



15th September 2021

Clontarf Energy plc ("Clontarf" or the "Company")

Interim Statement for the period ended 30 June 2021

Clontarf Energy (AIM: CLON), the energy company focused on Africa and Bolivia, announces its unaudited financial results for the six months ended 30 June 2021:

The principal activities during this period were ongoing contacts with the Ghanaian authorities to resuscitate the ratification of our signed Petroleum Agreement on Tano 2A Block, discussions with the Chad authorities on prime sedimentary basin close to pipeline infrastructure, leading to a signed Memorandum of Understanding, and negotiating a exploration and development agreement with the Bolivian authorities for lithium evaporation.

Oil & Gas markets are cyclical, and exploration even more so. Explorers do best when they acquire choice acreage at a modest cost in bad times, add value prudently, and then fund or attract partners on carried terms. This is an approach our group has used successfully over 30 years, with circa 20 partnerships. The “junior company” profits from agility, low cost base and a rising market. The “major” ‘farming in’ later on gains time by short-circuiting the often – for them – difficult environmental permitting and community relations – at which Clontarf’s experienced team excels.

Where does the market stand in this cycle as of 3rd quarter 2021? Oil demand peaked at 101 million barrels of oil daily during the 4th quarter of 2019. It crashed by 10% in mid 2020 – half of which was due to de-stocking. But – helped by pump-priming and C-19 vaccines - a sharp recovery occurred in 2021.

Demand is generally expected to be fully restored by 2022 – Chinese consumption is already at record levels of 14.3mmbod, though Beijing wishes to control commodity imports by means of import taxes and closing loopholes. Assuming continued vaccine success, continued relaxing of lock-downs and no major breakthrough C-19 variants, we expect strong demand growth in 2022.

What of supply? The fracking revolution was halted by the 2014 oil price fall, and has gone into reverse – though we should never write US entrepreneurs off. They added more barrels than the entire demand growth between 2005 and 2015.

OPEC plans to open the spigots in a controlled fashion: already there is some relaxation of Emirates’ exports. But there is no production surge: on the contrary, sanctions-hit Venezuelan output collapsed to 0.55mmbod, Iran’s is down to 2.5mmbod, while Iraq languishes at 4mmbod and Nigeria at 1.44mmbod. Only Libya has recovered, and only partially to 1.17mmbod (only 70% of the pre-2011 level).

Given recovering demand and supply constraints, one would expect oil companies to explore for and develop new sources of competitive oil and gas for the future. Instead, the combination of C-19, market hostility, low prices and lower 2020 demand was a perfect storm storing up future supply problems, as demand surges. But, over the medium-term, China, other Asian countries, and India are expected to grow strongly.

A supply crunch – maybe triggered by a political crisis in some exporting country – is likely within 2 years – subject to effective C-19 vaccines and no new pandemic.

Yet, though oil demand rebounded strongly during 2021, following the record demand fall caused by the C-19 pandemic, exploration and development expenditure remain depressed. At least \$5 trillion of necessary investment has been deferred. Despite much debate about modernising tax rates and contract conditions, governments have been slow to update contractual arrangements so as to deliver development.

Despite a cyclical freezing of the farm-out market, and reduced investor interest, some governments remain stuck in the contract and fiscal terms expectations of the pre-2014 boom years. Most frustrating for innovative juniors are the frequent requests for bonds and bonuses. These may suit incumbent politicians and slow-moving majors with large balance sheets, but they are not well suited to advancing development in challenging times. Partly balancing the revenue fall is the collapse in service costs, especially seismic and rig rates. Partners and investors can be persuaded to fund operating and capex costs at currently low rates – on the cyclical argument – but they are reluctant to pay money to host governments.

If we can resolve the outstanding issues (especially the request for an up-front sign-on bonus, technology and training grants, etc.), we hope to proceed quickly with our work programmes. It makes no sense to pay money up-front for a contract in which we would be paying 100% of the cost and taking 100% of the risk. The anomalous nature of such bonuses is confirmed by the fact that they are generally not included in the "cost oil".

As of September 2021, testing, quarantine, and documentation requirements remain onerous. Nonetheless, Clontarf Energy plc directors and contractors were able to conduct business travel to Africa, and America.

Ghana – developments delayed

Clontarf Energy plc, and its partners, are ready to advance the Ghana Tano 2A work programme, subject to securing the necessary funding in an environment complicated by prevailing circumstances, as soon as the signed Petroleum Agreement is ratified.

Despite volatile oil prices, the carefully calibrated Ghanaian fiscal terms help make the Tano Basin oil play feasible, given the demonstrated source rock and Cretaceous sands which remain an industry favourite. Indeed, the industry's exploration contraction may assist Clontarf's focused strategy on the bigger potential stratigraphic traps.

Ghana achieved much after 2007, ramping oil production up to 215 kbod by 2020.

Unfortunately, a slow ratification process, exacerbated by conflicting policies, stymied efficient development: progress stagnated after 2018, and output slipped below 200kbod.

Tano 2A Block, Tano Basin, Ghana

The Joint Venture (JV) group, which consists of Clontarf (60%), Petrel Resources plc (30%), and local partner Abbey Oil & Gas (10%) negotiated a Memorandum of Understanding (MoU) with GNPC in 2008, and signed (subject to ratification) a Petroleum Agreement in 2010.

The work programme was aggressive (by the standards of the time), including 2D seismic and a well commitment, but it was not bonded (other than by corporate guarantees).

Part of the Petroleum Agreement is a one-off “technology” grant (of US\$0.5mm) and “training” (of US\$0.2mm yearly) payments, together with land rentals, and standard fees.

Under previous administrations, the authorities raised periodic objections, usually concerning bonding (though this had been agreed to be unnecessary in the signed Petroleum Agreement) and the market capitalisation of the original vehicle (Pan Andean Resources plc). They have encouraged us to admit additional Ghanaian partners – though to date these have proven to be ultimately Nigerian or other companies lacking financial backing.

We have had initial partnership discussions with potential partners but could not advance these without full ratification of title. About 60% of Ghanaian Tano wells have been successful. Fiscal terms, in spite of upward creep, and lower oil prices, are competitive – so long as there are no bonding or bonus requirements beyond those envisaged in the Petroleum Agreement.

Chad:

One of the great exploration stories of the 21st century will be the unexplored interior basins of Africa. Our group has long been interested in Chad, despite logistical and security issues, provided we have access to export pipeline capacity, and sedimentary basin close-by.

Despite ongoing conflict with rebels in remote areas, Clontarf Energy plc signed, in December 2020, a Memorandum of Understanding on available acreage close to existing pipeline infrastructure.

The subsequent death of the former president fighting jihadis in the north, does not change this prospectivity. However, neither should we ignore ongoing security costs and uncertainties. This reinforces our determination to avoid onerous bonuses – at least prior to discoveries. This is a buyers’ market, and fiscal terms should reflect current realities.

International majors continue to operate in Chad, though some independents have relinquished ground recently.

The retrenchment of companies under restructuring opens opportunity for juniors: super-majors such as Exxon seek to rationalise their properties, influenced by decreasing production from operated fields (having earlier been obliged to drop exploration acreage), so as to concentrate on mega discoveries elsewhere. National Oil Companies, like Petronas, concentrate their focus on specific geographic areas.

Provided we can avoid or defer sign-on bonuses, Chad's exploration potential is a fit with Clontarf Energy plc. But the location of exploration blocks is crucial, as are the terms.

Despite political and logistical challenges, Chad offers considerable potential.

Lithium in Bolivia

Much of the world's economic lithium resource is in south-western Bolivia and neighbouring countries. Clontarf plans to participate in the coming lithium boom.

Clontarf and its processor companies operated in Bolivia since 1988. No other lithium player equals this record. The group's interest in evaporites dates from 1994.

When the new State lithium company YLB, established in 2017, opened to foreign investment in 2018, Clontarf seized the opportunity to lever its country and industry expertise.

Though the current legal framework is not ideal, Clontarf submitted proposals on select salt-lakes within the existing law. We expect the legal framework to evolve to meet market needs.

A technology supply bid round is being conducted by the State lithium company, YLB, to determine which, if any of the new Direct Lithium Extraction (DLE) may achieve satisfactory recoveries and impurity levels. So far, there has been no recorded breakthrough based on pilot plant work.

Meanwhile Clontarf Energy Plc proposes exploration and development of salt lakes in three phases: exploration, pilot plant processing and industrialisation. Direct Lithium Extraction technologies will be added to the process if and when they become commercial.

A secondary objective of the sampling was to establish the brines' chemical composition.

Results are encouraging though not yet conclusive. We propose to conduct a 3D evaluation of several salt lakes.

To confirm how Lithium salts can be concentrated and recovered, we are working with research laboratories, expert in bench testing through pilot plant work. It is unlikely that there will be a single, 'magical' membrane solution sufficient to deliver the purities and volumes required by the high-tech battery industry.

Since lithium extraction depends on the specific brine composition, we analyse brines throughout the production process - which includes traditional evaporation, as well as alternative techniques.

Among the processes of potential are:

- Li recovery evaporation to produce lithium carbonate (LiCO₃).
- Li recovery through ion exchange.
- Li recovery through solvent extraction.
- Li recovery through membrane technology.
- Direct production of lithium hydroxide (LiOH).

The construction period for most salt lake commercial Li production is two to three years.

The rapid growth in battery-powered electric vehicles (EVs) to over 6.8 million vehicles worldwide by end 2020, albeit from a small base, is generating high demand growth for scarce minerals with which Clontarf is familiar – especially battery-grade lithium and cobalt – as well as vanadium, zinc, and copper.

Power storage remains the key problem: existing battery technologies are inefficient, heavy, and expensive. But faster and more efficient charging technologies are being developed.

For the fast growth electric vehicles and electronic devices market, 'Lithium ion technology' is the best economically feasible solution developed so far, though it has 'only' quadrupled its performance since 1992.

The appeal of electric vehicles is that they are emission-free at the point of use – though the electricity must be generated and transmitted. Any plausible demand forecast anticipates market needs greatly in excess of current supplies. Very aggressive forecasts may be hindered by lower oil prices after 2020 but official support, especially in Europe, remains strong.

Lithium from salt pan deposits will be in high demand – though processing issues remain.

Subject to likely legal framework improvements, Clontarf plans to complete an exploration and laboratory work programme on a select group of salares, if required by law produce an initial precipitate product as an Engineering, Procurement and Construction (EPC) contractor, and then produce additional, enhanced high performance precipitated and processed salts as a joint venture partner. This formula fits with the spirit and letter of current Bolivian legislation, and offers a sustainable route to participate in the coming lithium ion battery boom.

There is no quick and easy way to process brine to produce Li. Each brine is unique, and the differences matter, as tests (such as the new German, and American technologies) show. Additional work is necessary to streamline evaporation, reduce costs and boost yields.

Bolivia needs effective exploration before attracting existing lithium producers, and battery manufacturers, in order to achieve the stated national ambition of moving from exploration to domestic production and value added.

Clontarf's preference is to identify potential for improvement on the model used in similar Chilean and Argentine deposits to define resources and reserves with a pilot plant mainly designed for LiCO₃ output.

The Group has, as yet, limited expertise in battery production, but are close to the leading Lithium metal and battery producers. They target involvement after successful completion of the first phase of exploration.

Clontarf plans to finalise a strategic alliance with leading Lithium metal / Lithium-ion battery producers for the advanced stage development, and may include a global car manufacturer to off-take and finance Lithium-ion battery production in Bolivia. The anticipated global demand surge is greatly in excess of current quality, purity and volume capacity. These manufacturers are anxious to secure a reliable supply of adequate high purity LiCO₃. Clontarf has the experience, presence and vision to help bring these diverse needs together.

The optimal way to exploit smaller salares is to cooperate with other potential LiCO₃ producers in order to achieve world scale LiCO₃ output necessary to sustain a battery factory in the Bolivian Altiplano.

Clontarf expects the authorities to update legislation to encourage investment for a mega Lithium-ion battery factory, which can be expanded with growing LiCO₃ production for the benefit of Clontarf, Bolivia, Lithium producers and battery producers.

While evaporation of LiCO₃ is the primary initial goal of the Group's exploration, Clontarf continues to investigate alternative or supplementary lithium recovery technologies including membranes, electrolytic processes, and solvent extraction.

In summary, Clontarf progresses its interests in Bolivia, Chad and Ghana, maintaining cordial communications with the relevant authorities, and continues to operate efficiently on minimal expenditure.

Funding

Clontarf remains fully funded for near to medium term ongoing activities.

David Horgan
Chairman
14th September 2021

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

ENDS

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended	30 June 20	Year Ended
	30 June 21	30 June 20	31 Dec 20
	unaudited	unaudited	audited
	£'000	£'000	£'000
Administrative expenses	(137)	(146)	(361)
LOSS BEFORE TAXATION	(137)	(146)	(361)
Income Tax	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	<u>(137)</u>	<u>(146)</u>	<u>(361)</u>
LOSS PER SHARE - basic and diluted	<u>(0.02p)</u>	<u>(0.02p)</u>	<u>(0.05p)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 21	30 June 20	31 Dec 20
	unaudited	unaudited	audited
	£'000	£'000	£'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	932	869	915
	<u>932</u>	<u>869</u>	<u>915</u>
CURRENT ASSETS			
Other receivables	5	2	2
Cash and cash equivalents	470	190	89
	<u>475</u>	<u>192</u>	<u>91</u>
TOTAL ASSETS	<u>1,407</u>	<u>1,061</u>	<u>1,006</u>
LIABILITIES:			
CURRENT LIABILITIES			
Trade payables	(74)	(48)	(66)
Other payables	(1,360)	(1,240)	(1,300)
	<u>(1,434)</u>	<u>(1,288)</u>	<u>(1,366)</u>
TOTAL LIABILITIES	<u>(1,434)</u>	<u>(1,288)</u>	<u>(1,366)</u>
NET LIABILITES	<u>(27)</u>	<u>(227)</u>	<u>(360)</u>
EQUITY			
Called-up share capital	2,177	1,792	1,792
Share premium	10,985	10,900	10,900
Share based payment reserve	104	22	104
Retained deficit	(13,293)	(12,941)	(13,156)
TOTAL EQUITY	<u>(27)</u>	<u>(227)</u>	<u>(360)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called-up Share Capital £'000	Share Premium £'000	Share based Payment Reserves £'000	Retained Deficit £'000	Total £'000
As at 1 January 2020	1,792	10,900	22	(12,795)	(81)
Total comprehensive income	-	-	-	(146)	(146)
As at 30 June 2020	1,792	10,900	22	(12,941)	(227)
Share options vested	-	-	82	-	82
Total comprehensive income	-	-	-	(215)	(215)
As at 31 December 2020	1,792	10,900	104	(13,156)	(360)
Shares issued	385	115	-	-	500
Share issue expenses	-	(30)	-	-	(30)
Total comprehensive income	-	-	-	(137)	(137)
As at 30 June 2021	2,177	10,985	104	(13,293)	(27)

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended		Year Ended
	30 June 21	30 June 20	31 Dec 20
	unaudited	unaudited	audited
	£'000	£'000	£'000
CASH FLOW USED IN OPERATING ACTIVITIES			
Loss for the period	(137)	(146)	(361)
Share options vested	-	-	51
Exchange movements	-	(1)	-
	(137)	(147)	(310)
Movements in Working Capital	49	38	101
CASH USED BY OPERATIONS	(88)	(109)	(209)
NET CASH USED IN OPERATING ACTIVITIES	(88)	(109)	(209)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payments for intangible assets	(2)	(3)	(3)
NET CASH USED IN INVESTING ACTIVITIES	(2)	(3)	(3)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares	500	-	-
Share issue expenses	(30)	-	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	470	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	380	(112)	(212)
Cash and cash equivalents at beginning of the period	89	301	301
Effect of exchange rate changes on cash held	1	1	-
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	470	190	89

Notes:

1. INFORMATION

The financial information for the six months ended 30 June 2021 and the comparative amounts for the six months ended 30 June 2020 are unaudited. The financial information above does not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Interim Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the Group 2020 Annual Report, which is available at www.clontarfenergy.com

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

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

3. LOSS PER SHARE

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

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

	Six months Ended		Year Ended
	30 June 21	30 June 20	31 Dec 20
	£'000	£'000	£'000
Numerator			
For basic and diluted EPS	<u>(137)</u>	<u>(146)</u>	<u>(361)</u>
Denominator			
For basic and diluted EPS	<u>763,344,558</u>	<u>716,979,964</u>	<u>716,979,964</u>
Basic EPS	(0.02p)	(0.02p)	(0.05p)
Diluted EPS	<u>(0.02p)</u>	<u>(0.02p)</u>	<u>(0.05p)</u>

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

4. INTANGIBLE ASSETS

	30 June 21 £'000	30 June 20 £'000	31 Dec 20 £'000
Exploration and evaluation assets			
Cost:			
At 1 January	8,625	8,561	8,561
Additions	17	18	64
Closing Balance	8,642	8,579	8,625
Impairment:			
At 1 January	7,710	7,710	7,710
Provision for impairment	-	-	-
Closing Balance	7,710	7,710	7,710
Carrying value:			
At 1 January	915	851	851
At period end	932	869	915
Regional Analysis	30 Jun 21	30 Jun 20	31 Dec20
	£'000	£'000	£'000
Bolivia	79	16	62
Ghana	853	853	853
	932	869	915

Exploration and evaluation assets relate to expenditure incurred in prospecting and exploration for lithium, oil and gas in Bolivia and Ghana. The directors are aware that by its nature there is an inherent uncertainty in exploration and evaluation assets and therefore inherent uncertainty in relation to the carrying value of capitalised exploration and evaluation assets.

During 2018 the Group resolved the outstanding issues with the Ghana National Petroleum Company (GNPC) regarding a contract for the development of the Tano 2A Block. The Group has signed a Petroleum Agreement in relation to the block and this agreement awaits ratification by the Ghanaian government.

The Company is in negotiations with the Ministry of Electricity Technologies and the State Lithium Company in Bolivia on exploration and development of salt-lakes in accordance with law. Samples have been analysed and process work is underway.

The directors believe that there were no facts or circumstances indicating that the carrying value of intangible assets may exceed their recoverable amount and thus no impairment review was deemed necessary by the directors. The realisation of these intangibles assets is dependent on the successful discovery and development of economic deposit resources and the ability of the Group to raise sufficient finance to develop the projects. It is subject to a number of potential significant risks, as set out below.

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

- licence obligations;
- exchange rate risks;
- uncertainties over development and operational costs;
- political and legal risks, including arrangements with Governments for licences, profit sharing and taxation;
- foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- title to assets;
- financial risk management;
- going concern;

- ability to raise finance; and
- operational and environmental risks.

Included in the additions for the period are £15,000 (2020: £60,849) of directors remuneration. The remaining balance pertains to the amounts capitalised to the respective licences held by the entity.

5. TRADE PAYABLES

	30 June 21 £'000	30 June 20 £'000	31 Dec 20 £'000
Trade payables	64	38	40
Other accruals	10	10	26
	<u>74</u>	<u>48</u>	<u>66</u>

6. OTHER PAYABLES

	30 June 21 £'000	30 June 20 £'000	31 Dec 20 £'000
Amounts due to directors	1,360	1,240	1,300
	<u>1,360</u>	<u>1,240</u>	<u>1,300</u>

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

7. SHARE CAPITAL

Allotted, called-up and fully paid:

	Number	Share Capital £'000	Premium £,000
At 1 January 2020	716,979,964	1,792	10,900
Issued during the period	-	-	-
At 30 June 2020	<u>716,979,964</u>	<u>1,792</u>	<u>10,900</u>
Issued during the period	-	-	-
At 31 December 2020	<u>716,979,964</u>	<u>1,792</u>	<u>10,900</u>
Issued during the period	153,846,153	385	115
Share issue expenses	-	-	(30)
At 30 June 2021	<u>870,826,117</u>	<u>2,177</u>	<u>10,985</u>

On 6 May 2021 the Company raised £500,000 via the placing of 153,846,153 ordinary shares with new and existing investors at a price of 0.325p per placing share

8. POST BALANCE SHEET EVENTS

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

9. The Interim Report for the six months to 30 June 2021 was approved by the Directors on 14th September 2021.

10. The Interim Report will be available on the Company's website at www.clontarfenergy.com.