This amount relates to the company's investment in Hydrocarbon Prospecting Limited. The investment in Peru of £1,580,086 was transferred to intangible assets.

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

13. INVESTMENTS IN SUBSIDIARIES (continued)

The subsidiaries of the company at 31 December 2016 are:

	Total allotted Capital	Country of Incorporation	% Ownership	Nature of Business
Hydrocarbon Prospecting 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
Pan Andean Resources Limited	30,000 Shares of GHC1 each	Ghana	60%	Dormant

***indirectly held*

On 11 August 2015, as part of the Group re-structuring, the entire issued share capital of Hydrocarbon Exploration Limited was acquired by Hydrocarbon Peru Limited, a subsidiary of Peru Oil and Gas Exploration Limited (POGEL).

In the opinion of the directors, at 31 December 2016, the value of the investments are not less than their balance sheet value.

The realisation of the investments in subsidiaries is dependent on the discovery and successful development of economic oil and gas reserves which is affected by the uncertainties outlined in Note 1(xi).

13. OTHER RECEIVABLES

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Current assets				
Other receivables	5,273	5,198	5,271	5,196
Due by group undertakings	-	-	41,360	41,360
	5,273	5,198	46,631	46,556

14. CASH AND CASH EQUIVALENTS

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Cash and cash equivalents	677,198	225,916	677,196	225,914

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

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

15. TRADE PAYABLES

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Trade payables	37,102	40,254	37,102	40,254
Other accruals	16,000	18,000	16,000	18,000
Due to group undertakings	-	-	50,000	50,000
	53,102	58,254	103,102	108,254

It is the company's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, payment is made accordingly. In the absence of agreed terms it is the company's policy that payment is made between 30 – 40 days. The carrying amount of trade and other payables approximates to their fair value.

16. OTHER PAYABLES

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Amounts due to directors	890,567	800,567	471,527	411,527
	890,567	800,567	471,527	411,527

Other payables relate to amounts due to directors' in relation to remuneration of £890,567 (2015: £800,567) accrued but not paid at year end.

17. CALLED-UP SHARE CAPITAL

Allotted, called-up and fully paid:

	Number	Share Capital £	Share Premium £
At 1 December 2015	454,225,781	1,135,564	10,493,259
Issued during the year	-	-	-
At 1 December 2015	454,225,781	1,135,564	10,493,259
Issued during the year	127,619,048	319,048	330,952
Share issue expenses	-	-	(51,000)
At 31 December 2016	581,844,829	1,454,612	10,773,211

Movements in issued share capital

On 20 September 2016 a total of 80,000,000 shares were placed at a price of 0.50 pence per share. Proceeds were used to provide additional working capital and fund development costs.

On 22 September 2016 a total of 47,619,048 shares were placed at a price of 0.525 pence per share. Proceeds were used to provide additional working capital and fund development costs.

Share Options

A total of 8,900,000 share options were in issue at 31 December 2016 (2015: 8,900,000). These options are exercisable, at prices ranging between 0.725p and 4.6p, up to seven years from the date of granting of the options unless otherwise determined by the board.

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

18. MATERIAL NON-CASH TRANSACTIONS

There were no material non-cash transactions during the year other than those outlined in Note 7, Note 11, Note 12 and Note 17.

19. RISK MANAGEMENT

The group's financial instruments comprise cash and cash equivalent balances, receivables and 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 at the year end or the end of the prior year.

Liquidity risk

As regards liquidity, the group's exposure is confined to meeting obligations under short term trade payables agreements. This exposure is not considered significant. The terms of amounts owed to directors state that repayment will not be made until the Group has sufficient funds to do so.

The group's commitments have been fully met from cash flows generated from equity and loan finance raised to date. The directors are confident that they will be able to raise additional finance to meet the group's committed obligations as they fall due.

Foreign currency risk

The group has a policy of not hedging due to no significant dealings in currencies other than Sterling and Dollar. As a result the group takes market rates in respect of foreign exchange risks; however it does review its currency exposures on an ad hoc basis.

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	
	2016	2015	2016	2015
	£	£	£	£
Euro	12,702	1,094	453	905
US Dollar	847	1,565	-	-

Company

	Assets		Liabilities	
	2016	2015	2016	2015
	£	£	£	£
Euro	12,702	1,094	453	905
US Dollar	847	1,565	-	-

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 2016 and 31 December 2015. The group's only capital requirement is its authorised minimum capital as a plc.

Clontarf Energy plc

Annual Report & Accounts 2016 Notes To The Financial Statements For The Year Ended 31 December 2016 (continued)

19. RISK MANAGEMENT (continued)

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 (xi) surrounding the recoverability of the assets.

20. COMMITMENTS

There is no capital expenditure authorised or contracted for which is not provided for in these accounts (2015 £Nil).

21. 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 8,900,000 share options were in issue at 31 December 2016 (2015: 8,900,000) with a weighted average exercise price of 4.25p. These options are exercisable, at prices ranging between 0.725p and 4.46p 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.

	2016 Options	2016 Weighted average exercise price in pence	2015 Options	2015 Weighted average exercise price in pence
Outstanding at beginning of year	8,900,000	4.25	8,940,000	4.31
Expired during the year	-	-	(40,000)	(0.08)
Granted during the year	-	-	-	-
Outstanding and exercisable at the end of the year	8,900,000	4.25	8,900,000	4.25

22. 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 £199,628 (2015: £204,537).

23. POST BALANCE SHEET EVENTS

There were no material post balance sheet events affecting the company or group.

Clontarf Energy plc

Annual Report & Accounts 2016 Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Clontarf Energy plc (the "Company") will be held on Wednesday 21 June 2017 at Marriott Hotel, 140 Park Lane, Mayfair, London, W1K 7AA, UK at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the Director's Report, Audited Accounts and Auditor's Report for the year ended 31 December 2016.
2. To re-elect Director: David Horgan retires in accordance with Article 25 and seeks re-election.
3. To re-elect Deloitte 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 WC1R 4JS
Registered in England and Wales with company number: 04967918

17 May 2017

Notes:

1. A member 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. The appointment of a proxy will not preclude a member from the Meeting and voting in person.
2. To be effective, the completed Form of Proxy duly signed, together with the power of attorney (if any) or other authority under which it is executed, or a notarially certified copy thereof, must be deposited at the Company's Registrars, Computershare Investor Services (Ireland) Ltd., Heron House, Corrig Road, Sandymount 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. A shareholder wishing to appoint a proxy by electronic means may do so on www.eproxyappointment.com. A shareholder who wishes to appoint more than one proxy by electronic means must contact the Registrar by sending an email to clientservices@computershare.ie.
3. A shareholder may appoint more than one proxy to attend, speak, ask questions and vote at the meeting provided each proxy is appointed to exercise rights attached to different shares held by that shareholder. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Registrar's helpline on +353 1 216 3100 or you may photocopy the proxy form. Please indicate in the box next to the proxy holder's name on the Form of Proxy the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided in the Form of Proxy if the proxy instruction is one of multiple instructions being given. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name on the Form of Proxy the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the Form of Proxy has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). All Forms of Proxy must be signed and should be returned together in the same envelope. Where a poll is taken at the Meeting, a shareholder, present in person or proxy, holding more than one share is not required to cast all their votes in the same way.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
5. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. Pursuant to the Regulation 41 of the Uncertificated Securities Regulation 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the date of the meeting (or in the case of an adjournment as at close of business on the day which is 2 days before the date of the adjourned meeting). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 10a.m. on 19th June 2017 (or in the case of an adjournment as at 48 hours before the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Directors and Other Information

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James Finn

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