Clontarf Energy Plc

2011

Reports and Consolidated Financial Statements

CLONTARF energy PLC

Front cover illustration:

Tributary of the Amazon River system: major transport route to our Peruvian Licence.

Contents

Chairman's Statement

In a turbulent world with a raging bear market in exploration companies it is hard to find optimistic trends. Yet I believe that the work done by Clontarf, since listing over a year ago, will provide long term benefits to shareholders. At the time of listing, in April 2011, the principal assets of the company were in Bolivia and Ghana. We had been awarded two new licences onshore Peru but they had not been ratified. Now the focus is on Peru. Blocks 188 and 183, which are 100% Clontarf owned, were ratified in September 2011. An analysis of existing data revealed new and unexpected opportunities on Block 188.

The Business Environment

There are current threats on almost all fronts. The global economic situation needs little explanation. Uncertainty abounds, Europe is in recession and the US recovery is weak. Worries about growth rates in the BRIC economies are having a negative impact on oil and gas prices. Of possibly greater importance is the total loss of confidence by investors in AIM listed resource stocks. In the case of Clontarf this is exacerbated by Irish investors, suffering from the domestic economic collapse, being forced to sell. Overall there are few buyers but more sellers. There are technology threats. Shale gas is having a massive impact on the structure of the world gas industry. It is likely, as the technology to recover shale gas expands, that world gas prices will fall. Shale oil is at an earlier stage of development but could have an equally critical impact on prices. The political situation facing Clontarf is fraught. Resource nationalism is rising in many areas. We operate in Bolivia where the state took ownership of all minerals in 2008 and we have legacy assets in Iran. Though the oil industry has boomed in Ghana as yet we see no evidence of rising nationalism.

Peru

In recent months we have undertaken a detailed review and reprocessed all available well log and seismic data of our blocks. We were delighted to discover, on Block 188, details of a 1999 well drilled by Phillips, which encountered high quality oil. The Panguana well hit 4 hydrocarbon horizons but only one was tested. Further research by Clontarf revealed that Phillips staff estimated that the structure encountered could, on a P50 estimate, contain up to 31 million barrels of oil. Why then was this not followed up? Oil prices were low. The area was extremely remote with no oil infrastructure within hundreds of kilometres and Peruvian oil terms were tough. Thirteen years later this situation is transformed. The giant Camisea gas/condensate complex is on stream about 100kms away from Panguana, oil prices are high and Peruvian oil licence terms are now attractive. Clontarf has put together a proposal to re-enter the well to test all horizons. Detailed discussions are on-going with potential partners who would fund the re-entry in return for a percentage interest. If the discussions are successful, there will be no cash cost to Clontarf. It is important to note that it is the Company's intention that the Panguana area will be carved out of the 600,000 hectare 188 block. This means that the rest of the block can be worked on independently. The review of the overall block has identified a number of leads. Here again the improved oil price, better terms and Camisea infrastructure reduce the risk while improving the basic economics. We are in early stage discussions with joint venture partners.

Our second block in Peru, Block 183, covers almost 400,000 hectares in the central part of the Marañon basin – an area of major hydrocarbon production. Clontarf has obtained and reprocessed extensive seismic data in addition to well log data on five drill holes on the block. A further 200kms of seismic remains to be reprocessed. Five important leads have been identified. A further 150km of historic seismic will be acquired and interpreted to better define these leads.

Ghana

Clontarf holds 60% in a subsidiary which has an interest in the Tano 2A onshore/offshore block in Ghana. Our partners are, Petrel Resources (30%) and a local Ghanaian company (10%). A Petroleum Agreement was signed by the Ghanaian National Petroleum Company (GNPC) with Clontarf in 2010. The agreement is subject to cabinet and parliamentary approval. This is taking an extended time and is frustrating to all concerned. Since we first looked at Tano in 2006 and then signed a preliminary agreement in 2008, the area has become one of the hottest oil provinces in the world. Directly offshore Tano, a number of bonanza oil discoveries have been made. The Jubilee field is now on stream with daily output already in excess of 100,000 barrels. While awaiting ratification Clontarf and partners acquired and reworked all available seismic, well and other technical data. We have identified a number of specific leads which we would look to refine with more seismic and/or drilling. We are working with the GNPC to refine the proposal which goes to cabinet and parliament. We remain hopeful that the process can be concluded in 2012.

Bolivia

We have operated in Bolivia for more than 20 years. Our wholly owned subsidiary, Petrolex, holds interests in two projects, the producing Monteagudo gas/oil field in central Bolivia and an interest in the El Dorado gas field in eastern Bolivia. The legal status of title is unclear in Bolivia. In 2008 the state claimed ownership of all minerals and hydrocarbons. Sensibly, they allowed existing operations to continue working. Payment was by means of production out of which was taken tax/royalty rate of 50% of revenue.

The Clontarf interest in Monteagudo is 30%, with the operator Repsol owning 30% and Petrobas 20% and Andina-YPFB 20%. Monteagudo is an old field producing gas and condensate since the 1960s. It is well located on a pipeline to Argentina. The attraction in Monteagudo is the deep target. The Huamampampa (Devonian) formation has a number of massive gas discoveries in the areas around Monteagudo. The probability of a large gas discovery is good. We have an agreement with the other partners to increase our stake to a majority. We will also look to become operator. Funding is proposed to be provided by our proposed new partners who will buy out the remaining interests. The agreement requires cabinet and parliamentary approval.

The Clontarf interest in El Dorado, 10%, is currently in dispute. El Dorado is estimated to contain up to 400 billion cubic feet of gas and 8 to 10 million barrels of condensate. It is in production at a rate of 20 million cubic feet of gas a day. Confusion over the Bolivian nationalisation decree led Clontarf to declare force majeure on further drilling. The then partner, BP, drilled and cash called Clontarf. An agreement was reached in 2010 whereby Clontarf would make a contribution to historic costs, pay for current costs and forego income until all historic costs were paid. Listing and consequent funding delays made it impossible for Clontarf to meet deadlines. Negotiations are ongoing to reinstate the 2010 agreement.

Clontarf was formed by merging Persian Gold, an Iranian gold explorer with Hydrocarbon Exploration, the remnants of Pan Andean which had been sold. Persian Gold held interests in two mineral licences in Iran. A payment of $350,000 has been received for cancelling an option to acquire a 70% interest in a Dalli copper licence. In the event of production commencing at the Chah-e-Zard silver gold deposit Clontarf will receive a revenue royalty.

Hydrocarbon held assets in the shallow waters of the Gulf of Mexico. There is a long drawn out dispute between the then owner Endeavour Oil and Gas, a subsidiary of Pan Andean Resources and Hunt Oil over expenses incurred by Hunt in removing closed oil wells on one block. A court decree for $4m was obtained by Hunt Oil against Endeavour Oil and Gas, the Texan subsidiary of Hydrocarbon Exploration. Endeavour's assets were transferred to Hunt Oil on foot of this decree. Hunt has initiated proceedings seeking to make Hydrocarbon liable for any deficit. We believe that there is no merit in the proceedings and are moving to have them dismissed.

Future

Investors have yet to realise the value potential in the Peruvian assets. We are confident of negotiating a joint venture on Panguana and a farm in on the remainder of Block 188. The leads identified on our second block, Block 183, will provide the basis of future joint venture negotiations. The type of deal we are seeking on Panguana will finance Clontarf for the coming year. We are in the midst of the worst bear market in AIM listed resource shares since the start of AIM in 1995. Good news is downplayed and bad news is magnified. When confidence returns markets will see significant uplifts. In the meantime directors must husband cash and develop projects. It is important that directors are not driven totally by short term trends in share prices. Our task is to create long term wealth for investors. Natural resource projects take time but real wealth can be created.

John J Teeling

Chairman

21 June 2012

Review of Operations

Introduction

Responding to emerging opportunities in Peru and ratification delays in Bolivia and Ghana, Clontarf Energy plc has refocused itself since listing in 2011:

Then Clontarf Energy was focused on the Ghanaian Tano 2A Block, Bolivian projects and residual Iranian minerals projects.

Now Clontarf Energy is a holder of nearly one million hectares (2.5 million acres) of prime oil & gas exploration acreage in Peru. We are pushing ahead with work and ratification in Ghana and Bolivia, but plan to judiciously withdraw from Iran at least while prevailing circumstances persist. Accordingly the Dalli copper/gold exploration project was sold during the year for a net cash payment of $353k. We are considering ways of monetising our interest in the Chah-e-Zard silver/gold discovery in central Iran. Given the geological success of our Iranian exploration we were reluctant to forgo this opportunity. We like Iranian geology, people and infrastructure. However, the imposition and strengthening of international sanctions, together with delayed government approvals have left Clontarf Energy with little alternative if Iran is not to become a distraction. When prevailing circumstances improve we may look again.

Our technical team has completed all of the initial phase of work possible on the Ghanaian Tano 2A Block using historic seismic, well data and regional geological material available. We are very happy with this analysis and the prospects already worked up, but cannot prudently commit further funds until the ratification process is complete. This Review deals later in more detail with Ghana, where ratification is slow, but Peru now offers real prospects to add value to Clontarf Energy in the short term:

Background

Clontarf Energy plc is an emerging oil & gas Exploration & Production company focused on Africa and South America. Clontarf was formed following the sale of its South American focused predecessor Pan Andean Resources plc. for $32 million in April 2010 to Petrominerales of Canada. Clontarf Energy plc was listed on the London AIM Stock Exchange in April 2011. The company was formerly known (before March 2011) as ‘Persian Gold plc’.

Clontarf Energy focuses on existing and new high potential exploration opportunities in Africa and South America. Where geological risk is low we are prepared to tolerate political uncertainty.

Excellent fiscal terms, fast economic growth, an established petroleum industry married with opening exploration acreage and political stability make Peru one of the most attractive hydrocarbon provinces in Latin America. Generally access is now limited to larger companies.

Our team’s history of exploring and operating in South America allowed us to be fully qualified to participate in the late 2010 Peruvian bid round – the only junior participating with some of the world’s largest oil companies. Clontarf Energy acquired two of the most interesting 2 licenses, Block 188 and Block 183, in the Peruvian 2010 bidding round; as often with democracies the ratification process was delayed by elections and an orderly change of government, but the contracts were fully ratified and signed in October 2011. The effective start date under our contract was November 2011, with an initial Geology & Geophysics phase of 18 months, which is now almost complete.

In Ghana, Clontarf, holds a 60% interest in the Tano 2A Block, on which we signed a revised Petroleum Agreement with the GNPC in March 2010. There is no requirement in the Petroleum Agreement for any bond or guarantee of the agreed work programme. Nonetheless, we provided a commitment letter to issue a Guarantee / Bond Cover Note in favour of the Ghanaian National Petroleum Company ("GNPC") for the account of our Ghanaian subsidiary by a leading insurance and reinsurance group based in our main area of operations. We have also had discussions with a number of banks and insurers already active in Ghana who are interested in supporting our operations.

We continue to make progress towards ratification, which is an involved and time-consuming process in Ghana. The initial technical work conducted in 2011 highlighted a number of potential leads and prospects to pursue following ratification.

In Bolivia we have stakes in two gas and oil producing fields - El Dorado and Monteagudo. We have agreed, with funding partners, to acquire a majority operating interest in the Monteagudo producing oil, gas and condensate field. There has been no official objection to this transaction, which must also be approved by Congress, in accordance with Bolivian law covering all such transactions (such as the Gazprom purchases announced recently). We have sought court support to enforce a prior agreement with the 90% majority shareholder and operator of the El Dorado field.

Peru

Peru is one of the world's fastest-growing economies owing to political and macroeconomic stability as well as booming commodity prices. Fiscal terms are attractive, with a total effective state take of circa 50%.

Our team has been involved in oil and gas exploration in Peru since 2005. We previously operated Blocks 114, 131, 141 and 161, on which we attracted partners and later sold to Petrominerales of Canada. We were invited to bid in the latest bid round in 2010, in which our 100% owned subsidiary, Hydrocarbon Exploration Limited, won Blocks 188 and 183.

188 is a large, highly prospective Block of nearly one million hectares situated within 100km of the giant Camisea field, which has an established oil and gas export infrastructure operating since 2010. There have been several additional recent discoveries nearby, including Kinteroni and several extensions of Camisea, and as a result the access and infrastructure of the area steadily improves.

Block 188 includes the Panguana discovery by Phillips in 1999, at the extreme south-easterly corner of the block, within 80km of the nearest navigable river and 110km from the Camisea infrastructure.

Following the successful Phillips Formation Test of the prolific “Green Sandstones” at the Panguana discovery, we view the Panguana find as an appraisal / early development project, rather than pure exploration. The RFT test was the only test conducted during a rapid (40 day) well, which the operator viewed as a ‘commitment well’. Prior to drilling this commitment well, which was deliberately drilled over-balanced, the consortium had decided to relinquish the block because of the then low oil price, challenging then fiscal terms and slow development of Camisea – which had been seen as a necessary ‘anchor tenant’ for further, incremental exploration and development in what was then a remote area. The improved terms today, a much higher oil price and successful ultimate development of the nearby Camisea infrastructure has completely transformed Panguana’s economics.

Apart from the Panguana discovery, there are about 10 leads and prospects which have been identified from the circa 2,000km of historic seismic available on Block 188, most of which dates from the 1970s and 1980s. In addition, if a regional seal can be proven, Block 188 is believed to have potential for large stratigraphic traps, given the proven existence of a working, high-grade petroleum system (type 2 kerogen), established migration paths from the west and south to the ‘FitzGerald high’ on which Block 188 is situated and reservoir sands and fractured carbonates. Faulting provides lateral seals, so the only major issue is top seal in this prolific area surrounding the giant Camisea gas-field.

Block 188 is very sparsely populated, flat jungle at an elevation of about 1,000m. The required environmental workshops have already been successfully completed in 2012.

Block 183 lies further north in the long-established traditional petroleum producing region of Peru: Block 183 is part of a seven billion-barrel Sub-Andean foreland basin system. Five important leads have already been identified from historic seismic. We have acquired the available seismic, most of which has recently been reprocessed.

The required environmental workshops with local communities are scheduled for July 2012.

Fig 1: Official Map Outlining Position of Block 188 and 183

Block 188 has up to 500 million barrel potential with many targets and a proven petroleum system:

- **31 million barrels of recoverable reserves estimated from the one horizon tested in Panguana 1-X.**
- **Three additional prospects and ten leads already identified across a large block.**

Block 188 is 595,809 hectares of prospective ground, beside the giant Camisea (16 tcf & 800mmbo) producing field. The block has good seismic coverage and three wells have been drilled close by as well as one on the block. There is an undeveloped oil discovery at neighbouring La Colpa and oil was discovered on the block in 1998/99.

We plan to re-enter the Phillips Petroleum well, which was successfully cased to circa 1,300m and plugged. We are developing an operational plan to re-enter the well, side-track at the base of the casing, drill quasi-horizontally so as to test the reservoir potential of the fractured carbonates and the extent of the oil column in the previously tested ‘green sandstones’, as well as possibly also testing the deeper horizons which were the original target during the 1990s. This is our immediate focus.

Environmental permitting for re-entry of existing wells from an existing platform is easier and quicker than entirely new exploration. If successful, we hope to quickly tie in to the existing infrastructure, initially by piping and barging to the refineries downriver (which are short of product) and later by constructing a 110km pipeline to connect with the existing Camisea export infrastructure, in which there is surplus capacity.

Geological Setting

Block 188 is located north-east of the Camisea field, the biggest gas and condensate discovery so far in Peru (Figure 2). Oil has also been tested in the Sepa and La Colpa wells to the west and northwest respectively. As can be seen from Figure 1, Block 188 is located adjacent to blocks operated by several international companies working in the Camisea area, including Repsol, Petrobras, Hunt Oil, Pluspetrol, Tecpetrol, and SK.

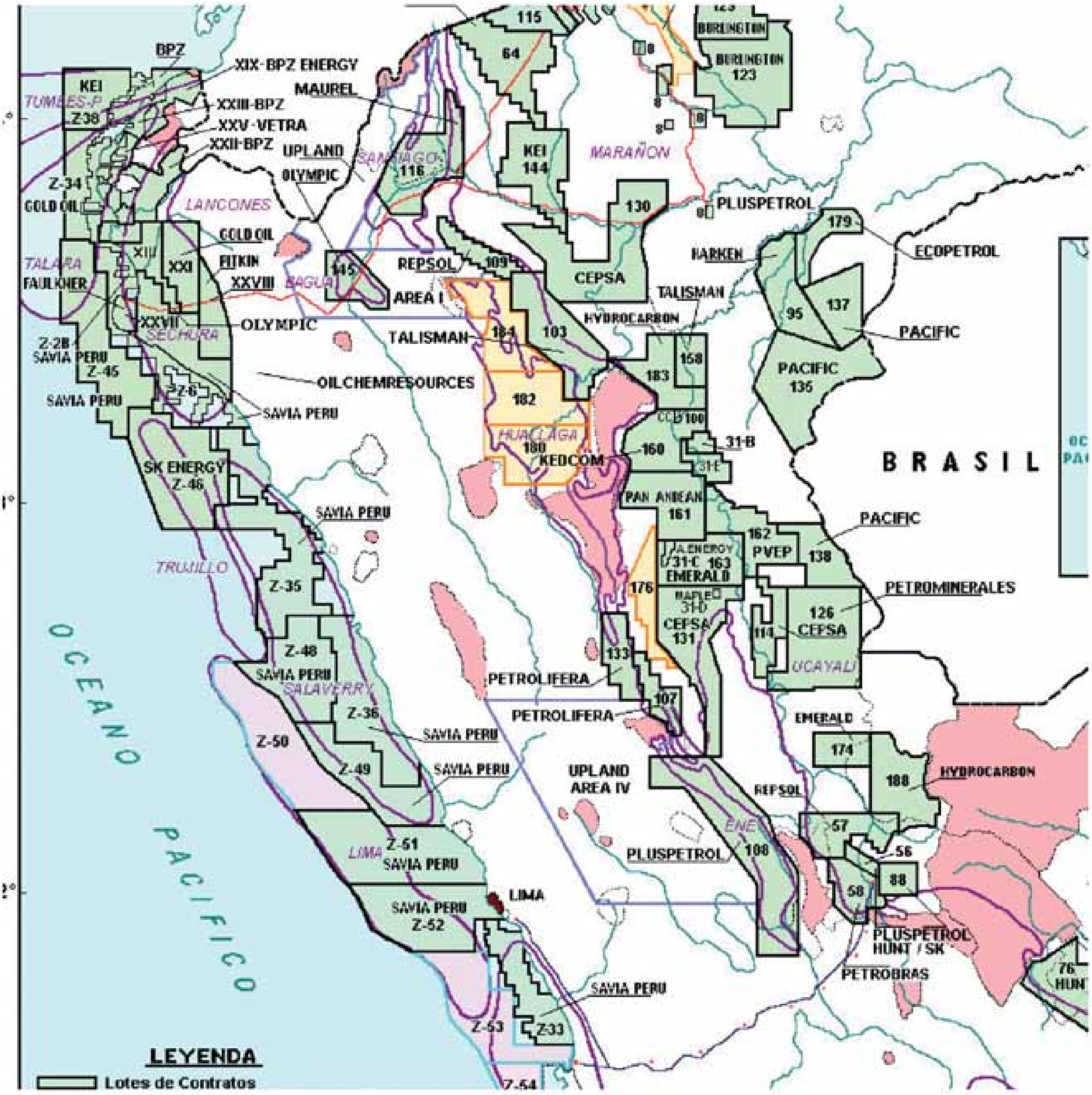

Figure 2: Position Of Block 188 close to Camisea (Blocks 58, 88 and environs)

The Panguana Structure is located in the south-eastern portion of Block 188 and is an anticline, with three-way dip closure and one-way fault closure that trends northwest to south east. Fault closure to the north east is provided by a normal fault. Throw across this fault is sufficient to seal an 80 metre hydrocarbon column by juxtaposed shales. The structure has a minimum length of 13 kilometres (8.1 miles), width of 4 kilometres (2.5 miles), and vertical closure of 130 meters at the base Cretaceous level.

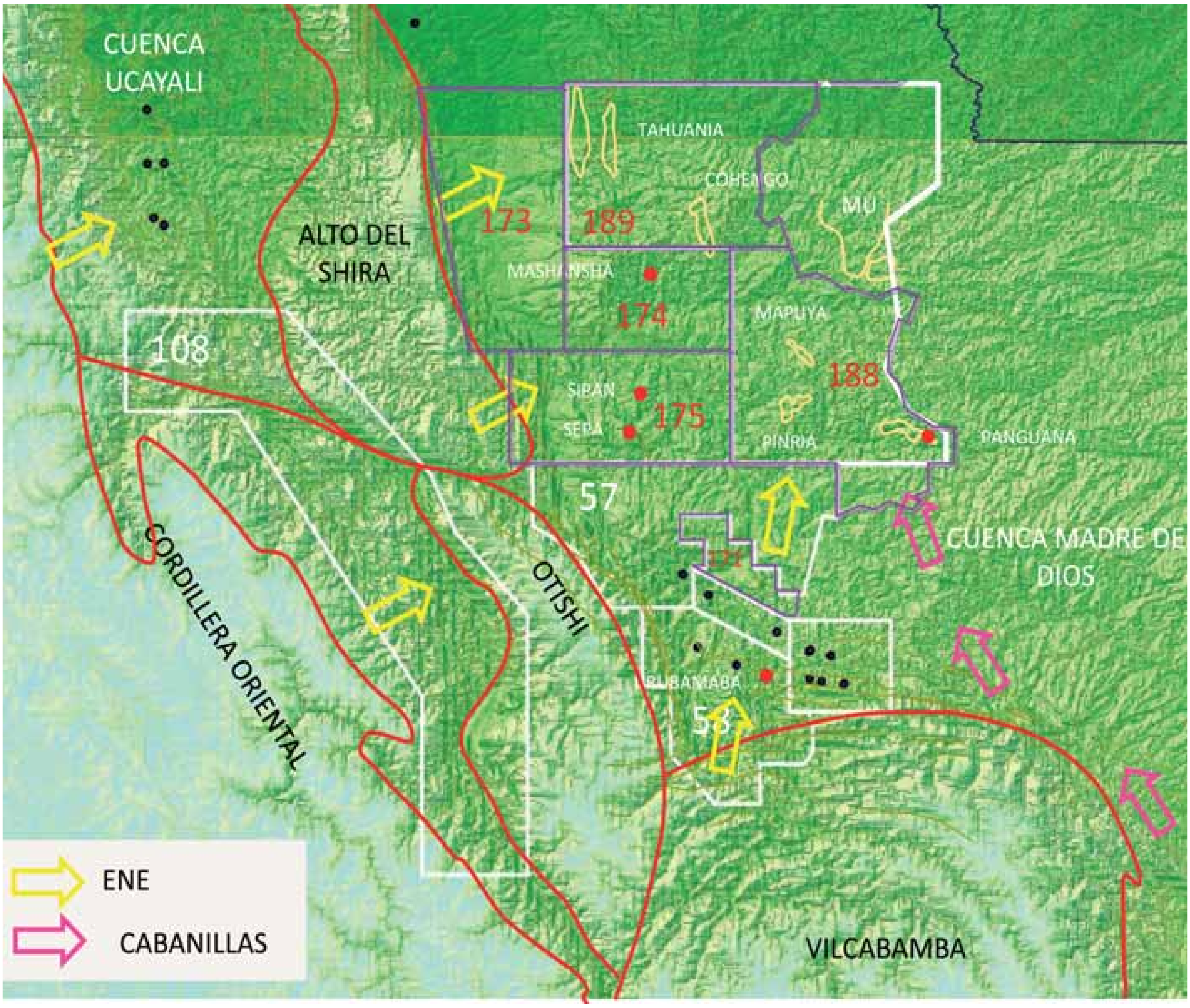

Fig 3: Regional Petroleum System & Migration Paths

PREVIOUS EXPLORATION HISTORY

There has been two major seismic acquisition campaigns conducted inside and around Block 188:

1) TOTAL (Compagnie Française des Pétroles) - 1974-75: 2,594 km of seismic analogue data.
2) Occidental Petroleum / Repsol -1984-99: 1,293 km of digital data.

In addition, there was a reduced seismic campaign (150 km) executed by Petrobras near Block 188. The seismic coverage of Block 188 is shown in Figure 4 below. The total amount of analogue seismic data coverage in the Block 188 is 2,002km. For the identification of the Panguana prospect, Philips Petroleum vectored two TOTAL seismic lines (82-220; 82-05) in 1997.

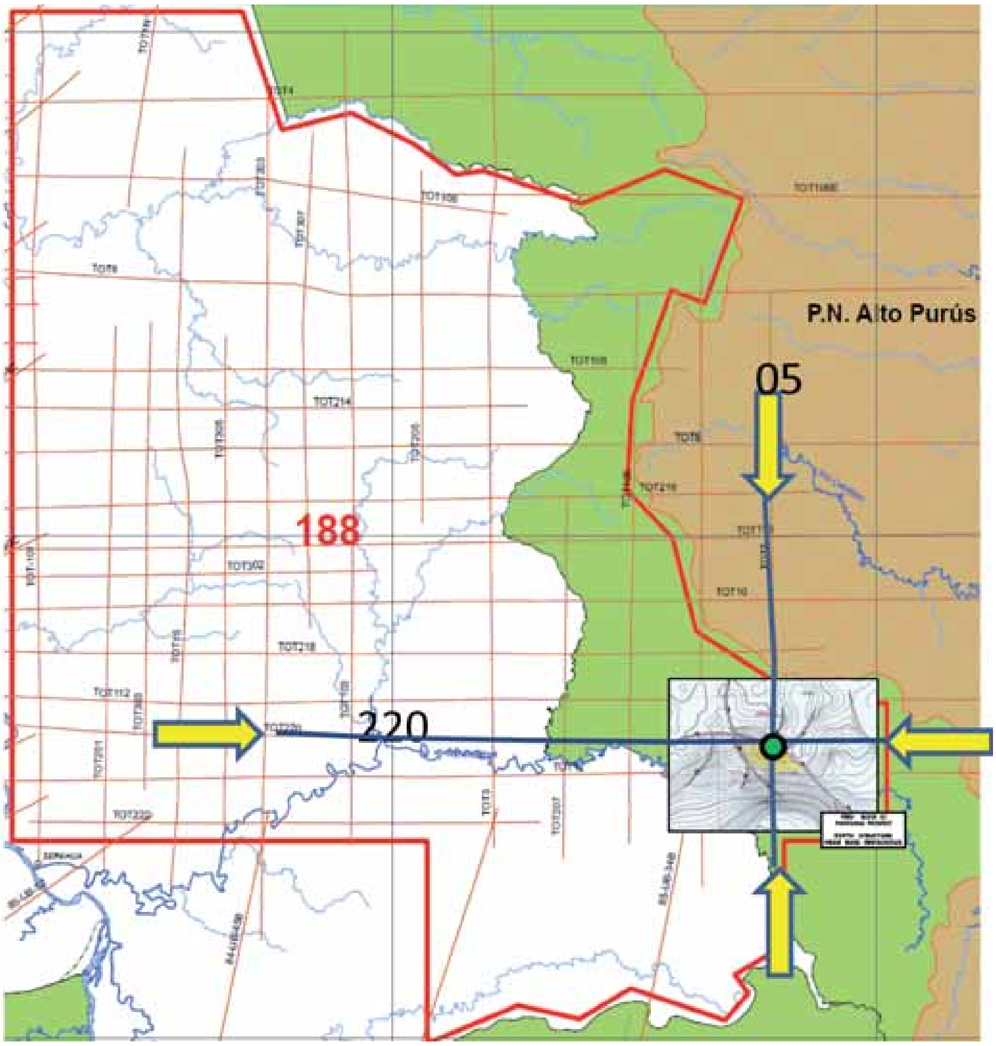

Fig 4: Available Seismic Lines For Block 188

Block 188: Panguana Target

The Panguana X-1 well spudded on December 26th 1998, and reached a total depth of 2,750 meters in the Siltstone and Sandy Silt-stone section of the Upper Devonian Cabanillas Group on February 2, 1999, after penetrating Tertiary, Upper Cretaceous, Upper Permian, Lower Permian, Upper Carboniferous, Lower Carboniferous and Upper Devonian. The well ran smoothly, without complications. Site experts recommended extensive tests of several zones of interest, but the operator viewed this as a commitment well, as they had already decided to relinquish their properties due to delays in constructing the Camisea infrastructure, on which they had depended.

Minor hydrocarbons shows were encountered while drilling in the sandstone of the Lower Permian Copacabana and the Pennsylvanian Tarma Groups and the RFT (Repeated Formation Test) performed in the Green sandstone recovered approximately 167.65 Standard Cubic Feet of Gas and 2 cubic inch of light oil with a gravity of 37 º API. No water or condensate was recovered. The initial view of site experts was that the gas encountered had (as at Camisea originally been oil that had been 're-cooked' to gas), and that the test had occurred right at the gas-oil interface. Seismic interpretation suggested that the oil reservoir sloped down-dip and to the west, where the sands are expected to have thickened. It appears to be powered by a strong water-drive, though no water was encountered in the test.

Phillips Petroleum staff estimated recoverable reserves of 31 million barrels based on results from Hydrocarbons RFT recovery and permeability readings.

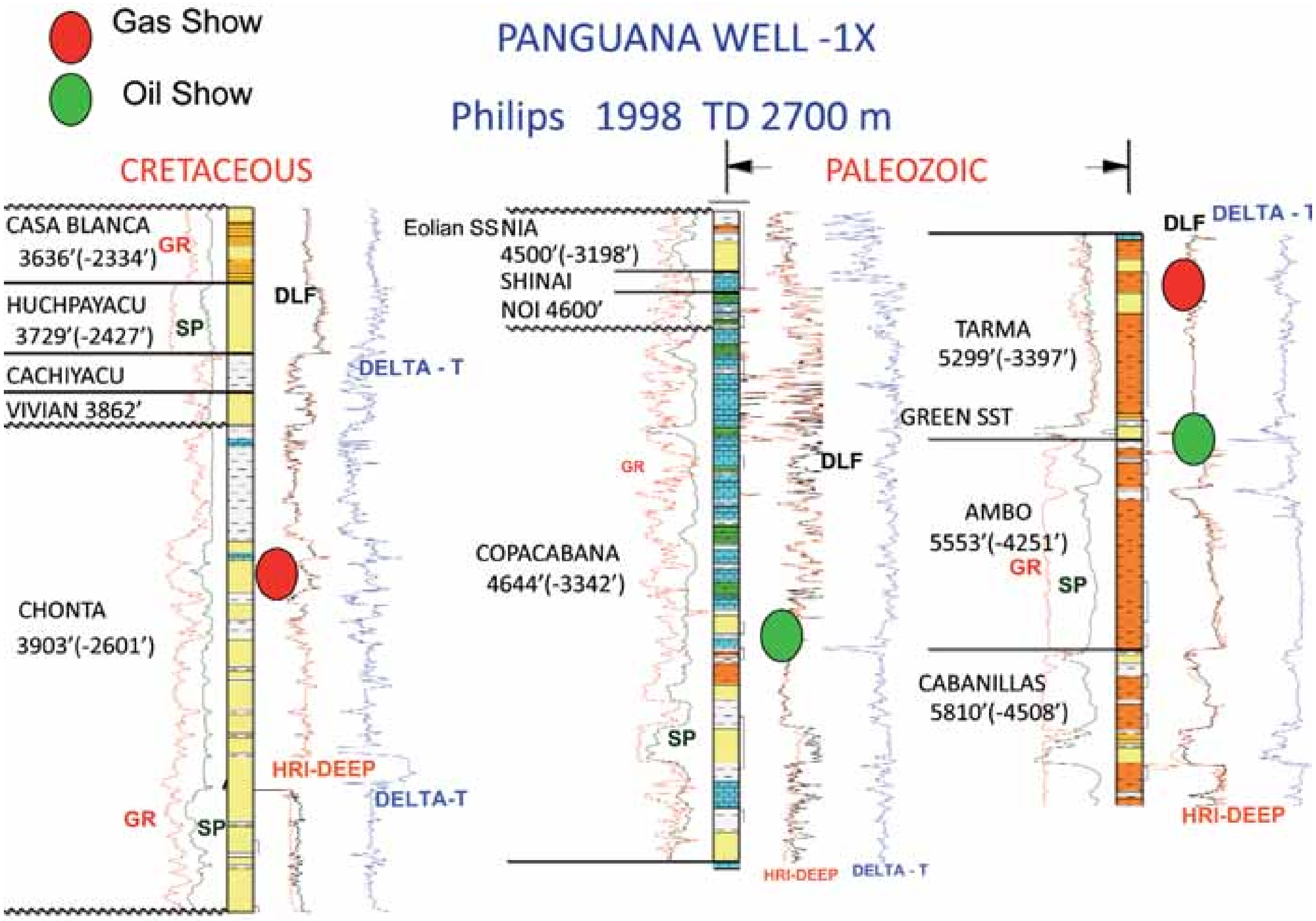

Fig 5: Results From Mud Log, with oil (green) & gas (red) shows

From Philips Seismic reprocessing the Panguana Structure has been delineated as shown in figure 5 above. According to daily geological reports of mud logging, dry gas was detected in:

- The Vivian formation (Cretaceous) interval 1,000-1,280 metres
- Manique and Copacabana formation (Permian) interval 1,375- 1,800 metres
- Tarma, Ambo, and Cabanillas formation (Carboniferous – Devonian) interval 1,820-1,860 metres

The presence of an active petroleum system (oil having been found by RFT, as well as gas and oil shows in several formations), oil and gas shows in nearby wells, plus correlations with the Camisea producing Ene Formation reservoir nearby, encourage further drilling of the Panguana structure.

Fig 6: Block 188 Access to the Panguana structure

Clontarf Energy is developing a work program for early appraisal of the Panguana structure. Our objective at Panguana is to confirm the hydrocarbon potential of the structure, by re-entering the existing well (or possibly drill a parallel, second well), followed by one further appraisal well and two development wells. Cost, speed and environmental permitting may justify drilling a number of development wells over an extended Panguana pad.

This work program has the advantage that under Peruvian law, there is probably no need for time-consuming environmental permits, since this programme consists mainly of utilizing existing surface field facilities.

Block 188: Other Targets

Apart from Panguana, Block 188 as a whole has thrown up a remarkable number of leads and prospects from a relatively limited seismic coverage (2,002km of dated 2d).

The structural setting of the block in the basin is of low amplitude anticlines with gentle structural closures. Another important geological aspect is the Fitzcarrald Arch (of which Block 188 forms part) which constitutes a great hydrocarbon migration collector, and continues to the south into the Camisea area. Maturity modelling of the Camisea area, to the south of Block 188 (containing the Panguana area), suggests the oil-prone Permian Ene Formation would have generated and expelled oil within the present thrust belt. Oil generated in both areas has been available to migrate directly up-dip towards Block 188 and charge reservoirs located on Cretaceous and Palaeozoic age structures. This traditional play relies on long-range migration (50 to 100 kilometres) of hydrocarbons from the Camisea kitchen into Cretaceous and Palaeozoic traps within the block.

The active petroleum system in Block 188 is proven by numerous closeby wells with oil and gas shows including the Mashansha X-1 well and the Sepa 38-45-1-X well drilled by Shell. The recent Repsol/Petrobras Kinteroni gas / condensate discovery immediately southwest of Block 188 confirmed that the Camisea prospectivity extended northwards. There are multiple objectives in Block 188 including the Green Sandstone unit (Carboniferous) as well as sandstones of the Ambo Group, the Ene, Mainique, and Chonta (Cretaceous) formations, as well as the Eolian sandstones found in the Camisea reservoirs that can be correlated through seismic sections with the existing seismic lines in the Block 188 area, showing the great hydrocarbon potential of Block 188. In addition, there is excellent potential for large stratigraphic traps, particularly in the areas pinching out towards the East.

As a result, our work to date has identified three prospects and ten important leads with significant exploratory potential in Block 188.

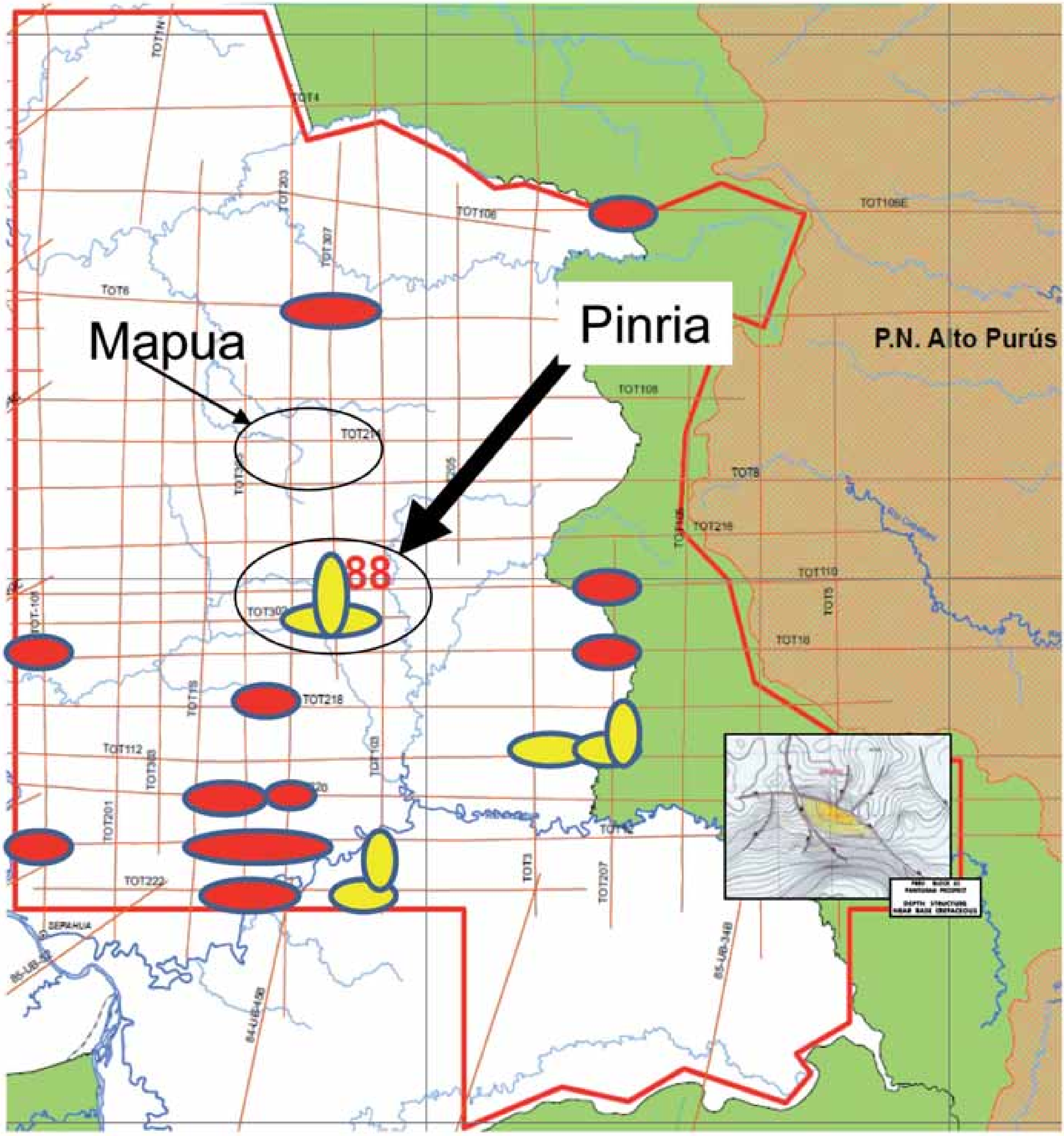

Fig 7: Three Prospects And Ten Leads

A further advantage of Block 188 is the solid possibility of finding oil-bearing limestone and dolomites of the Copacabana Formation, which could result in an integrated system of source rock (the limestones are dark in colour revealing their high organic content), reservoir rock, and seals. Although limestone do not have primary porosity, it is possible that dolomites could contain secondary porosity due to digenetic processes. Furthermore, a secondary porosity could be aggregated due to fracturing, producing “Dilatancy”, that could result in very high permeability of over 1,000 millidarcies. These fractures are enhanced with other porosities offering oil and gas potential in the Copacabana formation.

Block 183

Block 183 is almost 400,000 hectares in size and is located along the western central part of the Marañon basin (figure 8). The north-Peruvian oil pipeline runs east to west near Block 183, parallel to the Marañon river. To date, three wells have been drilled with inconclusive results. This area is more populated and more developed than Block 188.

Block 183 is covered by around 1,700 km of 1970’s 2D seismic acquired by Sun Oil, Deminex, Amerada Hess and Phillips. In 1985 and 1987 part of this data was reprocessed by Petroperu. There are two oil fields, Maquia and Huaya (sub-commercial) located adjacent to the southern portion of Block 183 and one gas field, Aguaytia, also to the south of Block 183.

The gas in Aguaytia is believed to be sourced from the Pucará Formation although a study by Occidental Petroleum concludes that the gas is sourced from the Ambo Formation.

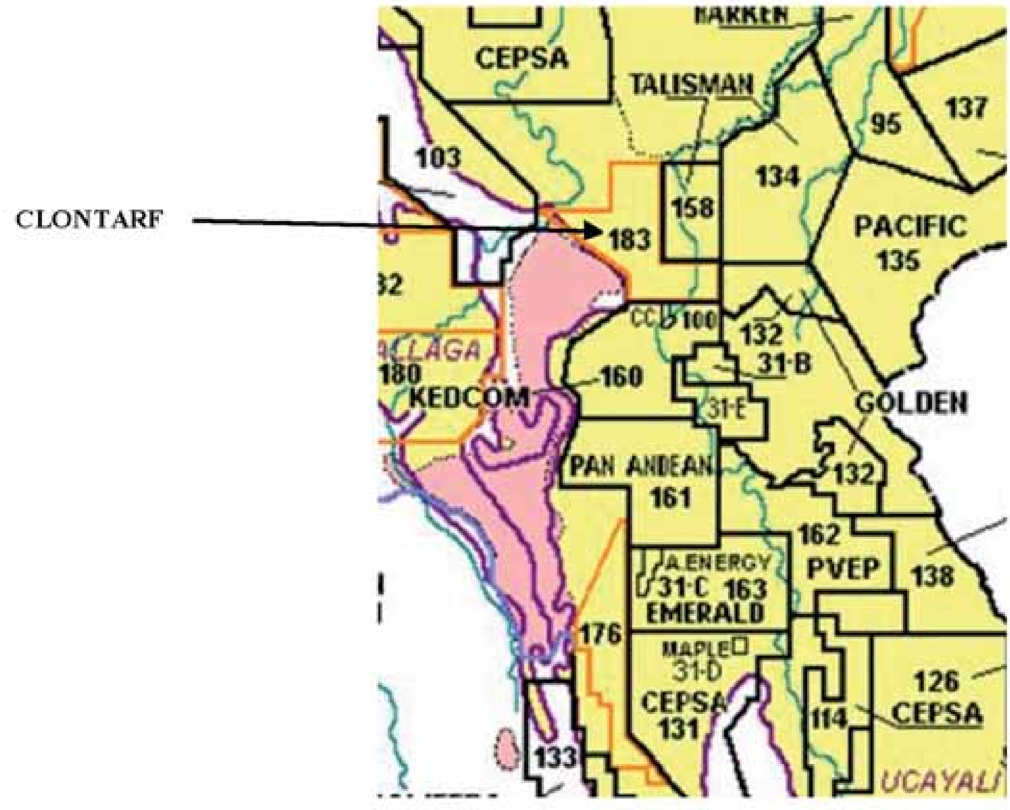

Figure 8: Location of Block 183

Marañon is a major basin for hydrocarbon production in Peru, with considerable exploration upside. This potential is associated with the Triassic-Jurassic and Cretaceous source rock.

The main reservoirs are Cretaceous (Vivian, Chonta and Cushabatay).

The Pucará Group of Formations offers new opportunities for exploration, which is related to dolomite sedimentary facies distribution. In the northwest part of Block 183, a paleo structure has been identified. The Shanusi well present porous dolomite facies with condensate and gas shows in the upper part of the Pucará Group. These sedimentary facies change and Pucará sedimentation is controlled by the paleo horst structure, To the North East, seismic information shows a hemi-graben and horst, these structures present good potential for hydrocarbon exploration.

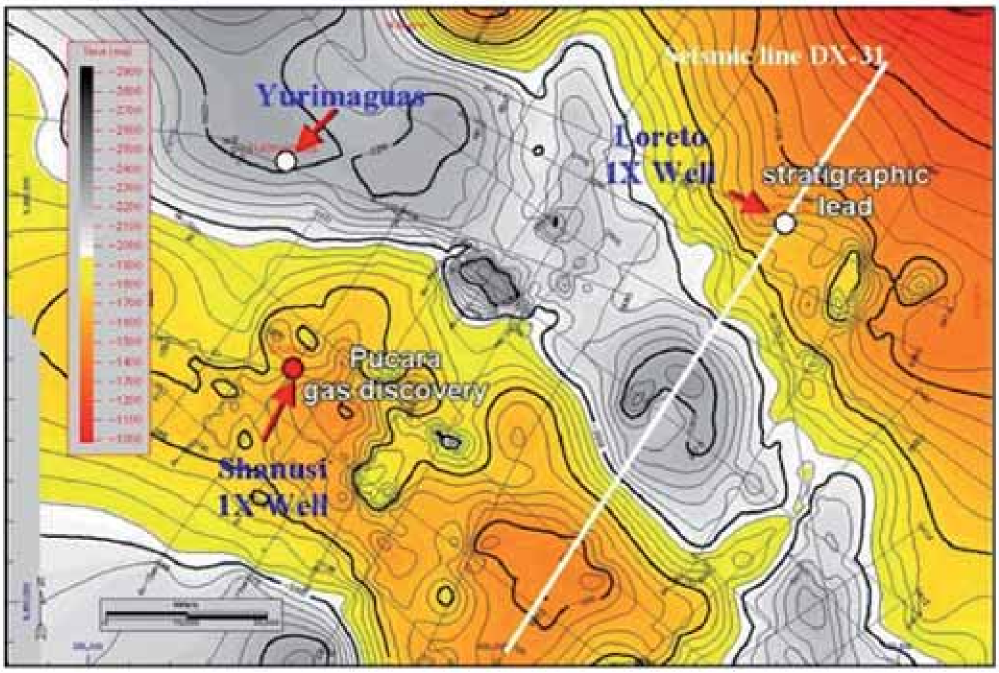

Figure 9: Possible leads on Block 183

There are two active petroleum systems already proven in the area and prospects and leads with exploratory potential have already been identified. The petroleum systems are related with Pucará and Chonta source rocks. The kitchens of these hydrocarbons are located to the west. Vivian, Chonta, and Cushabatay Formations are the exploration targets.

Block 183 has good potential for hydrocarbons, given proximity of proven petroleum systems including Huaya, Maquia, Aguaytia and the Shanusi 1X well. Our technical team has collected the available historic seismic data, which has been reprocessed and reinterpreted. A number of leads and prospects have been identified (figure 9).

Ghana – Tano 2A Block

Clontarf holds 60% of the Tano 2A onshore/offshore licence (Petrel 30%, local Ghanaian interests 10%). The licence is held in the name Pan Andean Resources (figure 10 below).

Over the past year Ghana has solidified its status as the oil industry's new hotspot; following the recent success by Tullow / Kosmos in new (especially Cretaceous) plays generating an estimated 2.5 billion barrels of recoverable oil. This production is concentrated in Cretaceous reservoirs of the Tano Basin in western Ghana. The oil is generated in a deep-sea kitchen and migrates up-dip into the existing discoveries and further through reservoirs under shallow water and onshore, as shown by extensive onshore seepages – which have been documented for a century. During the 1990s the yet to be developed offshore oil and gas discoveries found by Phillips convinced many that reservoirs closer to shore were unlikely to be capable of high flow-rates. This problem is now believed to be caused by subsequent precipitation or 'diagenesis' in the shallower reservoirs and does not seem to impact the deeper Cretaceous reservoirs that we are targeting in Tano 2A Block. One of our planned projects is to date the seepages so as to confirm this hypothesis.

The 1,532 km2 Tano 2A Block is held via a Ghanaian private company, Pan Andean Resources Ltd., as required under law. This vehicle is owned 60% by Clontarf Energy plc, 30% by Petrel Resources plc, and 10% by Ghanaian interests. A revised Petroleum Agreement was signed in March 2010, and is now working its way through the official ratification process.

Our technical team has completed all of the initial phase of work possible on the Ghanaian Tano 2A Block using historic seismic, well data and regional geological material available. There is limited seismic coverage of varying quality from four programmes which required considerable work to reprocess, clarify and tie-in. We succeeded in tracking down the historic data during 2010 and 2011 and believe that our experts have squeezed all available insights out of this data set. Following extensive discussions with larger companies and contractors during 2012 we believe that we now have a good grasp of the potential and issues of Tano 2A. We believe that the plays are quite similar to those in deeper water, though we expect the fan structures and trapping mechanism to differ.

We are ready to move forward with the next phase of our work as soon as the ratification process is complete.

Our team have long been interested in this play, but were galvanised by the serial Tano Basin discoveries after 2005. In 2008 we signed an initial Petroleum Agreement with the GNPC under the previous government, which revised by agreement with the GNPC in 2009/2010, to take into account the field conditions in the 'transit zone' where shallow water surf, beaches and forest can complicate the acquisition of 3d seismic data. In parallel, the GNPC wished to strengthen its pre-emption rights and the details of its carry and possible back-in rights so as to avoid lack of clarity experienced in other contracts following discoveries. We agreed these various changes and signed a revised Petroleum Agreement in March 2010, which is now working its way through the ratification process.

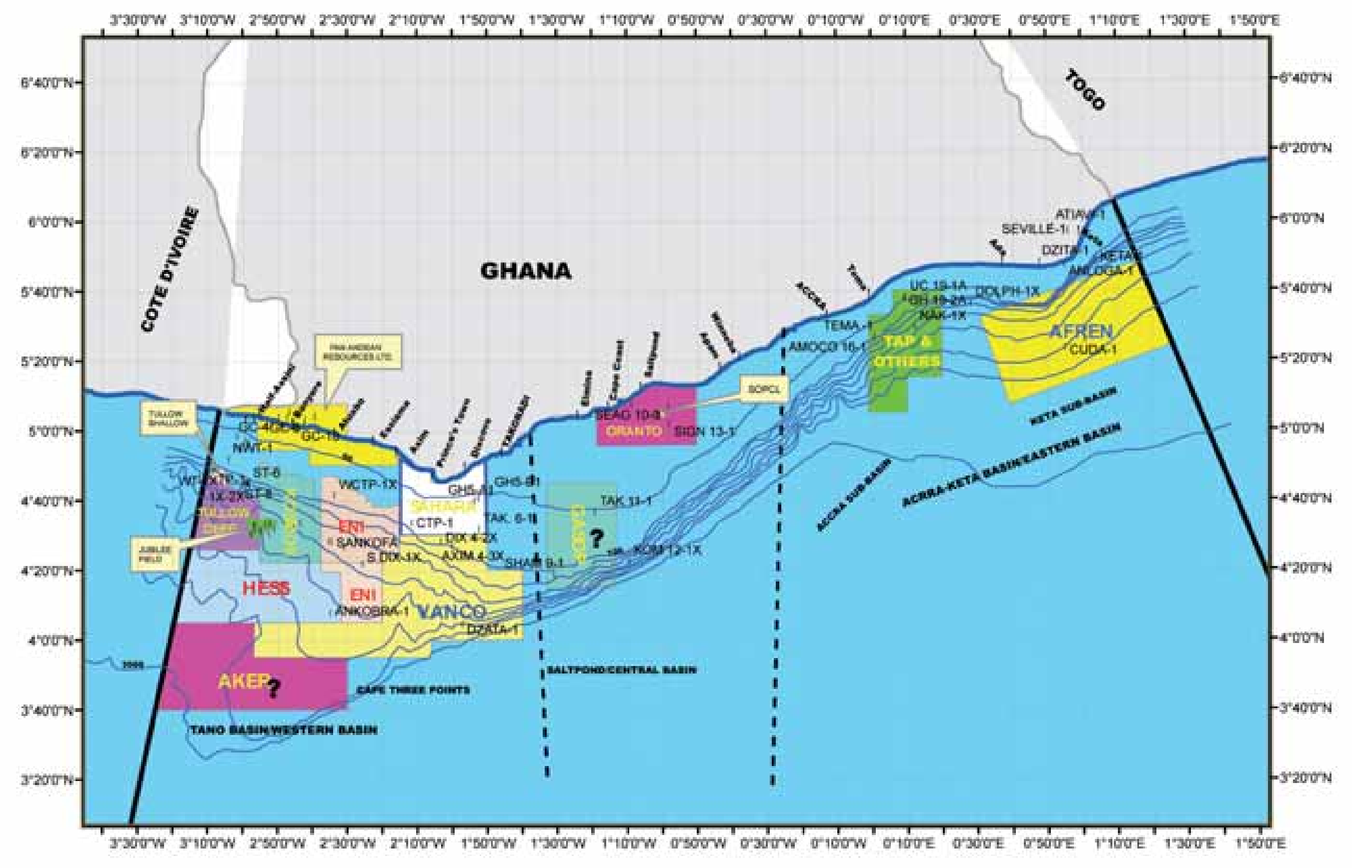

Figure 10: Map of Ghanaian Exploration Blocks: Pan Andean Resources Tano 2A Onshore/Offshore Block

Ratification is often slow in a democracy (for instance our Peruvian approvals took 11 months) but the Ghanaian process has taken longer and been more complicated than we or other industry players expected. Nonetheless, we are working with the GNPC pragmatically and will continue to operate as responsible and good citizens as well as to discharge our duties to shareholders. For example, we committed to a vigorous work programme and tight time-frame but there is no requirement in the Petroleum Agreement for any bond or guarantee of this agreed work programme. As the ratification process developed the GNPC sought additional comfort outside of that contemplated in the signed Petroleum Agreement. Without prejudice to shareholders' interests, we provided institutional shareholders' letters of commitment and comfort, as well as a commitment letter to issue a Guarantee / Bond Cover Note in favour of the Ghanaian National Petroleum Company ("GNPC") for the account of our Ghanaian subsidiary. We have also had discussions with a number of banks and insurers already active in Ghana who are interested in supporting our operations. We believe that these measures as well as our team's track-record of delivering in challenging circumstances over three decades should suffice to convince the appropriate authorities to continue to progress with this important work.

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

Terms

The fiscal terms in Ghana are competitive and are favourable in comparison to best practices elsewhere. There is a royalty off the top of 12.5% for oil and 10% for gas, a 10% carried state interest (held by the national oil company, the GNPC) and a standard 35% income tax on profits. In addition the GNPC can elect to pay their way for a further 15%. There is also a super-profits tax or 'Additional Oil Entitlement (AOE)' which is payable according to the overall Rate of Return. This extra 'bonanza tax' does not apply for a rate of return under 12.5%. The Additional Oil Entitlement rises in a step function with returns to a maximum of 30% for project and an IRR over 27.5%. There are also modest land rentals plus Training Allowance plus an additional 'Technology Support' one-time payment.

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

- The licence is divided into an initial period of three years (the "Initial Exploration Period"), a first extension period of two years ("First Extension Period") and a second extension period of one and half years ("Second Extension Period")
- During the Initial Exploration Period, the Contractor must;
  (1) Reprocess all existing 2D seismic data covering the licence area (already done);
  (2) Acquire, process and interpret at least 1,000 km2 of new 2D seismic data; and
  (3) Drill a minimum of one exploration well.
- The minimum expenditure during the initial exploration period is US$25 million for one well onshore or US$35 million for an offshore well.
- Standard training allowances yearly and a one-off technology payment.

Operations

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

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

We interpreted five horizons of different depths, and produced 'time structure maps' of acceptable reliability for two horizons. While these maps show the overall form of the basin, they are insufficiently detailed to allow prospect definition. Therefore a second analysis was conducted to scrutinize all seismic lines individually. This work aimed to define areas of structural or stratigraphic potential, and develop play or prospect leads. This project was completed in May 2011. Data quality and grid spacing did not allow drillable prospects to be outlined, but we succeeded in identifying areas of greater promise within the Tano 2A Block.

Technical Outline

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

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

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

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

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

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

Bolivia

Petrolex SA, the local subsidiary of Clontarf holds interests in the El Dorado gas/condensate producing field in Bolivia on which significant exploration success was enjoyed in 2010, and in the Monteagudo oil/gas producing field in Bolivia. Both of these projects are proven projects close to existing export pipelines. The gas export pipeline to Brazil runs across the El Dorado Field, while the Monteagudo Field is on an existing oil pipeline as well as the gas export pipeline to Argentina. This means that oil and gas production can be connected to existing infrastructure and sold on the international market.

Despite recent progress there remains fundamental uncertainty over legal title in Bolivia: in the 14 years that Petrolex SA has operated, Bolivia has evolved from a relatively closed petroleum licensing environment into an open system after 1992 and was seen by 1997 as one of the most attractive South American countries, with a series of major gas discoveries and the development of a 30bcfd export pipeline to Brazil.

The emergence of a more radical, indigenous-based political movement after 2000, and its election to power in 2004, has led to a sustained period of legal instability as the elected government changed Petroleum Contracts and the Hydrocarbons Law, as well as the National Constitution. This process has not yet run its course and the uncertainty has reduced international investment and led to the withdrawal of some major oil companies. Others, including Petrobras and Total have persisted in the belief that the problems would eventually pass while the geology looked increasingly attractive in an energy-thirsty world. The largest global gas company, Gazprom has entered three projects, and they may be joined by other National Oil Corporations, especially from Asia.

Clontarf Energy plc also believes that Bolivia offers significant potential both in terms of geology and location (as a South American energy hub), though the time-scale and uncertainty over future laws is frustrating.
However, good geology and booming export gas prices means that Bolivia offers opportunities. Despite adverse publicity due to the sometimes changing policy of the Government, Bolivia has been making some progress since 2007: After a period of decline the last two years saw a significant increase in activities in the oil and gas sector. Gas exports and gas export prices have been very high, around $9 to Brazil and over $10 per million BTU to Argentina. Brazilian energy demand greatly exceeds the most optimistic assumptions when the export pipeline was built in 1997 and when we acquired our gas assets in 2000.

Bolivia is hardly the only country that has experienced turbulence, but delays in finalising hydrocarbon laws and regulations and changes to tax laws, as well as the nationalizations of upstream assets of Repsol and Pan American Energy, have held development back:

1. During 2005, the Bolivian authorities increased the effective royalty from 18% to 50%, and transferred back to the state the title to oil and gas in the ground. Henceforth, contractors including our local subsidiary would be paid on presentation of invoices to the state oil company (YPFB) and not be able to market our hydrocarbons independently. We have challenged the legal basis for these taxes. The Bolivia Tax Authority has filed claims for taxes due against the company's subsidiary, Petrolex SA for $400,000. Petrolex SA is vigorously defending itself against these claims. The group's legal advisors and directors do not believe that the case will succeed and therefore no provision for any liability that might arise has been made.

2. During 2009, a new Bolivian Constitution was enacted, but necessary regulations regarding implementation have not yet been enacted.

The group's current projects have encountered a number of non-tax legal disputes which are set out in Note 27. Petrolex SA has been in dispute with YPFB Chaco (formerly Chaco SA), the 90% holder and operator of the El Dorado field. Petrolex SA is also in dispute over cash calls made by its operating partner, RepsolYPF, stemming from their 30% participation in the Monteagudo block. Petrolex instigated litigation in 2008 and the case is currently ongoing. The directors expect that the matter will be settled by Repsol and Petrobras who have reached agreement to cede their respective interests as well as operatorship in the block. This agreement is in the ratification process as established under Bolivian Law.

Accordingly, Clontarf Energy plc's Bolivian strategy is to minimize cash requirements, conclude the present legal actions, acquire operating control of the Monteagudo field and develop its deep gas potential.

El Dorado Field

Clontarf holds a 10% interest in the field. The remaining 90% stake is held by YPFB Chaco, which was formerly part of the BP group. In 2007, Chaco was nationalized by the Bolivian state oil company, YPFB, following deteriorating relations between BP and the Bolivian government.

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

The El Dorado Field produces a relatively rich (i.e. valuable) natural gas which is processed in the nearby Percheles Dew Point gas plant. The assumption of control of Chaco by YPFB, while perceived internationally as negative, was a positive development for Clontarf, as YPFB brought the El Dorado Field into production, a development that Clontarf had been pushing unsuccessfully since 2000. As part of their work, YPFB drilled a step-out well some 10km away from the original El Dorado discovery and beyond a fault that was generally believed to delineate the El Dorado Field. This well was a major discovery, flowing approximately 10 MMscf/d of gas and approximately 390 bcpd – greater even than the combined production of the initial field wells. The production test after the completion of the El Dorado X-1005 which was drilled to a depth of 4,164 metres, concluded on 31 July 2010.

Soon after this discovery YPFB re-entered the DRD X-1003 well (that had previously been considered unpromising). Production tests from the re-entry of the DRD X-1003 well (completed during November 2010) gave positive results, with 4 to 5 million cubic feet daily (MMscf/d) of gas flowing with chokes 20/64 and 24/64. Following this recent exploration success, the Clontarf management team estimates reserves at up to 400 Bscf and 8 to 10 MM barrels of condensate.

As of June 2012, the El Dorado field was producing 19 MMCFD of gas and 472 Bbls/day of liquids (condensate and natural gasoline) from 4 producing wells. This is lower than planned output expansion, which has been delayed due to operational problems which the operator expects to resolve soon. Production tests from re-entry into the previously drilled DRD-3 well, gave positive results with 4 to 5 MMCFD of additional gas production.

These wells show that the field extends substantially beyond the boundaries previously delineated by BP. These results have significantly enhanced the previous estimates of total reserves (proven, probable and possible) in the region of 273.8 billion cubic feet. The successful drilling of DRD X-1005 well, plus the re-entry of DRD X3 have confirmed this improved scenario.

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

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

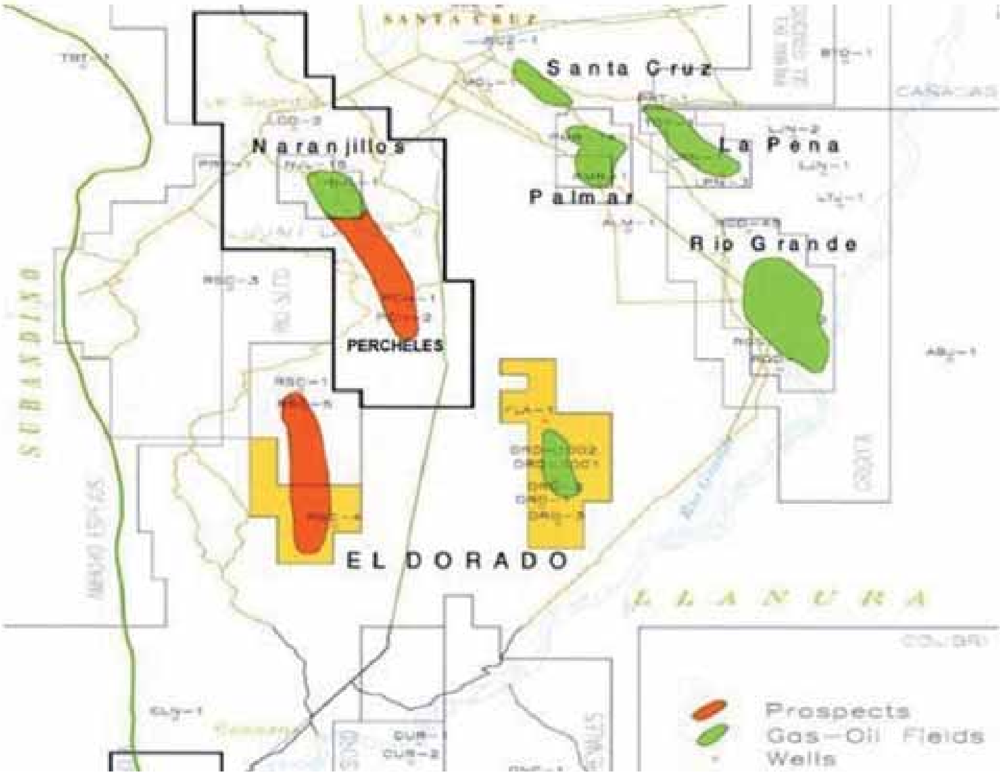

Figure 11: Discoveries in the El Dorado Region

Clontarf has an ongoing dispute over cash calls made by Chaco which could affect its continued participation in the field. We hope that these can be reasonably resolved in the near future. We have sought court support to enforce a prior agreement with the 90% majority shareholder and operator of the El Dorado field.

Monteagudo Field

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

We have agreed, with funding partners, to acquire a majority operating interest in the Monteagudo producing oil, gas and condensate field. There has been no official objection to this transaction, which must also be approved by Congress, in accordance with Bolivian law covering all such transactions.

A major constraint on Bolivian oil production since 2004 has been the state-imposed $27 per barrel price limit. This led to diminished oil production on the Monteagudo Field, particularly when royalties were being imposed on a higher price. We are pleased to report that these problems are now steadily been ironed out: the Bolivian authorities have announced a series of measures that will provide producers with $43.50 per barrel, net of royalties. This long-awaited clarification has encouraged us to seek bids and proposals to increase production from the many thinner shallow sands and shales in the Monteagudo Field. Elsewhere the development of work-overs, horizontal drilling and hydraulic fracturing technologies has greatly increased production from such by-passed reservoirs.

Paradoxically, the ongoing issues over re-nationalisation of Repsol-owned assets and general gas title in Argentina has proven a boon for Bolivian gas exports. Argentina's controlled domestic gas prices (ranging from c.$1.15 for some contracts up to c.$5.50 for some unconventional production) has constrained domestic output, while the gas-intensive Argentine industry is actively seeking supplies elsewhere.

Monteagudo Field has a circa 2.5 tcf Devonian (Huamampampa) target already identified by 3d seismic, as well as a (higher risk) deeper potential in the Santa Cruz. Once all necessary approvals are obtained for the buy-out of a majority, operating interest we plan to vigorously pursue options for drilling these deep giant targets.

Directors' Report

The directors present their annual report and the audited financial statements of the group and company for the year ended 31 December 2011.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Clontarf Energy plc (formerly Persian Gold plc), formed in 2003, is a UK incorporated AIM quoted company which was established to explore gold and porphyry copper-gold deposits in Iran. Due to the difficulties of operating in Iran in 2010, the directors made the decision to impair their Iranian interests.

On 23 March 2011 the company changed its name to Clontarf Energy plc.

On 6 April 2011 the company acquired the total issued share capital of Hydrocarbon Exploration plc ("HyEx"), a UK company, on the basis of 2,800 Clontarf Energy plc shares for every one HyEx share in an all-share deal. Following the acquisition, admission to trading of the existing ordinary shares of Clontarf Energy plc was cancelled and the shares of the new enlarged group were admitted to trading.

This acquisition represented an opportunity to acquire a diversified portfolio of exploration and production assets which have the potential to generate value for shareholders in the future.

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

RESULTS AND DIVIDENDS

The loss after taxation for the year amounted to £870,082 (2010: loss £2,225,347).

The directors do not propose that a dividend be paid (2010: £Nil).

SUPPLIER PAYMENT POLICY

The group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. In the absence of agreed terms it is the group's policy that payment is made between 30 - 45 days.

DIRECTORS

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

DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors holding office at 31 December 2011 had the following interests in the ordinary shares of the company:

	31 December 2011			31 December 2010		
	Ordinary Shares of 0.25p each Shares Number	**Ordinary Shares of 0.25p each Options Number**	**Ordinary Shares of 0.25p each Warrants Number**	Ordinary Shares of 0.25p each Shares Number	Ordinary Shares of 0.25p each Options Number	Ordinary Shares of 0.25p each Warrants Number
J. J. Teeling	**22,286,633**	**3,090,000**	**-**	11,675,400	2,190,000	937,500
J. Finn	**11,024,867**	**3,090,000**	**-**	5,950,400	1,590,000	625,000
Jack Teeling	**7,247,967**	**290,000**	**-**	4,725,000	1,590,000	312,000
D. Horgan	**10,842,233**	**3,050,000**	**-**	5,450,000	1,150,000	625,000
M. Takin	**450,000**	**175,000**	**-**	300,000	175,000	150,000

SUBSTANTIAL SHAREHOLDINGS

The share register records that the following shareholders, excluding directors, held 3% or more of the issued share capital of the company as at 31 May 2012 and at 31 December 2011:

	31 May 2012		31 December 2011	
	No. of shares	%	No. of shares	%
WB Nominees	9,240,887	4.62%	8,444,387	4.22%
TD Direct Investing Nominees (Europe)	9,148,084	4.57%	7,744,979	3.87%
Barclayshare Nominee Ltd	6,078,058	3.04%	5,928,458	2.96%

RISKS AND UNCERTAINITIES

The realisation of exploration and evaluation 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. This is subject to a number of significant potential risks including:

- price fluctuations;
- foreign exchange risks;
- uncertainties over development and operational costs;
- political and legal risks, including arrangements with governments for licenses, profit sharing and taxation;
- foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- liquidity risks;
- funding risks; and
- operational and environmental risks

GOING CONCERN

Refer to Note 4 for details in relation to Going Concern.

CORPORATE GOVERNANCE

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

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

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

CHARITABLE AND POLITICAL CONTRIBUTIONS

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

KEY PERFORMANCE INDICATORS

The group's main key performance indicators include measuring:

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

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

CAPITAL STRUCTURE

Details of the authorised and issued share capital, together with details of movements in the company's issued share capital during the year are shown in Note 22. The company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the company.

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

FINANCIAL RISK MANAGEMENT

Details of the group's financial risk management policies are set out in Note 24.

DIRECTORS' INDEMNITIES

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

AUDITORS

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

1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Deloitte & Touche have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

James Finn
Secretary

21 June 2012

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. Under that law the directors are required to prepare the financial statements of the Group in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the Parent Company financial statements under IFRSs as adopted by the EU. 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. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By Order of the Board

John Teeling
Director

21 June 2012

Independent Auditor's Report to the Members of Clontarf Energy Plc *(formerly Persian Gold Plc)*

We have audited the financial statements of Clontarf Energy plc (formerly Persian Gold plc) for the year ended 31 December 2011 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 29. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 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.

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 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.

Independent Auditor's Report to the Members of Clontarf Energy Plc *(formerly Persian Gold Plc)* *(continued)*

Emphasis of Matter – Realisation of Assets

Without qualifying our opinion, we draw your attention to Notes 3, 14, 16 and 17 concerning the valuation and realisation of intangible assets, investments in subsidiaries and amounts due from group undertakings. The realisation of intangible assets of £5,248,152 included in the consolidated balance sheet and intangible assets of £213,492, investments in subsidiaries of £4,419,178 and amounts due from subsidiaries of £581,320 included in the company balance sheet is dependent on a satisfactory outcome to uncertainties disclosed in Note 3 and on the successful development and discovery of economic reserves including the group's ability to raise sufficient finance to develop those projects. The financial statements do not include any adjustments in relation to these uncertainties and the ultimate outcome of these uncertainties cannot, at present, be determined.

Opinion on other matter prescribed by the Companies Act, 2006

In our opinion:

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

Matters on which we are required to report by exception

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

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

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

Deloitte & Touche House
Earlsfort Terrace
Dublin 2

21 June 2012

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

	Notes	2011 £	2010 £
REVENUE		**-**	-
Cost of sales		**-**	-
GROSS PROFIT		**-**	-
Listing Costs		**(446,216)**	-
Administrative expenses		**(422,516)**	(287,380)
Impairment of exploration and evaluation assets	14	**-**	(1,934,807)
OPERATING LOSS		**(868,732)**	(2,222,187)
Finance revenue	6	**667**	-
Finance costs	7	**(2,017)**	(3,160)
LOSS BEFORE TAXATION	4	**(870,082)**	(2,225,347)
Income tax expense	11	**-**	-
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		**(870,082)**	(2,225,347)
LOSS PER SHARE – Basic and diluted	12	**(0.52p)**	(2.96p)

Consolidated Balance Sheet

as at 31 December 2011

	Notes	2011 £	2010 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	14	**5,248,152**	170,539
Investments	15	**-**	177,699
		5,248,152	348,238
CURRENT ASSETS			
Other receivables	17	**261,915**	4,539
Cash and cash equivalents	18	**491,865**	54,548
		753,780	59,087
TOTAL ASSETS		**6,001,932**	407,325
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	19	**(451,197)**	(1,070,633)
TOTAL LIABILITIES		**(451,197)**	(1,070,633)
NET ASSETS/(LIABILITIES)		**5,550,735**	(663,308)
EQUITY:			
Called-up share capital	22	**500,461**	187,932
Share premium		**9,248,336**	2,673,913
Retained earnings – (deficit)		**(4,528,649)**	(3,732,450)
Share based payment reserve		**330,587**	207,297
TOTAL EQUITY/(DEFICIT)		**5,550,735**	(663,308)

The financial statements of Clontarf Energy plc (formerly Persian Gold plc), registered number 4967918, were approved by the Board of Directors on 21 June 2012 and signed on its behalf by:

John Teeling
Director

Company Balance Sheet

as at 31 December 2011

	Notes	**2011**	2010
		£	£
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	14	**213,492**	170,539
Investments	15	**-**	177,699
Investment in subsidiaries	16	**4,419,178**	67
		4,632,670	348,305
CURRENT ASSETS			
Other receivables	17	**797,642**	4,472
Cash and cash equivalents	18	**367,402**	54,548
		1,165,044	59,020
TOTAL ASSETS		**5,797,714**	407,325
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	19	**(246,979)**	(1,070,633)
TOTAL LIABILITIES		**(246,979)**	(1,070,633)
NET ASSETS/(LIABILITIES)		**5,550,735**	(663,308)
EQUITY:			
Called-up share capital	22	**500,461**	187,932
Share premium		**9,248,336**	2,673,913
Retained earnings – (deficit)		**(4,528,649)**	(3,732,450)
Share based payment reserve		**330,587**	207,297
TOTAL EQUITY/(DEFICIT)		**5,550,735**	(663,308)

The financial statements of Clontarf Energy plc (formerly Persian Gold plc), registered number 4967918, were approved by the Board of Directors on 21 June 2012 and signed on its behalf by:

John Teeling
Director

Consolidated and Company Statement of Changes in Equity

for the year ended 31 December 2011

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Total £
At 1 January 2010	186,656	2,654,764	214,636	(1,514,442)	1,541,614
Exercise of Warrants	-	-	(7,339)	7,339	-
Shares issued for cash	1,276	19,149	-	-	20,425
Loss for the year	-	-	-	(2,225,347)	(2,225,347)
At 31 December 2010	187,932	2,673,913	207,297	(3,732,450)	(663,308)
Exercise of Warrants	**12,786**	**191,789**	**(73,883)**	**73,883**	**204,575**
Exercise of Share Options	**17,300**	**26,100**	**-**	**-**	**43,400**
Shares issued for cash	**113,659**	**2,614,161**	**-**	**-**	**2,727,820**
Share issue costs	**-**	**(133,081)**	**-**	**-**	**(133,081)**
Shares issued on acquisition of Hydrocarbon Exploration	**168,784**	**3,882,032**	**-**	**-**	**4,050,816**
Issue of Warrants	**-**	**(6,578)**	**6,578**	**-**	**-**
Issue of Share Options	**-**	**-**	**190,595**	**-**	**190,595**
Loss for the year				**(870,082)**	**(870,082)**
At 31 December 2011	**500,461**	**9,248,336**	**330,587**	**(4,528,649)**	**5,550,735**

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 and warrants under the share option plan.

Retained deficit

Retained deficit comprises of losses incurred in 2011 and prior years.

Consolidated Cash Flow Statement

for the year ended 31 December 2011

	Notes	2011 £	2010 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for financial year		**(870,082)**	(2,225,347)
Finance costs recognised in loss		**2,017**	3,160
Finance revenue recognised in loss		**(667)**	-
Exchange movement		**1,562**	588
Impairment of exploration and evaluation assets		**-**	1,934,807
Profit on disposal of licence		**(206,582)**	-
		(1,073,752)	(286,792)
MOVEMENTS IN WORKING CAPITAL			
(Decrease)/increase in payables and provisions		**(919,151)**	674,407
Increase in trade and other receivables		**(43,405)**	(486)
CASH (USED IN)/GENERATED FROM OPERATIONS		**(2,036,308)**	387,129
Finance costs		**(2,017)**	(3,160)
Finance revenue		**667**	-
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(2,037,658)**	383,969
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets		**(606,766)**	(195,273)
Payments for investment		**-**	(177,699)
Cash transfers on acquisition (Note 13)		**34,007**	-
Proceeds from disposal of licence		**206,582**	-
NET CASH USED IN INVESTING ACTIVITIES		**(366,177)**	(372,972)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from exercise of warrants		**204,575**	20,425
Proceeds from exercise of options		**43,400**	-
Proceeds from share issue		**2,727,820**	-
Share issue costs		**(133,081)**	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		**2,842,714**	20,425
NET INCREASE IN CASH AND CASH EQUIVALENTS		**438,879**	31,422
Cash and cash equivalents at beginning of the financial year		**54,548**	23,714
Effect of exchange rate changes on cash held in foreign currencies		**(1,562)**	(588)
Cash and cash equivalents at end of the financial year	18	**491,865**	54,548

Company Cash Flow Statement

for the year ended 31 December 2011

	Notes	2011 £	2010 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for financial year		**(870,082)**	(2,225,347)
Finance costs recognised in loss		**2,017**	3,160
Finance revenue recognised in loss		**(667)**	-
Exchange movement		**6,489**	588
Impairment of exploration and evaluation assets		**-**	1,597,198
Profit on disposal of licence		**(206,582)**	-
		(1,068,825)	(624,401)
MOVEMENTS IN WORKING CAPITAL			
(Decrease)/increase in payables and provisions		**(823,654)**	757,970
(Increase)/decrease in trade and other receivables		**(793,171)**	234,821
CASH (USED IN)/GENERATED FROM OPERATIONS		**(2,685,650)**	368,390
Finance costs		**(2,017)**	(3,160)
Finance revenue		**667**	-
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(2,687,000)**	365,230
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets		**(42,953)**	(171,804)
Payments for investment		**-**	(177,699)
Proceeds from disposal of licence		**206,582**	-
NET CASH USED IN INVESTING ACTIVITIES		**(163,629)**	(349,503)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from exercise of warrants		**204,575**	20,425
Proceeds from exercise of options		**43,400**	-
Proceeds from share issue		**2,727,820**	-
Share issue costs		**(133,081)**	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		**2,842,714**	20,425
NET INCREASE IN CASH AND CASH EQUIVALENTS		**319,343**	36,152
Cash and cash equivalents at beginning of the financial year		**54,548**	18,984
Effect of exchange rate changes on cash held in foreign currencies		**(6,489)**	(588)
Cash and cash equivalents at end of the financial year	18	**367,402**	54,548

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 2011, for the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as published by the IASB. These financial statements have also been prepared in accordance with IFRSs as adopted by the European Union and in accordance with the Companies Act 2006. The financial statements are presented in pounds sterling.

(ii) Accounting Convention

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

(iii) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

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

(iv) Intangible assets

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

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

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

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(v) Foreign currencies

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

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

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

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

(vi) Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

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.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(vi) Taxation *(continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(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 provision for impairment.

(ix) Operating loss

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

(x) Business combinations

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(xi) Financial Instruments

Financial instruments are recognised in the Group's balance sheet when the Group 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 short-term bank deposits with an original maturity of three months or less.

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

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

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

Financial assets
Where the fair value of a financial asset can be reliably measured the financial asset is initially 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.

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

Critical judgements in applying the Group's accounting policies

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

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

- price fluctuations;
- foreign exchange risks;
- uncertainties over development and operational risks;
- operational and environmental risks;
- political and legal risks, including arrangements with governments for licenses, profit sharing and taxation;
- foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- liquidity risks; and
- funding risks.

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

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

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

Impairment of intangible assets

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

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

Deferred tax assets

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

Going concern

The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the group and finance for the development of the group's projects becoming available. Based on the assumptions that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the group's assets, in particular the intangible assets, to their realisable values. Further information concerning going concern is outlined in Note 4.

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 granted and the time of exercise of those options. The model used by the Group is the Black-Scholes valuation model.

Warrants

The fair value of the warrants is estimated at the issue date using the Black-Scholes option pricing model with estimates of the volatility of company/subsidiary shares, expected dividend yield and a risk-free interest rate.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

IFRS 1 (amendment)	First-time adoption of International Financial Reporting Standards	1 July 2010
IFRS 1 (amendment)	First-time adoption of International Financial Reporting Standards	1 January 2011
IFRS 3 (amendment)	Business Combinations	1 July 2010
IFRS 7 (amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 January 2011
IAS 1 (amendment)	Presentation of Financial Statements	1 January 2011
IAS 24 (amendment)	Related Party Transactions	1 January 2011
IAS 27 (amendment)	Consolidated and Separate Financial Statements	1 July 2010
IAS 32 (amendment)	Financial Statements Presentation	1 July 2010
IAS 34 (amendment)	Interim Financial Reporting	1 January 2011
IFRIC 13 (amendment)	Customer Loyalty Programmes – Amendments resulting from May 2010 Annual Improvements to IFRSs	1 January 2011
IFRIC 14 (amendment)	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011
IFRIC 19 (amendment)	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

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:

IAS 1 (amendment)	Presentation of Items of Other Comprehensive Income	1 July 2012
IAS 12 (amendment)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 19 (amendment)	Employee Benefits	1 January 2013
IAS 28 (amendment)	Investments in Associates and Joint Ventures	1 January 2013
IAS 27 (amendment)	Separate Financial Statements	1 January 2013
IAS 32 (amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 1 (amendment)	Government Loans	1 January 2013
IFRS 7 (amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 7 (amendment)	Disclosures – Initial Application of IFRS 9	1 January 2015
IFRS 9 Financial Instruments	1 January 2015	
IFRS 10 (amendment)	Consolidated Financial Statements	1 January 2013
IFRS 11 (amendment)	Joint Arrangements	1 January 2013
IFRS 12 (amendment)	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 (amendment)	Fair Value Measurement	1 January 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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

3. FUNDAMENTAL UNCERTAINTIES

Bolivia

During the year the company acquired the total issued share capital of Hydrocarbon Exploration plc which included Petrolex S.A. and Bolivian Hydrocarbons, two subsidiary companies.

Petrolex SA began exploration in Bolivia in 1988. The political uncertainty and delays in finalising Hydrocarbon laws and changes to tax laws, has impacted negatively upon international investment in Bolivia. The Board continues to believe that there is significant value to be obtained in Bolivia. The Directors consider that Bolivia has significant hydrocarbon potential in terms of geology and location.

The Group's current projects in Bolivia have encountered a number of legal disputes which are set out in Note 27. Notwithstanding the current difficulties, the Directors consider there to be significant value to be extracted from its projects in Bolivia. The Group's current strategy is to bring closure to existing legal cases and invest the minimum cash resources required so as to maintain title and tenure in existing projects. The Directors feel that the future value to the group lies in drilling deep well prospects.

3. FUNDAMENTAL UNCERTAINTIES *(continued)*

There are a number of uncertainties relating to the Bolivian projects:

- In June 2005, the Bolivian Government issued three Supreme Decrees establishing Royalties of 18%, Hydrocarbon Taxes of 32%, and increased state involvement in the oil and gas industry. The Group has embarked on legal action challenging the legal basis for these taxes.
- In February 2009, a new Constitution was issued by the Bolivian Government. To date, the Bolivian Government has not issued the necessary regulations governing implementation of the new constitution. Consequently, the impact of these developments remains uncertain.
- The group's subsidiary, Petrolex SA, is in dispute over cash calls made by its operating partner, Empresa Petrolera Chaco S.A, stemming from Petrolex's 10% participation in the El Dorado block. Petrolex instigated litigation in 2007 and the case is currently ongoing. The above could affect its continued participation in the El Dorado project as established in the Joint Operating Agreement.
- Petrolex SA is also in dispute over cash calls made by its operating partner, Repsol YPF, stemming from their 30% participation in the Monteagudo block. Petrolex instigated litigation in 2008 and the case is currently ongoing. The directors expect that the matter will be settled by Repsol and Petrobras who have reached agreement to cede their respective interests as well as operatorship in the block to a third party. This agreement is in the ratification process as established under Bolivian Law. Further information is outlined in Note 27.

The realisation of intangible assets of £614,602 included in the consolidated balance sheet and intangible assets of £14,595 included in the company balance sheet in relation to the Bolivian projects are dependent on a satisfactory outcome to the above matters together with the successful development and discovery of economic reserves and the group's ability to raise sufficient finance to develop those projects.

4. GOING CONCERN

The group incurred a loss for the year of £870,082 and had a retained earnings deficit of £4,528,649, and net assets of £5,550,735 at the balance sheet date. The group had a cash balance of £491,865 and net current assets of £302,583 at the balance sheet date.

The directors have prepared cashflow projections and capital expenditure forecasts for a period of not less than 12 months from the date of this report which indicates that the group will have sufficient cash resources to continue in operational existence for the foreseeable future. The directors are also at an advanced stage of negotiations with a number of potential partners in relation to the group's interest in licences in Peru. It is expected that once agreement is reached, those partners will provide funding to continue development of the related licences.

On the basis of the above the directors are satisfied that is appropriate to continue to prepare financial statements of the group on the going concern basis. The financial statements do not include any adjustments to the carrying amount, or classification of assets and liabilities, if the group was unable to continue as a going concern.

5. LOSS BEFORE TAXATION

	2011 £	2010 £
The loss before taxation is stated after charging:		
Auditor's remuneration	**36,987**	13,863

The analysis of auditor's remuneration is as follows:

	2011 £	2010 £
Fees payable to the group's auditors for the audit of the Group's annual accounts	**36,987**	12,000
Taxation	-	1,863
	36,987	13,863

Details of directors' remuneration are disclosed in Note 9.

Administrative expenses comprise:

	2011 £	2010 £
Professional fees	**236,558**	77,396
Foreign exchange losses	**1,562**	588
Directors' remuneration	**160,000**	180,000
Other administrative expenses	**230,978**	29,396
Profit on disposal of Iranian licence	**(206,582)**	-
	422,516	287,380

6. FINANCE REVENUE

	2011 £	2010 £
Bank deposit interest	**667**	-

7. FINANCE COSTS

	2011 £	2010 £
Bank charges	**2,017**	3,160

8. 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 with the Group. For management purposes, the Group is currently organised into three segments (Peru, Ghana and Bolivia).

The Group was also previously involved in exploration activities in Iran.

8. SEGMENTAL ANALYSIS *(continued)*

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

8A. Segment Revenue and Segment Result

Group	Segment Revenue 2011 £	Segment Revenue 2010 £	Segment Result 2011 £	Segment Result 2010 £
Peru	**-**	-	**-**	-
Ghana	**-**	-	**-**	-
Bolivia	**-**	-	**-**	-
Iran (Note 14)	**-**	-	**206,582**	(1,934,807)
Total continuing operations	**-**	-	**206,582**	(1,934,807)
Unallocated head office	**-**	-	**(1,076,664)**	(290,540)
	-	-	**(870,082)**	(2,225,347)

There was no revenue earned during the year. The expenses incurred in Iran in the prior year relate to an impairment of the exploration and evaluation assets. The gain allocated to Iran in the current year relates to the disposal of one of the Iranian licences to a third party. See note 14 for more details.

8B. Segment assets and liabilities

Group	Assets 2011 £	Assets 2010 £	Liabilities 2011 £	Liabilities 2010 £
Peru	**4,320,664**	-	**11,298**	-
Ghana	**440,764**	164,489	**2,028**	160,440
Bolivia	**618,519**	6,050	**-**	-
Total continuing operations	**5,379,947**	170,539	**13,326**	160,440
Unallocated head office	**621,985**	236,786	**437,871**	910,193
	6,001,932	407,325	**451,197**	1,070,633

Company	Assets 2011 £	Assets 2010 £	Liabilities 2011 £	Liabilities 2010 £
Peru	**3,920,965**	-	**-**	-
Ghana	**406,356**	164,489	**-**	160,440
Bolivia	**305,282**	6,050	**-**	-
Total continuing operations	**4,632,603**	170,539	**-**	160,440
Unallocated head office	**1,165,111**	236,786	**246,979**	910,193
	5,797,714	407,325	**246,979**	1,070,633

8. SEGMENTAL ANALYSIS *(continued)*

8C. Other segmental information

	Group		Company	
	2011	2010	**2011**	2010
Additions to non current assets	**£**	£	**£**	£
Peru	**4,192,786**	-	**-**	-
Ghana	**276,275**	164,489	**34,408**	164,489
Bolivia	**608,552**	6,050	**8,545**	6,050
Iran	**-**	24,734	**-**	1,265
Total continuing operations	**5,077,613**	195,273	**42,953**	171,804
Unallocated head office	**-**	-	**-**	-
	5,077,613	195,273	**42,953**	171,804

9. 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.

	2011 Fees: Services as director	**2011 Fees: Other services**	**2011 Total**	2010 Fees: Services as director	2010 Fees: Other services	2010 Total
	£	**£**	**£**	£	£	£
John Teeling	**5,000**	**55,000**	**60,000**	5,000	55,000	60,000
James Finn	**5,000**	**55,000**	**60,000**	5,000	35,000	40,000
David Horgan	**5,000**	**95,000**	**100,000**	5,000	35,000	40,000
Manouchehr Takin	**5,000**	**15,000**	**20,000**	5,000	15,000	20,000
Jack Teeling	**5,000**	**15,000**	**20,000**	5,000	15,000	20,000
	25,000	**235,000**	**260,000**	25,000	155,000	180,000

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

Company

	2011 Fees: Services as director	**2011 Fees: Other services**	**2011 Total**	2010 Fees: Services as director	2010 Fees: Other services	2010 Total
	£	**£**	**£**	£	£	£
John Teeling	**5,000**	**55,000**	**60,000**	5,000	55,000	60,000
James Finn	**5,000**	**55,000**	**60,000**	5,000	35,000	40,000
David Horgan	**-**	**-**	**-**	5,000	35,000	40,000
Manouchehr Takin	**5,000**	**15,000**	**20,000**	5,000	15,000	20,000
Jack Teeling	**5,000**	**15,000**	**20,000**	5,000	15,000	20,000
	20,000	**140,000**	**160,000**	25,000	155,000	180,000

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

The number of directors to whom retirement benefits are accruing is £Nil (2010: £Nil) and all remuneration related to short term employment benefits. The directors did not make any gains on the exercise of options and warrants during the year.

Directors' remuneration at year end is included within trade and other payables as this was not paid at 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:

	African Diamonds plc £	Botswana Diamonds plc £	Pan Andean Resources Plc £	Hydro-carbon Exploration £	Petrel Resources plc £	Cooley Distillery plc £	Total £
Balance at 1 January 2010	(8,222)	-	(8,008)	-	(6,992)	(16,269)	(39,491)
Loan	-	-	-	(66,914)	-	-	(66,914)
Overhead and office costs recharged	(21,631)	-	-	(1,250)	(21,935)	(10,000)	(54,816)
Exploration and evaluation expenditure recharged	-	-	-	(127,301)	(37,188)	-	(164,489)
Repayments	-	-	-	7,497	2,588	26,269	36,354
Transfer on demerger	29,853	(29,853)	8,008	(8,008)	-	-	-
Balance at 31 December 2010	-	(29,853)	-	(195,976)	(63,527)	-	(289,356)
Overhead and office costs recharged	**-**	**(27,236)**	**-**	**-**	**(6,239)**	**(31,500)**	**(64,975)**
Exploration and evaluation expenditure recharged	-	**-**	**-**	**-**	**(10,998)**	**-**	**(10,998)**
Repayments	-	**58,255**	**-**	**-**	**75,224**	**31,500**	**164,979**
Transfer on acquisition	-	**-**	**-**	**195,976**	**-**	**-**	**195,976**
Balance at 31 December 2011	**-**	**1,165**	**-**	**-**	**(5,540)**	**-**	**(4,374)**

On 4 April 2010 certain assets of Pan Andean Resources plc were demerged to Hydrocarbon Exploration plc. The assets demerged included amounts due to Pan Andean Resources plc by Clontarf Energy plc. In June 2010, the company acquired 1425 new shares in Hydrocarbon Exploration plc. This investment was represented in the balance sheet (see Note 15). On 6 April 2011 the company acquired the total remaining issued share capital of Hydrocarbon Exploration plc (Note 13).

On 20 December 2010 certain assets of African Diamonds plc were demerged to Botswana Diamonds plc. The assets demerged included amounts due to African Diamonds plc by Clontarf Energy plc.

Clontarf Energy Plc owns 60% of Pan Andean Resources Limited, an early stage exploration vehicle registered in Ghana. Petrel Resources plc, and Abbey Oil and Gas plc own the remaining 40%. During 2011 exploration and evaluation expenditure was paid by Petrel Resources plc in relation to the Ghanaian operations. This expenditure was recharged to Clontarf Energy Plc during the year.

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

Company

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

	2011	2010
	£	£
Amounts due from Hydrocarbon Exploration plc	**581,320**	-

An allowance of £186,532 has been deducted from the amount due by group undertakings. The gross amount due is £767,852. The amount due from Hydrocarbon Exploration plc is unsecured and has no fixed repayment terms.

10. EMPLOYEE INFORMATION

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

11. INCOME TAX EXPENSE

	2011	2010
	£	£
Current tax	-	-
Factors affecting the tax expense:		
Loss on ordinary activities before tax	(870,082)	(2,225,347)
Income tax calculated at 26.5% (2010: 30%)	(230,572)	(667,604)
Effects of:		
Tax losses carried forward	93,755	80,488
Items not subject to taxation	136,817	587,116
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 £2,170,223 (2010: loss of £1,736,552) which equates to a deferred tax asset of £520,854 (2010: asset of £486,235). No deferred tax asset has been recognised due to the unpredictability of the future profit streams.

12. 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.

12. LOSS PER SHARE *(continued)*

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

	2011	2010
	£	£
Numerator		
For basic and diluted EPS retained loss	**(870,082)**	(2,225,347)
Denominator		
For basic and diluted EPS	**167,785,327**	74,947,595
Basic EPS	**(0.52p)**	(2.96p)
Diluted EPS	**(0.52p)**	(2.96p)

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

13. ACQUISITION OF SUBSIDIARY

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

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

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

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

13. ACQUISITION OF SUBSIDIARY *(continued)*

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

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

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

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

14. INTANGIBLE ASSETS

	2011 Group £	2010 Group £	**2011 Company £**	2010 Company £
Exploration and evaluation assets:				
Cost:				
At 1 January	**2,105,346**	1,910,073	**1,767,737**	1,595,933
Additions during the year	**606,766**	195,273	**42,953**	171,804
Asset acquired (Note 13)	**4,470,847**	-	**-**	-
Disposal	**(206,582)**	-	**-**	-
At 31 December	**6,976,377**	2,105,346	**1,810,690**	1,767,737
Impairment:				
At 1 January	**1,934,807**	-	**1,597,198**	-
Provision for impairment	**-**	1,934,807	**-**	1,597,198
Disposal	**(206,582)**	-	**-**	-
At 31 December	**1,728,225**	1,934,807	**1,597,198**	1,597,198
Carrying Value:				
At 1 January	**170,539**	1,910,073	**170,539**	1,595,933
At 31 December	**5,248,152**	170,539	**213,492**	170,539

14. INTANGIBLE ASSETS *(continued)*

Segmental analysis – group	**2011 Group £**	2010 Group £	**2011 Company £**	2010 Company £
Peru	**4,192,786**	-	**-**	-
Ghana	**440,764**	164,489	**198,897**	164,489
Bolivia	**614,602**	6,050	**14,595**	6,050
	5,248,152	170,539	**213,492**	170,539

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

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

In 2010 the directors decided to provide in full against the value of the Iranian assets. This decision was taken as discovery certificates which were applied for in 2008 in respect of both the Chah-e-zard project and the Dalli project, had not been received up to that date. As there was no guarantee that a discovery certificate and development licence would be issued in respect of either project in Iran the directors decided to provide in full against the carrying value of the assets. Accordingly, an impairment provision of £1,934,807 was recorded by the group. During 2011, the group sold their interest in one of the Iranian licences to a third party.

15. INVESTMENTS

	2011 £	2010 £
Company		
Cost:		
Opening balance	**177,699**	-
Additions	**-**	177,699
Transfer to Investment in Subsidiaries	**(177,699)**	-
Closing balance	**-**	177,699

The company purchased 1,425 new ordinary shares in Hydrocarbon Exploration plc, a UK company, in June 2010.

On 6 April 2011 the company acquired all of the remaining issued share capital of Hydrocarbon Exploration Plc on the basis of 2,800 Clontarf Energy Plc shares for every one Hydrocarbon Exploration Plc share.

16. INVESTMENTS IN SUBSIDIARIES

	2011 £	2010 £
Company		
Cost:		
Opening balance	**67**	67
Transfer from Investments	**177,699**	-
Additions	**4,241,412**	-
Closing balance	**4,419,178**	67

16. INVESTMENTS IN SUBSIDIARIES *(continued)*

The subsidiaries of the company at 31 December 2011 are:

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

***indirectly held*

In the opinion of the directors, at 31 December 2011, the value of the investments are not less than their balance sheet value.

17. OTHER RECEIVABLES

	2011 Group £	2010 Group £	**2011 Company £**	2010 Company £
Current assets				
Prepayments	**5,230**	3,472	**5,230**	3,472
Other receivables	**256,685**	1,067	**211,092**	1,000
Non-current assets:				
Due by group undertakings (Note 9)	**-**	-	**581,320**	-
	261,915	4,539	**797,642**	4,472

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

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

18. CASH AND CASH EQUIVALENTS

	2011 Group £	2010 Group £	**2011 Company £**	2010 Company £
Cash and cash equivalents	**491,865**	54,548	**367,402**	54,548

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

19. TRADE AND OTHER PAYABLES

	2011 Group £	2010 Group £	**2011 Company £**	2010 Company £
Trade payables and other accruals	**357,530**	536,276	**201,000**	536,276
Other payables	**93,667**	534,357	**45,979**	534,357
	451,197	1,070,633	**246,979**	1,070,633

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

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

20. PROVISION

	2011 Group £	2010 Group £	**2011 Company £**	2010 Company £
Opening Balance	**-**	10,000	**-**	10,000
Released to Statement of Comprehensive Income	**-**	(10,000)	**-**	(10,000)
Closing Balance	**-**	-	**-**	-

21. FINANCIAL INSTRUMENTS

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

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

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

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

21. FINANCIAL INSTRUMENTS *(continued)*

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

Group

	Assets		Liabilities	
	2011	2010	**2011**	2010
	£	£	**£**	£
Euro	**22,557**	6,406	**8,177**	152,340
US Dollar	**150,069**	-	**52,041**	-

Company

	Assets		Liabilities	
	2011	2010	**2011**	2010
	£	£	**£**	£
Euro	**19,968**	6,406	**8,177**	59,316
US Dollar	-	-	**-**	-

22. CALLED-UP SHARE CAPITAL

	2011	2010
	£	£
Group and Company		
Authorised:		
800,000,000 Ordinary shares of 0.25p each	**2,000,000**	2,000,000

Allotted, called-up and fully paid:

	Number	**Share Capital**	**Share Premium**
		£	**£**
31 December 2010	75,172,835	187,932	2,673,913
Issued during the year	**125,011,634**	**312,529**	**6,574,423**
At 31 December 2011	**200,184,469**	**500,461**	**9,248,336**

Movements in issued share capital

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

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

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

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

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

Share Options

A total of 10,850,000 share options were in issue at 31 December 2011 (2010: 9,370,000). These options are exercisable, at prices ranging between 2.5p and 25p, up to seven years from the date of granting of the options unless otherwise determined by the board.

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

Warrants

A total of 649,616 warrants were in issue at 30 June 2011 (2010: 5,114,363). These warrants are exercisable at a price of 6p up to three years from the date of granting of the warrants

23. MATERIAL NON-CASH TRANSACTIONS

There were no material non-cash transactions during the year other than those outlined in Note 13 and Note 22 above.

24. RISK MANAGEMENT

The group's financial instruments comprise cash and cash equivalent balances, receivables and trade payables. The main purpose of these financial instruments is to raise finance 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 main financial risk arising from the group's financial instruments is currency risk. The board reviews and agrees policies for managing this risk and they are summarised below.

Interest rate risk profile of financial assets and financial liabilities

The group has no outstanding bank borrowings and has no interest rate exposure, as the group finances its operations primarily through equity finance.

Liquidity risk

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

Foreign currency risk

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

Capital Management

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

The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010. The group's only capital requirement is its authorised minimum capital as a plc.

Credit risk

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

25. 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 10,850,000 share options were in issue at 31 December 2011 (2010: 9,370,000). These options are exercisable, at prices ranging between 2.5p and 25p up to seven years from the date of granting of the options unless otherwise determined by the board.

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

25. SHARE-BASED PAYMENTS *(continued)*

	2011 Options	**2011 Weighted average exercise price in pence**	2010 Options	2010 Weighted average exercise price in pence
Outstanding at beginning of year	**1,540,000**	**16.9**	1,540,000	16.9
Granted during the year	**8,400,000**	**4.46**	-	-
Outstanding and exercisable at the end of the year	**9,940,000**	**6.39**	1,540,000	16.9

At 31 December 2011, there were 910,000 (2010: 7,830,000) options in existence which were not accounted for under IFRS 2 as the grant date was prior to 1 January 2006.

During the period 6,920,000 options were exercised for a total consideration of £43,400.

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

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

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

Warrants

	2011 Warrants	**2011 Weighted average exercise price in pence**	2010 Warrants	2010 Weighted average exercise price in pence
Outstanding at beginning of year	**5,114,363**	**4**	5,625,000	4
Exercised during the year	**(5,114,363)**	**4**	(510,637)	4
Granted during the year	**649,616**	**6**	-	-
Outstanding and exercisable at the end of the year	**649,616**	**6**	5,114,363	4

During the year a total of 5,114,363 warrants were exercised with a fair value of £73,883.

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

25. SHARE-BASED PAYMENTS *(continued)*

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

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

26. COMMITMENTS

There is no capital expenditure authorised or contracted for which is not provided for in these accounts (2010: £Nil).

27. LEGAL CLAIMS AND CONTINGENCIES

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

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

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

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

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

28. 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 £870,082 (2010: loss of £2,225,347).

29. POST BALANCE SHEET EVENTS

There were no significant subsequent events affecting the group or company.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Clontarf Energy plc will be held on Friday 27th July 2012 in City of London Club, 19 Old Broad Street, EC2N 1DS, London at 11am for the following purposes:

Ordinary Business

1. To receive and consider the Directors' Report, Audited Accounts and Auditor's Report for the year ended December 31, 2011.

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

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

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

By order of the Board:

James Finn
Secretary

21 June 2012

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

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

Directors and Other Information

DIRECTORS	John Teeling (Chairman) David Horgan (Managing) James Finn (Finance) Jack Teeling (Non-Executive) Manouchehr Takin (Non-Executive)
SECRETARY	James Finn
REGISTERED OFFICE	20-22 Bedford Row London, WCIR 4JS United Kingdom Telephone +44117 9230600
DUBLIN OFFICE	162 Clontarf Road Dublin 3 Ireland Telephone +353 1 833 2833 Fax +353 1 833 3505
REGISTERED AUDITORS	Deloitte & Touche Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland
COMPANY REGISTRATION NUMBER	417725
SOLICITORS	Brown Rudnick Alexandra House The Sweepstakes Ballsbridge Dublin 4 Ireland
BANKERS	Allied Irish Bank plc Annesley Bridge North Strand Road Dublin 3 Ireland Bank of Ireland 20 Berkley Square London, WIJ 6LL United Kingdom
NOMINATED ADVISOR AND JOINT BROKER	Shore Capital & Corporate Limited Bond Street House 14 Clifford Street London, W1S 4JU United Kingdom
JOINT BROKER	Optiva Securities Limited 2 Mill Street Mayfair London W1S 2AT United Kingdom
REGISTRARS	Computershare Investor Services (Ireland) Limited Heron House, Corrig Road Sandyford Industrial Estate Dublin 18 Ireland

CLONTARF energy PLC

Clontarf Energy Plc

20-22 Bedford Row, London WCIR 4JS

Company Registration Number 04967918

www.clontarfenergy.com