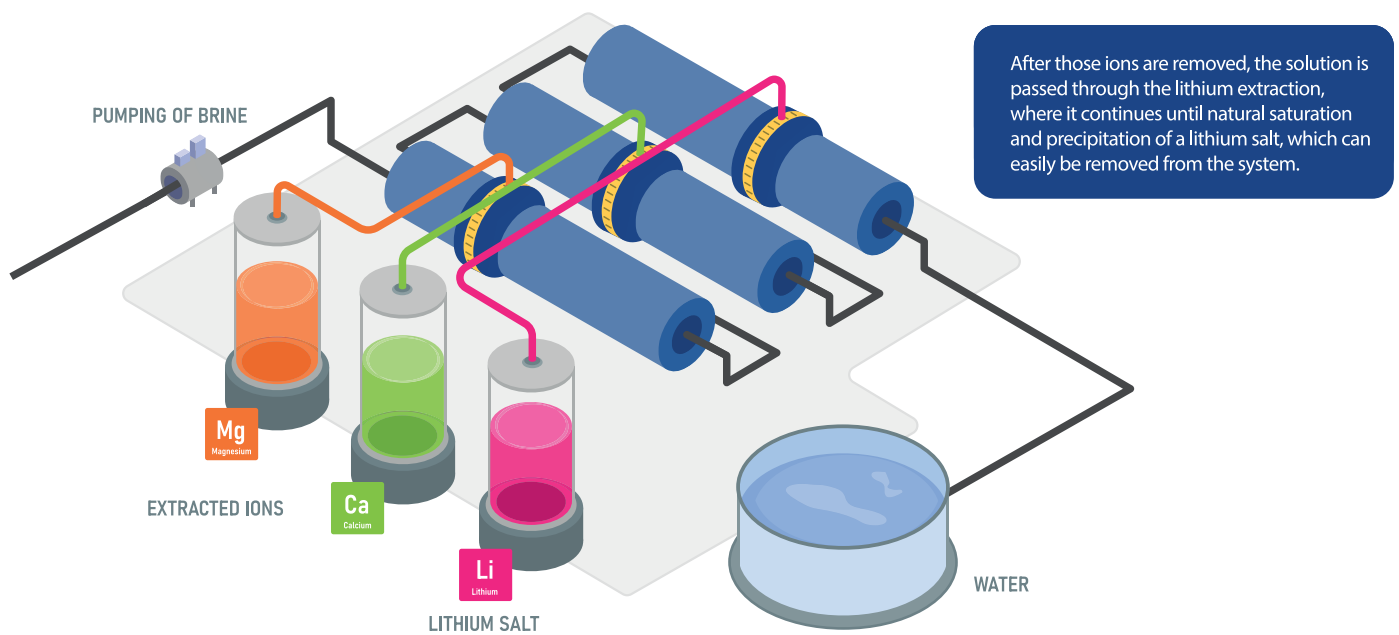


# CLONTARF

## Energy PLC

# 2022

## Reports and Consolidated Financial Statements



*(Cover Image) Next-ChemX System*

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for the year ended 31 December 2022

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## Chairman's Statement

for the year ended 31 December 2022

The principal activities for Clontarf Energy plc ("**Clontarf**" or the "**Company**") during this period were driving ahead its lithium business in South America, by identifying and announcing the NEXT-ChemX Bolivian joint venture with NEXT-ChemX Corporation ("**NEXT-ChemX**"). It is expected that the joint venture will demonstrate the technical, commercial and environmental feasibility of NEXT-ChemX's ion-Targeting Direct lithium Extraction ("**ITDE**") technology in Bolivia.

This process included further sampling in priority salt-lakes, as well as working with regulatory bodies and other licence-holders to collect representative samples. The first phase of sample analysis is confirming past laboratory testing of synthetic brines. This process includes fine-tuning the process so as to facilitate large-scale pilot plant testing, which should follow successful laboratory test-work.

Ongoing discussions with Bolivia's State Lithium Company, which is tasked with leading Bolivia's entry to international markets under the 2017 Lithium Law, have been a priority.

The Company has also agreed, with the relevant title-holders, to test priority brines from privately-held salt-lakes in Argentina and Chile. These are also included in the NEXT-ChemX joint venture on Direct Lithium Extraction ("**DLE**").

For many years Clontarf has promoted Bolivia's brine potential, especially for Lithium. Until recently, markets were sceptical about demand projections, as well as the need for higher purities and minimising problematic residuals. Now these needs are widely understood, with high demand growth forecast by US, EU and British authorities. Rising quality requirements have also boosted prices, increasing the sector's profitability.

But at the very time when demand is surging, there has been subdued investment in development and especially exploration. There has been opposition to expanding European mines, especially, often most vigorously from those simultaneously clamouring for a "Green transition". Even high levels of recycling cannot fuel a rapidly expanding market. A further complication is that recycling recoveries are often low, due to how such minerals are combined, in small percentages, in complex products like batteries.

Such rising demand for most resources, especially critical metals and minerals, cannot be supplied from existing sources, by traditional methods. Output and quality need to be increased simultaneously, while minimising use of water, space, ore and other materials — and all with a limited environmental footprint.

The Directors believe the only way these lithium demand needs can be served at scale is through DLE. Traditional evaporation ponds allied with chemical precipitation work too slowly and imperfectly — often with recoveries of only 40% to 60%. But so far there is no commercial DLE working worldwide.

In April 2023, a senior Bolivian government official asked how could we be so confident when there is currently no operating, commercial DLE facility in South America?

We answered that setting objectives gives substance to the vision. By naming DLE we make it possible. After that, it's about resources and perseverance — as long as the processes doesn't defy the laws of chemistry or physics. There is also scope for serendipity — a mouldy growth spotted by Fleming's inquiring eye opening the door to antibiotics.

For years we have worked in industrial minerals, investigating emerging technologies in Germany, the USA and Asia. Some techniques achieved reasonable output, but at low recoveries. Some delivered good output, but with deleterious contaminants and inadequate grade. A few deliver acceptable purities, but not commercially.

The mining industry is conservative, lacking imagination, fearing the alien and disruptive. It has necessarily focused on burning lithium-rich hard rock ores, mainly in Western Australia and southern Africa. However, few ores have the grade and mineralogy necessary to produce adequate lithium salt volumes in such ways. Burning rocks for days at 800 °C, usually in coal-fired Chinese furnaces, is too dirty to be credibly clean enough for the "Green transition" of electric vehicles (EVs) or grid storage. EV buyers now account for 80% of lithium demand, and it is only a matter of time until they become more discriminating.

Traditional miners tend to resist alternative thinking, merely extending what worked before. But incremental innovation cannot satisfy anticipated demand growth.

The extractive industry must provide a "fair trade" lithium, which is low emission and low water use, but also able to deliver sustainable volumes for many years, and whose economic benefits are fairly shared with local people.

## Chairman's Statement *(continued)* for the year ended 31 December 2022

Breakthroughs require innovative thinking, which rarely unfolds in an orderly, predictable, or easily managed way. You must imagine solutions that are not yet there. One answer is to find a successful process working in different applications, in other jurisdictions.

Innovation occurs elsewhere and is applied in new ways: working with our joint venture partners, NEXT-ChemX, we identified techniques that had previously purified fluids of radioactive elements through a technique mimicking the human kidney. This avoids the need for high water, or power usage, facilitating a continuous process, rather than batch process.

This cutting-edge extraction technology concentrates desired ions (e.g. Li+) by drawing them out of a solution (such as a brine) across a special purpose membrane using a technology iTDE, which can work in low concentrations.

Such inventions are the tangible *realising of a vision*. Even creators may not initially see the whole potential, or disruption as invention *destroys the cherished and understood past*. That's why incumbents are so reluctant to disrupt, because innovation is emerging, and non-linear creative destruction.

It has been harder to get investors excited about oil & gas exploration.

For juniors to boom we really need a positive stock market, and ideally a strong farm-out market.

Over recent months we have transferred funds to our Australian 10% Working Interest, on which the partners drilled the Sasanof-1 well in May/June 2022. While this well did not flow commercial hydrocarbons, it showed that 1,000m offshore wells can again be funded. Clontarf's liquidity and international contacts helped attract funding above the share price. That punter optimism slowed with the non-commercial well and moderating of the Asian LNG price to circa \$11 per million BTU. The strong recovery in Asian demand, as China emerged from a series of lock-downs, and the desire to displace coal, promised future demand growth. A possible concern is the Australian Federal Government policy review on fossil fuel exports (which may import EPA approvals for new projects) — though the WA State authorities remain supportive.

The ongoing war in Ukraine, and sabotage of the Nordstream pipelines (with a combined capacity of 110bcm — vs the pre-war Russian gas exports to Europe of 155bcm) now make Liquefied Natural Gas ("**LNG**") critical for the European gas market.

As well as this Clontarf has restored contacts with the Ghanaian authorities to update the acreage to be explored and resuscitate the ratification of its signed Petroleum Agreement on Tano 2A Block. Slowness in ratification of signed contracts had constrained the development of Ghana's oil and gas industry. The current Ghanaian government has indicated its determination to recover momentum, working with the IMF to overcome Covid-19 and legacy liabilities. Ghanaian fiscal terms remain competitive, while West African infrastructure steadily improves.

To expedite the long-delayed ratification of our acreage, the authorities have floated the proposal for alternative acreage, in the neighbouring region. While some of the acreage has interesting plays that would attract interest in a better market, it does not compare with the original Tano 2A acreage — or indeed, neighbouring acreage bordering discoveries since 2008. We are keen to work out a mutually attractive solution that will enable ratification and bringing in of larger partners to explore this acreage, and hopefully develop any discovery.

We remain in contact on Chad (where we signed a Memorandum of Understanding in 2020) and other prospective African countries. So far, the main hurdle has been the requested fiscal terms — which reflect the hot market of 2003 through 2014, rather than current investor hostility to petroleum and the retrenchment of some western majors who would otherwise be our go-to partners for such frontier exploration.

However, the petroleum industry is cyclical, and the extreme under-investment in the sector since 2010 is now creating shortages as demand recovers, especially in Asia. Demand for oil, gas and even coal are now at or near historic records, while investment is mostly limited to developments of existing Blocks in mature basins. That will change.

Financial markets and farm-out interest in petroleum had been depressed since the oil price war starting in 2014 and continuing periodically until 2022. This had constrained our options for early seismic or wells in Ghana or Chad. But recent price volatility shows that major new investment is required to service global demand. Clontarf plans to participate in the coming boom.

## **Chairman's Statement** *(continued)*

**for the year ended 31 December 2022**

Anticipated lithium salts' demand cannot be served without developing DLE technology, including on several Bolivian salt-lakes. We are now involved in a sample testing process, and additionally expect that the Bolivian Lithium Law will be updated to confirm the legal basis for Joint Ventures with the authorities.

In oil and gas, the tightening hydrocarbons' supply-demand balance promises a revival of exploration and the farm-out market.

The resurgence of interest in African exploration and development may lead to additional proposals in the coming months.

In summary, Clontarf has progressed its interests in Bolivia, Australia, and Africa, maintaining cordial communications with the relevant authorities, and has continued to operate efficiently on minimal expenditure.

### **Funding**

Clontarf has successfully fundraised two times since May 2022. With the greatest interest among Australian and Asian investors. Subject to technical verification of its exploration projects, and permitting, Clontarf is confident of adequate funding, whether in London or Australia, for near to medium term ongoing activities.



**David Horgan**

Chairman

7 June 2023

## Review of Operations

for the year ended 31 December 2022

### Lithium business in South America:

Much of the world's economic lithium resource is in south-western Bolivia and neighbouring countries (the "**Lithium Triangle**"). This resource is a more environmentally friendly, and lower cost source than hard rock ores, which need to be blasted, crushed, concentrated, exported to China (mostly) and burnt at c.800°C for two days.

Clontarf and related companies (together the "**Group**") have operated in Bolivia since 1988 and the Group's interest in evaporites dates from 1994.

The Group operated with a Memorandum of Understanding ("**MoU**") with the Bolivian military between 2008 and 2011 (which was reluctantly dropped by both parties when the government opted to pursue 100% state control). When the new state-owned lithium company, Yacimientos de Lito Bolivianos ("**YLB**"), was established in 2017 and subsequently opened to foreign investment in 2018, Clontarf seized the opportunity to lever its country and industry expertise.

Respecting the Bolivian Lithium Law, Clontarf submitted proposals on select salt-lakes before the Bolivian General Election at the end of 2019. Work accelerated following Covid-19 and the decisive election of 2020 whereby Luis Alberto Arce Catacora gained power.

Clontarf proposes exploration and development of salt lakes in three phases: exploration, pilot plant processing and industrialisation. Finalising a joint venture and starting work may require updating and clarifying the 2017 Lithium Law — which the Company believes is now underway.

In recent discussions, Bolivian authorities stressed their desire to boost output of battery grade lithium at scale. This itself is a moving target, fuelled by growing global demand due to the increase in electric vehicles ("**EVs**"). The tightening quality parameters reflect safety concerns, especially possible fire hazards that may result from the gradual crystallisation of impurities within a battery. This gradual crystallisation might, in extreme conditions, pierce the separating membrane and cause a short-circuit of the lithium battery. The cleanest solution to such quality concerns is high purity but traditional techniques such as evaporation and chemical precipitation struggle to reach high purities.

The increased lithium demand is powered by the green transition, especially (c.80%) EVs, which are expected to gradually displace most vehicles powered by Internal Combustion Engines ("**ICEs**"). Longer term, lithium-ion batteries may provide much of the necessary storage to facilitate intermittent renewables electricity generation, especially from wind and solar power. This requires further research and development, as batteries are not yet an effective storage solution for the heavy needs of power grids.

Current projections are for global sales of EVs to increase to 10 million vehicles (including hybrids and other electric vehicles, not just cars) during 2023. This generates high demand growth for scarce minerals with which Clontarf's team is familiar — especially battery-grade lithium and cobalt — as well as vanadium, zinc, and copper.

Despite much hype, EVs (including hybrids) accounted for only about 3% of all operating vehicles in 2022 (c.32 million of a total 1.3 billion, according to research conducted by Boston Consulting Group ("**BCG**").

Sales of EVs have grown rapidly to c.5% of 2022 vehicle sales with 11% of British car sales being purely EVs and another 6% being hybrids — unfortunately the average hybrid is powered by electricity only about 30% of the time. In Ireland about 14% of 2022 sales are true EV (the total Republic of Ireland vehicle parc is c.2 million). As well as this, due to the cheap hydro power, c.16% of Norwegian homes have EVs.

Despite heavy official promotion, issues are range anxiety, electricity cost (which rises as renewables systems are added to reliable supplies), and the capital cost of the EV themselves — requiring subsidies.

Globally, there are only 8 million fully electric passenger vehicles and 24 million partially electrified vehicles. Batteries of close to 1 million of these passenger vehicles (excluding commercial EVs and two-wheelers) are nearing the end of their useful life, with an estimated capacity of 4 GWh.

BCG forecasts passenger EVs exceeding 300 million by 2030, with a combined original capacity of 100 GWh.

This growth is all the most impressive as that there is, as yet, no entirely satisfactory battery: even the most efficient lose 30% of their power on discharge with the only satisfactory storage being hydro-power project dams. Lithium-ion batteries — the currently favoured technology for portables — have improved by 4x since introduction in 1992 but there remain limited life and fire safety issues.

## Review of Operations *(continued)*

for the year ended 31 December 2022

*Current battery technology is therefore expensive, delivers weak performance, and has a short-life between charges, as well as poor efficiency. It works in high value applications like mobile phones, for urban use of EVs, but not yet to sustain a grid. For instance, Tesla's Nevada Gigafactory can store only six minutes' of U.S. electricity (2020). 540kg of Tesla Battery stores the equivalent of only 30kg of coal (though the coal can only be burnt once).*

*Batteries, like EVs, are material-intensive. An electric motor is simpler than conventional engines but needs 800kg of batteries per vehicle — which weigh as much discharged as fully charged.*

*Despite this, several countries (including France) have committed to end the licensing of new ICEs by 2040, while Britain has committed to 2030. Governments are heavily subsidising EVs (e.g. recently €12,500 incentive per EV in Ireland) — which will reduce Exchequer receipts.*

*Though the percentage increases look impressive, even the more conservative projections for EV growth cannot be fulfilled from lithium and other critical deposits now being developed, or even explored.*

Power storage remains the key problem: existing battery technologies are inefficient, heavy, and expensive. Because of this, faster and more efficient charging technologies are being developed with most of these being built around ever-purer lithium-salts.

The range anxiety of EVs can be managed with 'hybrids' — though a British NGO's survey recorded that such hybrids are run on their ICE (Internal Combustion Engine) circa 70% of the time, which given their greater weight and reduced inefficiency renders them less environmentally friendly than conventional vehicles. Nonetheless a mixture of State support, genuine environmentalism and virtue-signalling boost demand.

A new mining boom is therefore likely by 2035, which will turbo-charge demand for lithium, cobalt, as well as Rare Earth Elements ("**REES**") (so called since their grade in ore is low — rather than because they are rare on Earth), including scandium, nickel, copper, manganese, and graphite. Currently, one Chinese deposit dominates global REE output (c.67%).

For the rapidly growing electric vehicles and electronic devices market, 'lithium-ion technology' is the best economically feasible solution developed so far, despite the fact it has only quadrupled its performance since 1992. As the lightest metal, lithium contains comparable energy potential to petrol. Safety requires the dilution of lithium into lithium salts, and the addition of cobalt to render the release and recharge of the batteries safely. Lithium-ion technologies offer a weight advantage when compared to alternative battery storage technology.

The world is steadily electrifying, even in hard-to-electrify sectors like transport. Electricity is already about 21% of world primary energy demand, and is projected to grow 2% yearly reaching 35% of the total energy demand by 2050. According to BP calculations, electricity generation would need to grow by 2.4% yearly to achieve 'net zero' by 2050.

Much of this supply growth is anticipated to come from intermittent sources like wind and solar. Yet existing grids are inadequate even for current needs. Green capital is flowing into more exciting areas like offshore wind and hydrogen, while grids are neglected.

To meet the required demand the world needs a dramatic increase in battery grade lithium salts output and the projected global demand cannot be delivered without major Bolivian output. The delay has been caused by the shortcomings of evaporative ponds at high altitude, some rainfall and the impurity levels meaning the only solution is DLE technology.

Any plausible demand forecast anticipates market needs greatly in excess of current supplies. Very aggressive forecasts may be hindered by lower oil prices but official support, especially in Europe, remains strong.

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

### **Bolivian field-work:**

In 2022/23, Clontarf's Bolivian team conducted a further sampling campaign of priority salares, to confirm economic grade and better understand non-lithium salts in the brines, so as to help the Company identify and joint venture an appropriate DLE technology.

In view of the sensitivities, the Company took care to maintain good relations with local communities, as well as to work with regulatory bodies under law, to collect representative samples. The first phase of sample analysis is confirming past



## Review of Operations *(continued)* for the year ended 31 December 2022

laboratory testing of synthetic brines, a process which includes fine-tuning the process to facilitate large-scale pilot plant testing, which should follow successful laboratory test-work.

A priority has been ongoing discussions with Bolivia's State Lithium Company, which is tasked with leading Bolivia's entry to international markets under the 2017 Lithium Law.

Clontarf has also agreed with the relevant title-holders, and where appropriate regulatory bodies, to test priority brines from privately-held salt-lakes in Argentina and Chile. These are also included in the Company's joint venture with NEXT-ChemX on DLE.

### Pivot to innovative technologies:

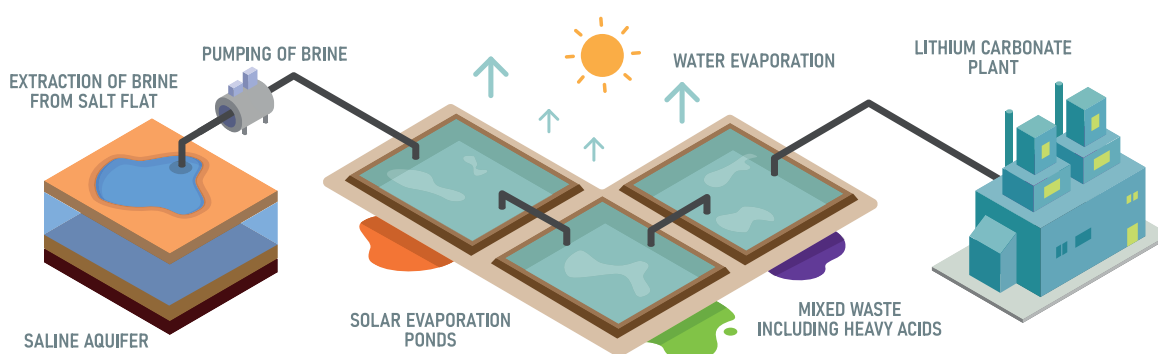
By 2021, it became clear that the only way to boost battery grade lithium salts (whether Carbonate, or Hydroxide) — or metal — was through developing DLE techniques.

Clontarf's team has considerable experience of extraction techniques in industrial minerals and has investigated emerging technologies over recent years in Germany, Asia and the USA. Many new technologies offer potential, but typically throughput is limited, and many processes are energy and water intensive. A constant problem is maintaining high quality, especially avoiding deleterious elements such as Magnesium.

The only DLE technology that appeared to fulfil all these requirements so far appeared to be Next-ChemX's ion-Targeting Direct Extraction ("iTDE") technology:

iTDE technology is a cutting-edge extraction technology that concentrates targeted ions by drawing them out of solution (in this case a brine) across a special purpose membrane. iTDE can extract metallic ions (such as lithium) from liquids such as brines, even with very low concentrations of the targeted ions.

Traditional evaporation ponds and chemical precipitation are only 40% to 60% efficient in extracting desired elements, with slow throughput and the use of chemicals which might compromise the output while causing environmental damage:

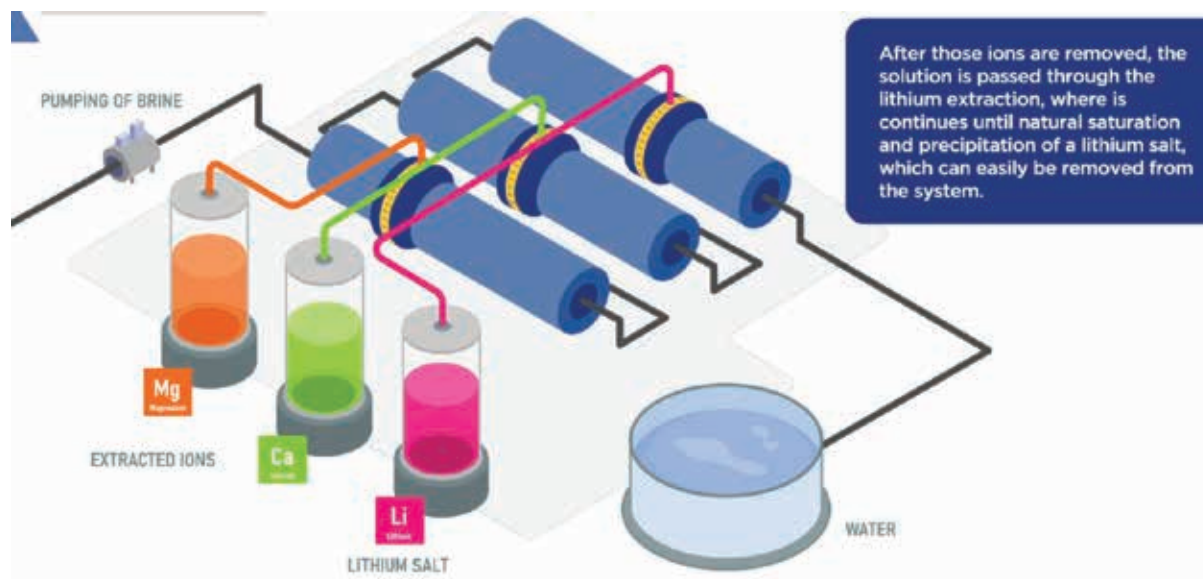


iTDE uses a selective extraction membrane technology mimicking natural channels in living mammals. Evolution developed these systems via natural selection.

It doesn't require high pressure, high temperatures, or electrolysis and it isn't a traditional selective solvent extraction method. It also does not employ ion exchange resins, and while iTDE does employ certain specially designed membranes, it does not use a high-pressure reverse osmosis membrane system.

In the iTDE system Clontarf's Joint Venture (the "JV") will deploy, the feed liquid containing the targeted materials, does not touch or mix with the extracting solution. An ultra-high surface area membrane will extract targeted ions using a with a specific extractant for each targeted ion. Therefore, the brine feed solution remains within the closed system until a high percentage of the valued commodities have been extracted from the brine.

## Review of Operations *(continued)* for the year ended 31 December 2022



This technology has already extracted lithium, magnesium, calcium, strontium, nickel, and copper, among other ions. By the modular nature of the system's operational process, it is "scalable", as additional membranes are added to increase output and performance. Thus, iTDE is an engineered chemical process, optimised for a particular brine, to recovering more and purer lithium. The system also provides the ability to concentrate more than one ion type, thus generating additional revenue.

In March 2023, Clontarf unveiled a Partnership with NEXT-ChemX, to use iTDE technology in Bolivia. The goal is to commercialise the extraction of lithium and other ions from Bolivia's giant brine salares, which have been hamstrung by location, rainfall and Magnesium content.

These Bolivian issues complicate the use of traditional systems, but are mitigated by iTDE technology.

Samples are being prepared (as of May 2023) in Bolivia to be sent for preliminary testing in NEXT-ChemX's laboratory pilot systems. On determining the best configuration for each specific brine sample, a specific system will be designed to process large samples for scale testing through a commercial pilot plant.

Upon successful pre-feasibility economic analysis, a scaled up commercial pilot plant system will be deployed to site for proof of concept prior to engineering the full-scale commercial plant.

### **Advantages**

The advantages of iTDE technology over traditional extraction methods:

**Higher efficiency:** iTDE can extract almost 100% of the targeted ions from liquids, even with low ion concentrations, making it more efficient than traditional methods.

**Continuous process:** The iTDE system is a continuous process and avoids the complications of a batch process, as found in liquid solvent extraction or selective ion resin extraction.

**Low energy use:** Since the iTDE system does not need high pressure or high temperature, the energy consumption is low compared to other methods of extraction.

**Cost-effectiveness:** The technology necessitates less infrastructure and has lower operating costs than traditional extraction methods, resulting in cost savings.

**Environmental benefits:** iTDE eliminates the need for evaporation ponds and their harmful side-effects of water loss and chemical waste pollution — as well as reducing the environmental footprint of extraction.

**Water presence in brine:** After extraction of the targeted ions, the remaining brine can either be reinjected into the salar, or further purified to produce agricultural water or even potable water.

## Review of Operations *(continued)*

for the year ended 31 December 2022

**Low water use:** Since our process extracts ions directly from brine feedstock, there is little need for fresh water, as we use the water in the brine. We only require the feedstock to be an aqueous solution in the case of brines or leach solutions.

**Flexibility:** The technology can be applied to extract various ions from different types of liquids, making it a versatile solution for the extraction industry.

**Valuable by-products:** The technology allows the extraction of other targeted ions, for example magnesium, if it exists in high concentrations, which may be very valuable to offset costs of the primary targeted ion extraction. Other ions that may be valuable from certain brine locations, include potassium.

**High purity ion extraction:** iTDE produces very high purity extractions of the targeted ions, which allows the production of multiple secondary products, such as lithium carbonate, lithium hydroxide, lithium phosphate and lithium metal. The same is true for producing pure magnesium metal, especially in the case where magnesium exists in high concentrations, as in some Bolivian salares.

In order to gain access to this technology, Clontarf formed a joint venture with Next-ChemX for the processing of Bolivian brines, to be carried out under applicable law.

This 50:50 JV will demonstrate the technical, commercial and environmental feasibility of Next-ChemX's iTDE technology in Bolivia. The JV holds exclusive rights to deploy and commercialise Next-ChemX's iTDE technology in Bolivia, and is governed by the laws of Texas. Under applicable laws, the JV will, in coordination with the Bolivian authorities, sample, test, and potentially produce lithium salts.

Clontarf's initial priority is to confirm the technical, commercial and environmental feasibility of the technology in a pilot plant to be constructed in Texas. Under contractual arrangements to be agreed with the Bolivian authorities under applicable law, and subject to securing any necessary further funding, the JV plans to deploy a pilot plant in Bolivia in partnership with the state Lithium Company, YLB.

### JV details:

NEXT-ChemX demonstrated US\$500,000 proof of funds to Clontarf, and Clontarf paid NEXT-ChemX US\$500,000 towards testing and the pilot plant construction, and as an exclusivity fee for the use of the NEXT-ChemX's iTDE's technology in Bolivia.

Clontarf issued to NEXT-ChemX 385,000,000 new ordinary shares of 0.01p each in the capital of the Company ("**Ordinary Shares**") which half will be subject to a 12 month lock in requirement.

NEXT-ChemX issued to Clontarf the number of fully paid restricted shares of common stock of NEXT-ChemX representing a US\$500,000 value.

Clontarf will potentially issue the following further Ordinary Shares to NEXT-ChemX:

- 250 million new Ordinary Shares, after successful pilot processing of Bolivian brines through the NCX pilot plant; and
- 250 million new Ordinary Shares after entry into a construction and processing contract between the JV and the Bolivian authorities on processing of Bolivian brines utilising NEXT-ChemX's iTDE's technology.

### Pilot Plant Update:

In respect of the pilot plant:

- Final piping and instrumentation diagram ("**P&ID**") engineering for the pilot plant is complete, based on modular 40-foot containers specifically designed for the chemistry of the ions to be extracted from a brine;
- Custom designed hollow fiber membranes have been produced and a production system has been designed for immediate erection of the pilot plant; and
- Testing of various lithium brines is planned, subject to applicable laws, during Q2 2023.

Completion of Clontarf's joint venture with its preferred DLE partner is another important milestone.

Sample analysis should be available during mid Q3 2023.

## **Review of Operations** *(continued)* for the year ended 31 December 2022

### **Oil & Gas projects**

Clontarf is also pressing the Ghanaian authorities to complete the ratification of the signed Petroleum Agreement on offshore Tano 2A Block and has discussed with the relevant authorities in Chad on how to convert Clontarf's signed MoU on prospective sedimentary acreage, close to existing infrastructure in southern Chad, in a manner consistent with corporate governance. Progress on these projects had been slowed by the virtual disappearance of the farm-out market after 2014. It made little sense to commit to a substantial work programme, without a reasonable prospect of de-risking through partnering with companies with deeper pockets.

Nonetheless, Clontarf, and its partners, have already invested c.US\$3 million in the project, and are ready to advance the Ghana Tano 2A work programme, subject to securing the necessary funding in an environment complicated by prevailing circumstances, as soon as the signed Petroleum Agreement is ratified.

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

Ghana achieved much since 2007, ramping oil production up to 215 kbpd by 2020. Jubilee started producing in 2010, just three years after discovery. Unfortunately, a slow ratification process, exacerbated by conflicting policies, stymied efficient development: progress stagnated after 2018, and output slipped below 200kbpd. Jubilee's topside issues constrained water injection, and gas output stalled, when Ghana Gas prioritised Sankofa gas over Jubilee gas.

### **How does Clontarf share in this expansion?**

High-level official meetings immediately prior to and during the pandemic were productive.

During productive discussions on the early resolution of all outstanding issues, Clontarf's 60% owned project company, Pan Andean Resources (Ghana) Ltd. requested to finalise and implement the negotiated Petroleum Agreement on Tano 2A Block, with adjusted coordinates, in accordance with Section 10(9) of the Petroleum Exploration & Production Act 919, 2016.

### **Tano 2A Block, Tano Basin, Ghana**

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

The original 1,532km<sup>2</sup> in Tano 2A Block included 40% (less prospective onshore — since there are limited sediments from the target Cretaceous age), and 60% shallow offshore. The fillet of this original acreage was excised in 2014 and granted to Camac, now named Erin Energy Inc., an American-listed company then controlled by Nigerian interests, which later entered Chapter 11 bankruptcy. The Ghanaian authorities are regularising this acreage, since the contracted company was in default — both (a) of its work programme and (b) by ceasing to be solvent.

The fiscal terms were agreed before many of the Tano discoveries (other than the original Mahogany — now renamed 'Jubilee') had become public.

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

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

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

The Company has had some initial partnership discussions with potential partners but could not advance these without full ratification of title. About 60% of Ghanaian Tano wells have been successful. Fiscal terms, in spite of upward creep, and lower oil prices, are competitive.

## **Review of Operations** *(continued)* **for the year ended 31 December 2022**

The current status of Tano 2A Petroleum Agreement, in which Clontarf has a 60% Working Interest, is that it awaits ratification (by passage through Cabinet and Parliament), after which there are exploration periods of three years initial term, plus two extension periods of a total 3.5 years.

In September 2018, Clontarf agreed that it could proceed with that portion of the original acreage that remains available — with the balance to be added when it is relinquished by Erin Energy (now in Chapter 11 bankruptcy), in accordance with law.

After a period of slow progress, Ghana's current government sought to galvanise licensing. The administration is pro-development, and actively reviewing historic Petroleum Agreements, with stated focus on early exploration, discoveries and output. During 2018 the Ghanaian Ministry of Energy and the GNPC considered the current re-application by Pan Andean Resources over the original Tano 2A licence block acreage in the prospective Tano Basin.

There seems a mutual desire to complete the ratification process, albeit parties are not yet in agreement over coordinates. Clontarf's preference is to honour, as far as possible, the terms of the existing signed Petroleum Agreement, adjusting the revised coordinates and any other fine-tuning necessary.

Pan Andean Resources Ltd. purchased available reports and seismic data from GNPC for the Tano 2A onshore and shallow offshore area. The 45 reports purchased from GNPC, mostly containing raw geological data, together with the well logs, have been studied and incorporated within a prospect report. The well data have also been integrated into a number of cross sections. New structural models were developed, taking into account the known structural data, together with an analysis of play categories on the licence.

One constraint was that the historic four seismic campaigns (all 2D — there was no 3D over this acreage) over the original 1,532km<sup>2</sup> of Tano 2A Block are now regarded as old data. Access is not free, and GNPC was missing some key data. Quality control was variable, and some of the seismic data did not belong to the operators — though this is not unique to Ghana.

The seismic work was sometimes not well supervised, and the key work was under state aid to Ghana, and therefore imperfectly conducted.

But we reprocessed the data at the GSC (Input-Output) offices in Amman — which were excellent, and eventually merged the various lines.

That is why a new seismic 1,000km 2D programme was included in the agreed work programme — which will allow us to work up drillable targets. Much seismic, including 3D, has been done since 2005, which will help when acquired. It makes little sense to acquire 3D seismic in a shallow surf zone, such as in the shallow offshore of Tano 2A.

However, the Tano shelf plunges quite deeply on that acreage so any major company will want 3D before they drill — though structure size tends to be big in Ghana Tano Basin, the edges of stratigraphic traps are hard to identify. Generally, the closer to existing discoveries the more prospective — both technically, and for access recent seismic and drill logs. Nevertheless, oil companies understand that Tano remains prospective despite these challenges — the wildcat hit rate was an excellent 66% for Tullow during the most active exploration phase.

Accordingly, Pan Andean Resources Ltd. prepared digital base maps for the onshore and offshore areas, incorporating seismic lines and wells, and all available topographic data. All the data are held within a multi-level Geographic Information System (“GIS”) system. In addition, satellite images covering the licence area and surrounding region have been acquired and processed. The images have been interpreted for elements of structural geology and have also been used to geo-rectify the base maps.

Ghana remains an attractive province, especially as many oil companies retreat from dying basins like the North Sea and seek higher potential in relatively unexplored regions.

## **Review of Operations** *(continued)* **for the year ended 31 December 2022**

### **Chad:**

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

In December 2020, Clontarf signed a MoU over the remaining sections of sedimentary basin close to the oil export pipeline.

Despite political and logistical challenges, Chad offers considerable potential.

## Strategic Report

for the year ended 31 December 2022

The Directors present their annual report and the audited financial statements of the Group and Company for the year ended 31 December 2022.

### STRATEGY

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

The Group has exploration interests in Ghana and Bolivia.

### BUSINESS REVIEW

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

The loss after taxation for the year amounted to £4,766,646 (2021: £463,501). The Directors do not propose that a dividend be paid (2021: £Nil).

### FUTURE DEVELOPMENTS

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

### FINANCIAL KEY PERFORMANCE INDICATORS ("KPIs")

The two main KPIs for the Group are as follows. These allow the Group to monitor costs and plan future exploration and development activities:

KPI	2022 £	2021 £
Exploration and evaluation costs capitalised during the year	—	15,000
Ability to raise finance on the alternative investment market	3,750,000	500,000

In addition, the Group reviews ongoing operating costs which relate to the Group's ability to run the corporate function. As detailed in Note 3, the Directors expect that adequate resources will be available to meet the Group's committed obligations as they fall due. Further details are set out in the Chairman's Statement and Review of Operations.

### ENVIRONMENTAL MATTERS

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

### IMPAIRMENT

The Directors monitor and assess the recoverability of intangible assets and successful development of economic reserves. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. The recoverable amount is determined as the higher of fair value less costs of disposal and value in use.

### CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

The Company's securities are traded on the AIM Market of the London Stock Exchange ("AIM"). In line with AIM Rules the Company has adopted the QCA Corporate Governance Code to ensure compliance.

Information is available on the Company's website and in the Corporate Governance Report from pages 20 to 23.

The Board is committed to maintaining appropriate standards of corporate governance and to managing the Company in an honest and ethical manner. The Board approves the Group's strategy, investment plans and regularly reviews operational and financial performance, risk management and health, safety, environment and community ("HSEC") matters.

The Chairman is responsible for the leadership of the Board, whilst the Executive Directors are responsible for formulating strategy and delivery, once agreed by the Board.

## **Strategic Report** *(continued)* for the year ended 31 December 2022

The Group aims to maximise the use of natural resources such as energy and water, and is committed to full reinstatement as part of its environmental obligations, where applicable. The Group works towards positive and constructive relationships with government, neighbours and the public, ensuring fair treatment of those affected by the Group's operations.

### **GOING CONCERN**

The Group's consolidated Financial Statements have been prepared on a going concern basis as detailed in Note 3.

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements. In performing their assessment of going concern, the Directors have reviewed operating and cash forecasts in respect of the group's assets to 31 December 2022. The expected cash flows, plus available cash on hand, after allowing for funds required for administration and development costs and working capital requirements are expected to cover these activities.

The Directors are of the view that the Group is sufficiently funded for the twelve-month period from the date of approval of these Financial Statements. However, the Directors note that there are material uncertainties as set out in Note 3, which if any should eventuate, would require the Group to raise additional funds in 2023.

Although the Directors consider the likelihood of all uncertainties eventuating to be remote, they are confident additional funding can be accessed should it be required. On the basis of the considerations set out above, the Directors have concluded that it is appropriate to prepare the Financial Statements on a going concern basis. These Financial Statements do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the Group was unable to continue as going concern.

### **DIVERSITY**

Both Group and Company have only the Directors as employees and 100 per cent. of the Directors are male.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

#### **Risk**

#### **Nature of risk and mitigation**

Licence obligations

When licences are obtained, operations must be carried out in accordance with the terms of each licence agreed with the relevant ministry for natural resources in the host country. Typically, the law provides that operations may be suspended, amended or terminated if a contractor fails to comply with its obligations under such licences or fails to make timely payments of relevant levies and taxes. The Group has regular communication and meetings with relevant government bodies to discuss future work plans and receive feedback from those bodies.

Country Managers in each jurisdiction monitor compliance with licence obligations and changes to legislation applicable to the Company and report as necessary to the Board once licences are ratified or obtained.

Requirement for further funding

The Group will require additional funding to implement its exploration and development plans as well as finance its operational and administrative expenses. There is no guarantee that future market conditions will permit the raising of the necessary funds by way of issue of new equity, debt financing or farming out of interests. If unsuccessful, this may significantly affect the Group's ability to execute its long-term growth strategy. The Board regularly reviews Group cash flow projections and considers different sources of funds. The Group regularly meets with shareholders and the investor community and communicates through their website and regulatory reporting.



## Strategic Report *(continued)* for the year ended 31 December 2022

<b>Risk</b>	<b>Nature of risk and mitigation</b>
Geological and development risks	<p>Exploration activities are speculative and capital intensive and there is no guarantee of identifying commercially recoverable reserves.</p> <p>The Group activities in Ghana are in proven resource basins. The Group uses a range of techniques to minimise risk prior to drilling and utilises independent experts to assess the results of exploration activity.</p>
Title to assets	<p>Title to oil, gas and lithium assets in Ghana and Bolivia can be complex due to local practices and different laws and regulations in different jurisdictions.</p> <p>The Directors monitor any threats to the Group's interest in its licences and employ the services of experienced and competent lawyers in relevant jurisdictions to defend those interests, where appropriate.</p>
Exchange rate risk	<p>The Group's expenses are incurred in US Dollar, Sterling and Euro. The Group is therefore exposed to fluctuations in the relative values of the Euro and Dollar.</p> <p>The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates and maintaining a level of cash in foreign denominated currencies sufficient to meet planned expenditure in that currency.</p>
Political risk	<p>The Group holds assets in Ghana and Bolivia and therefore the Group is exposed to country specific risks such as the political, social and economic stability of this country. The countries in which the Group operates are encouraging foreign investment.</p> <p>The Group's projects are longstanding and we have established strong relationships with local and national government which enable the Group to monitor the political and regulatory environment.</p>
Going Concern	<p>Group cashflows are rigorously monitored and managed to ensure that Group is in a liquid position and able to meet its ongoing commitments. The Directors and management regularly meet to agree the appropriate course of action to ensure that any matters that significantly, positively and negatively, impact the cash generation of the Group, are resolved in the best interest of the Group and its shareholders. Further information is set out in Note 3.</p>
Financial risk management	<p>Details of the Group's financial risk management policies are set out in Note 17.</p>

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

### FORWARD LOOKING STATEMENTS

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

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

## **Strategic Report** *(continued)* for the year ended 31 December 2022

### **DIRECTORS STATEMENT UNDER SECTION 172 (1) OF THE COMPANIES ACT 2006**

Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole. This section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Company's employees,
- c) the need to foster the Company's business relationship with suppliers, customers and others,
- d) the impact of the Company's operations on the community and environment,
- e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Company.

The Board of Directors is collectively responsible for formulating the Company's strategy which is the appraisal and exploitation of the assets currently owned.

The Directors believe this key strategic decision will generate value for our shareholders in the long term. In executing the Company's strategy, the Directors remain focused on responsible and ethical business practices, and the Company strives to be a responsible corporate citizen in all its territories of operation.

The Board places equal importance on all shareholders and strives for transparent and effective external communications, within the regulatory confines of an AIM-listed company. The primary communication tool for regulatory matters and matters of material substance is through the Regulatory News Service, ("**RNS**"). The Company's website is also updated regularly, and provides further details on the business as well as links to helpful content such as our latest investor presentations.

Further detail illustrating how Directors adhere to the requirement set out in Section 172 (1) a to f above, are included in the Corporate Governance Report which begins on page 14.

The Directors believe they have acted in the way they consider most likely to promote the success of the Company for the benefit of its members as a whole, as required by Section 172 (1) of the Companies Act 2006.

This report was approved by the Board on 7 June 2023 and signed on its behalf.

**David Horgan**  
Chairman

# Clontarf Energy Plc

## Directors' Report

for the year ended 31 December 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

### General Information

Clontarf Energy plc is a public limited company listed on the AIM market of the London Stock Exchange and is incorporated and domiciled in the UK. The Company's registered number is 04967918.

### Principal activity

The Company's principal activity is exploration for lithium, oil and gas.

### Results and dividends

The loss for the year, after taxation, amounted to £4,766,646 (2021: loss £463,501).

### Directors and their interests in shares of the Company

The Directors holding office at 31 December 2022 had the following interests in the Ordinary Shares of the Company:

	31 December 2022			%	31 December 2021			%
	Ordinary Shares of 0.01p each	Ordinary Shares of 0.01p each	Ordinary Shares of 0.01p each		Ordinary Shares of 0.25p each	Ordinary Shares of 0.25p each	Ordinary Shares of 0.25p each	
	Number	Options	Warrants		Number	Options	Warrants	
D. Horgan	21,950,888	10,000,000	184,937,025	0.93%	21,950,888	10,000,000	—	3.06%
J. Finn	38,312,722	10,000,000	122,142,475	1.62%	38,312,722	10,000,000	—	5.34%
P. O'Toole	—	10,000,000	—	—	—	10,000,000	—	—

There were no share options exercised by the Directors during the year (2021: Nil). On 12 January 2022 the Directors were granted warrants and further information is detailed in Note 19.

### Directors' remuneration report

The remuneration of the Directors for the years ended 31 December 2022 and 31 December 2021 was as follows:

	Salaries and Share Based		Salaries and Share Based	
	Fees 2022	Payments 2022	Fees 2021	Payments 2021
	£	£	£	£
D. Horgan	30,000	15,424	30,000	20,566
J.J. Teeling	15,000	15,423	30,000	20,566
J. Finn	30,000	15,424	30,000	20,566
P. O'Toole	30,000	15,424	30,000	20,566

John Teeling resigned as a Director on 1 July 2022. Directors' Remuneration is disclosed in Note 6 of these financial statements.

### CAPITAL STRUCTURE

Details of the authorised and issued share capital are shown in Note 15. 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. The Company has one class of deferred share which carries no right to fixed income and no right to a 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 2006, and related legislation.

# Clontarf Energy Plc

## Directors' Report *(continued)* for the year ended 31 December 2022

### SUBSTANTIAL SHAREHOLDINGS

The share register records that the following shareholders, excluding Directors, held 3% or more of the issued share capital of the Company as at 31 December 2022 and 25 May 2023

	31 December 2022	
	No. of Shares	%
Interactive Investor Services Nominees Limited (SMKTNOMS)	194,237,968	8.19%
Hargreaves Lansdown (Nominees) (15942)	169,024,269	7.13%
Pershing Nominees Limited (WRCLT)	142,900,000	6.03%
Interactive Investor Services Nominees Limited (SMKTISAS)	117,720,456	4.97%
Davycrest Nominees (DCL)	116,309,624	4.91%
HSDL Nominees Limited	108,801,959	4.59%
Vidacos Nominees Limited (IGUKCLT)	108,226,037	4.56%
Winterflood Securities Limited (WINSCREP)	104,019,058	4.39%
Barclays Direct Investing Nominees Limited (CLIENT)	103,254,325	4.36%
Hargreaves Lansdown (Nominees) Limited (HLNOM)	101,627,937	4.29%
Euroclear Nominees Limited (EOC01)	88,631,399	3.74%
Hargreaves Lansdown (Nominees) Limited (VRA)	71,786,682	3.03%
Pershing International Nominees Limited (DSCLT)	71,421,469	3.01%
	25 May 2023	
	No. of Shares	%
Hargreaves Lansdown (Nominees) Limited (15942)	399,081,609	8.39%
Interactive Investor Services Nominees Limited(SMKTNOMS)	319,862,093	6.73%
Interactive Investor Services Nominees Limited (SMKTISAS)	314,624,307	6.62%
Vidacos Nominees Limited (FGN)	307,692,308	6.47%
Hargreaves Lansdown (Nominees) Limited (HLNOM)	246,429,638	5.18%
Barclays Direct Investing Nominees Limited (CLIENT)	243,433,100	5.12%
HSDL Nominees Limited	206,735,946	4.35%
Deep Blue Sea Limited	192,500,000	4.05%
Next-Chemx Corporation	192,500,000	4.05%
Vidacos Nominees Limited (IGUKCLT)	162,520,670	3.42%
HSDL Nominees Limited (MAXI)	148,721,195	3.13%
Hargreaves Lansdown (Nominees) Limited (VRA)	148,111,987	3.11%

### 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.

### ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 13 July 2023 at 11.00am in accordance with the Notice of Annual General Meeting on pages 57 to 58 of these financial statements. Details of the resolutions to be passed are included in this notice.

### SUBSEQUENT EVENTS

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

### DIRECTORS' INDEMNITIES

The Company does not currently maintain Directors' or officer's liability insurance.

## **Directors' Report** *(continued)* for the year ended 31 December 2022

### **CHARITABLE AND POLITICAL CONTRIBUTIONS**

There were no charitable and political contributions during the current year or prior year.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

### **AUDITORS**

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. The auditors Evelyn Partners resigned and PKF O'Connor, Leddy & Holmes Limited were appointed. A resolution to reappoint PKF O'Connor, Leddy & Holmes Limited will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board on 7 June 2023 and signed on its behalf.

**David Horgan**  
Chairman

**James Finn**  
Director

## Corporate Governance Report

for the year ended 31 December 2022

The Company's securities are traded on the AIM Market of the London Stock Exchange ("AIM"). The Company has accomplished the requirements of the Quoted Company Alliance ("QCA") corporate governance guidelines for AIM companies. Due to the size and nature of its current business the Company has not adopted the UK Corporate Governance Code in its entirety. The Company have complied with the QCA corporate guidelines where practical; instances of noncompliance have been highlighted below.

In addition, the Company has an established code of conduct for dealings in the shares of the Company by Directors and employees.

David Horgan, in his capacity as Chairman, has assumed responsibility for ensuring that the Company has appropriate corporate governance standards in place and that these requirements are communicated and applied.

The Board currently consists of three Directors: Chairman, Financial Director (and Company Secretary), and a Non-Executive Director. This is not in compliance with the QCA Code which requires at least two independent non-executive Directors. However the Board considers that appropriate oversight of the Company is provided by the currently constituted Board having regard to the current size and resources of the Company.

The 10 principles set out in the QCA Code are listed below, with an explanation of how Clontarf applies each of the principles and the reason for any aspect of non-compliance.

### 1. Establish a strategy and business model which promote long-term value for shareholders

The Company has a clearly defined strategy and business model that has been adopted by the Board.

The Company strategy is the appraisal and exploration of the assets currently owned. Concurrent with this process the Group's management will continue to use its expertise to acquire additional license interests for lithium and oil & gas exploration. The key challenges in executing this are referred to in paragraph 4 below.

### 2. Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year.

The Company provides regulatory, financial and business news updates through the Regulatory News Service ("RNS") and various media channels. Shareholders also have access to information through the Company's website <http://www.clontarfenergy.com/>, which is updated on a regular basis and which includes the latest corporate presentation on the Group. Contact details are also provided on the website.

### 3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board is committed to having the highest degree possible of corporate social responsibility in how the Company undertakes its activities. We aim to have an uncompromising stance on health, safety, environment and community relations. The Company policy is that all Company activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount. The Company will continue to ensure an appropriate level of contact and negotiation with all stakeholders including landowners, community groups and regional and national authorities.

There is currently no impact on the environment as the Company has not commenced exploration drilling. Any impact on environmental matters will be determined once exploration work commences and the Company will ensure that measures are put in place to lessen the impact.

### 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. The principal risks and uncertainties facing the Group at this stage in this development and in the foreseeable future are detailed on pages 14 and 15 of the Annual Report together with risk mitigation strategies employed by the Board.

## Corporate Governance Report *(continued)*

for the year ended 31 December 2022

### 5. Maintain the board as a well-functioning, balanced team led by the chair

The Board's role is to agree the Group's long-term direction and strategy and monitor achievement of its business objectives. The Board meets formally at least four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic, operational and financial matters.

The Board is supported by the Audit, Remuneration and the Nomination Committees.

The Board comprises the Chairman, David Horgan, the Executive Director and Company Secretary, James Finn and the Independent Non-Executive Director Peter O'Toole. The Board currently has one non-executive Director, which is a departure from the QCA Code which requires at least two independent non-executive Directors. However, the Board considers that appropriate oversight of the Company is provided by the currently constituted Board having regard to the current size and resources of the Company.

All Directors are subject to re-election intervals as prescribed in the Company's Articles of Association. At each Annual General Meeting one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election.

On appointment each Director receives a letter of appointment from the Company. The Non-Executive Directors, will receive a fee for their services as a Director which is approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. The non-executive Directors are reimbursed for travelling and other incidental expenses incurred on Company business.

### 6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board considers the current balance of sector, financial and public market skills and experience which it embodies is appropriate for the current size and stage of development of the Company and that the Board has the skills and experience necessary to execute the Company's strategy and business plan and discharge its duties effectively.

Details of the current Board of Directors' biographies are as follows:

#### David Horgan, Chairman & Managing Director

David Horgan has extensive African experience. He has over 20 years' experience in oil and gas and resources projects in Latin America, Africa and the Middle East through a number of AIM listed companies including Clontarf, Petrel Resources and Pan Andean Resources. He previously worked at Kenmare where he raised finance, captured the premium graphite worldwide market and evaluated investment opportunities. Prior to that he worked internationally with Boston Consulting Group for seven years. He holds a first class law degree from Cambridge and a Masters in Business Administration with distinction from the Harvard Business School.

#### James Finn, Finance Director

James Finn is Finance Director of Clontarf. He has over 20 years' experience in working with exploration companies. James Finn has extensive experience in the administration of oil and gas and minerals companies. He has been responsible for listing several resource sector companies on AIM in London, including two of the first companies ever listed on AIM, Pan Andean Resources and African Gold. James Finn was previously Finance Director of African Diamonds and West African Diamonds. He holds a degree in Management and an Association of Chartered Certified Accountants (ACCA) qualification.

#### Peter O'Toole, Independent Non-Executive Director

Peter O'Toole has operated civil engineering and construction companies for over 30 years, specialising in the mining and government infrastructure sectors. He is also Honorary Consul General of Ireland in Bolivia. He is a Civil Engineer by discipline, educated at Queen Mary University of London and GMIT Institute of Technology, Galway, Ireland.

#### Directors and Management

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

## **Corporate Governance Report** *(continued)*

for the year ended 31 December 2022

### **7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

Review of the Company's progress against the long terms strategy and aims of the business provides a means to measure the effectiveness of the Board.

In accordance with provisions of the Code, a performance evaluation of the Board is carried out annually. In 2022, the performance evaluation process was conducted internally.

#### Board Evaluation Process in December 2022

The Chairman David Horgan appraised the Board on the performance of each of the Directors during the year. The Board formally concluded on its own performance, on the performance of Committees and on the performance of individual Directors, including the Chairman.

#### Analysis of 2022 evaluation

The evaluation indicated a high level of satisfaction with the composition, performance and effectiveness of the Board, its Chair and Committees. It found that there are good communications both within the Board/ Committees and with management.

A number of key focus areas were identified for the Board to consider. These include:

- Continued consideration of succession planning at Board and management level
- Increased allocation of Board meeting time to consideration of strategic issues
- Increased diversity on the Board

Arising from the evaluation process, a number of actions were agreed by the Board which will be implemented by the Chairman during the current year.

### **8. Promote a corporate culture that is based on ethical values and behaviours**

The corporate culture of the Company is promoted throughout its contractors and is underpinned by compliance with local regulations and the implementation and regular review and enforcement of various policies: Health and Safety Policy; Share Dealing Policy; Code of Conduct; Privacy Policy and Social Media Policy. The Company policy is that all Company activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount. The Company will ensure an appropriate level of contact and negotiation with all stakeholders including landowners, community groups and regional and national authorities.

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company and that this will impact performance. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company and the way that employees behave. The exploration for and development of oil and gas and lithium resources can have significant impact in the areas where the Company and its contractors are active and it is important that the communities in which we operate view the Company's activities positively. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company successfully to achieve its corporate objectives. The Board places great importance on this aspect of corporate life and monitors all activities to ensure that this is reflected in all the Company does.

The Company has an established code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with Rule 21 of the AIM rules and the UK Market Abuse Regulation.

### **9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Board has overall responsibility for all aspects of the business. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making. The Chairman has overall responsibility for corporate governance matters in the Company and chairs the Nomination Committee. The Chairman has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Company. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.



## **Corporate Governance Report** *(continued)* **for the year ended 31 December 2022**

### The Nomination Committee

The Nomination Committee comprises all the Directors and meets at least once per year to examine Board appointments and to make recommendations to the Board in accordance with best practice and other applicable rules and regulations. The Nominations Committee met once in 2022 to accept John Teeling's resignation.

### The Audit Committee

The Audit Committee, chaired by Chairman and Managing Director, David Horgan, and including Executive Director, James Finn, meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost-effectiveness, independence and objectivity of the Auditor taking account of any non-audit services provided by them. The Audit Committee does not include any non-executive Directors.

### The Remuneration Committee

The Remuneration Committee is comprised of Directors David Horgan and James Finn. The Remuneration Committee meets at least once a year to determine the appropriate remuneration for the Company's executive Directors, ensuring that this reflects their performance and that of the Company. The Remuneration Committee met in 2022 to discuss and approve the granting of warrants to Directors.

The Company's Audit Committee Report is presented on page 25 and provides further details on the committee's activities during 2022, and while a separate report from the Remuneration Committee was not produced in the current year due to the size of the company, the Company intends to review this requirement on an annual basis.

## **10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.

Investors also have access to current information on the Company through its website <http://www.clontarfenergy.com> and through David Horgan, Chairman and Managing Director who is available to answer investor relations enquiries. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

The Company's financial reports can be found here: [http://www.clontarfenergy.com/investor-centre/annual-reports\\_.aspx](http://www.clontarfenergy.com/investor-centre/annual-reports_.aspx)

## **Directors' Responsibilities Statement**

**for the year ended 31 December 2022**

The Directors are responsible for preparing the Strategic Report, Directors' Report and the consolidated 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 they have elected to prepare the Group and Parent Company financial statements in accordance with UK-adopted International Accounting Standards.

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 Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether International Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

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

## **Audit Committee Report** **for the year ended 31 December 2022**

Dear shareholders,

I am pleased to present this report on behalf of the Audit Committee and to report on the progress made by the Committee during the year. The Company's internal financial reporting and control systems are in compliance with good corporate governance guidelines outlined in the QCA Corporate Governance Code (2018) and with advice from our Nomad.

### **Aims of the Audit Committee**

Our purpose is to assist the Board in managing risk, discharging its duties regarding the preparation of financial statements, ensure that a robust framework of accounting policies is in place and enacted and oversee the maintenance of proper internal financial controls.

The Audit Committee, which is chaired by Chairman and Managing Director, David Horgan, and also includes James Finn, meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost-effectiveness, independence and objectivity of the Auditors taking account of any non-audit services provided by them.

The Audit Committee is committed to:

- Maintaining the integrity of the financial statements of the Company and reviewing any significant reporting matters therein;
- Reviewing the Annual & Interim Report and Accounts and monitoring the accuracy and fairness of the Company's financial statements;
- Ensuring compliance of financial statements with applicable accounting standards and the AIM Rules;
- Reviewing the adequacy and effectiveness of the internal financial control environment and risk management systems; and
- Overseeing the relationship with and the remuneration of the external auditor, reviewing their performance and advising the Board members on their appointment.

The Audit Committee met three times in 2022.

### **Activities of the Audit Committee during the year**

On behalf of the Board, the Audit Committee has closely monitored the maintenance of internal controls and risk management during the year. Key financial risks are reported during each Audit Committee meeting, including developments and progress made towards mitigating these risks.

The Audit Committee received and reviewed reports from the Finance Director, James Finn, other members of management and external auditors relating to the interim and annual accounts as well as the accounting and internal control systems in use throughout the Group.

The external auditors attended one of the meetings to discuss the planning and conclusions of their work and meet with members of the Committee. The Committee was able to call for information from management and consult with the external auditors directly as required.

The objectivity and independence of the external auditors was safeguarded by reviewing the auditors' formal declarations and monitoring relationships between key audit staff and the Company.

As noted above, the Committee met three times during the year, to review the 2021 annual accounts and the interim accounts to 30 June 2022, and to undertake audit planning for the year ended 31 December 2022 with the newly appointed auditors. Members of the committee reviewed with the independent auditor its judgements as to the acceptability of the Company's accounting principles.

## **Audit Committee Report** *(continued)* for the year ended 31 December 2022

Since the year-end, the committee has met with the auditors to consider the 2022 financial statements. In particular, the committee discussed the significant audit risks and conclusions on those risks from the audit. In addition, the committee monitors the auditor firm's independence from Company management and the Company.

**David Horgan**  
Chairman Audit Committee

7 June 2023

## Independent Auditor's Report to the Members of Clontarf Energy Plc for the year ended 31 December 2022



### Opinion

We have audited the financial statements of Clontarf Energy plc and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish 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.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent assets, liabilities and financial position as at 31 December 2022 and of the group's and parent company'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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Materiality uncertainty related to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We draw attention to note 3 in the financial statements concerning the group and parent's ability to continue as a going concern. The Group incurred a loss for the year of £4,766,646 (2021: loss of £463,501). The Group had net liabilities of £1,226,569 (2021: £271,618) and the Company £849,735 (2021: net assets of £54,521) at the balance sheet date. The going concern assumption of the group and parent company is dependent on the group and parent company obtaining additional finance to meet the working capital needs for a period of not less than twelve months from the date of approval of the financial statements.

### Materiality uncertainty related to going concern (continued)

These events and conditions, along with the other matters as set forth in note 3 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our evaluation of the Directors' assessment of the group's and parent company's ability to adopt the going concern basis of accounting included:

- Obtaining an understanding of the group and parent company's relevant controls over the preparation and review of cash flow projections and assumptions used in the cash flow forecasts to support the going concern assumption and assessed the design and implementation of these controls;

## **Independent Auditor's Report to the Members of Clontarf Energy Plc** *(continued)* **for the year ended 31 December 2022**

- Challenging the key assumptions used in the cash flow forecasts by agreement to historical run rates, expenditure commitments and other supporting documentation;
- Testing the clerical accuracy of the cash flow forecasts;
- Sensitivity analysis on the cash flow forecasts to assess the amount of headroom available to the group and parent company based on its year end cash position;
- Assessment of the group and parent company's ability to raise additional finance; and
- Assessment of the adequacy of the disclosures in the financial statements with a particular focus on appropriate disclosure of the key uncertainties relating to going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Our application of materiality**

The materiality applied to the group financial statements was £23,500. This has been calculated using Net Assets benchmarks which we have determined, in our professional judgement, to be the most appropriate benchmarks within the financial statements relevant to the members of the Group in assessing financial performance. The materiality applied to the parent company financial statements was £23,500 based upon 1.25% of Net Assets. Performance materiality was 75% of overall materiality for the group and parent company.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit in excess of £1,000 for the group and parent company. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### **An overview of the scope of our audit**

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the Directors and considered future events that are inherently uncertain. We also addressed the risk of management override of controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The group and its one subsidiary are accounted for from a central location in Dublin, Ireland.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditor's Report to the Members of Clontarf Energy Plc *(continued)* for the year ended 31 December 2022

Key Audit Matter	How the scope of our audit addressed the key audit matter
<p><b>Valuation and recoverability of intangible assets – Exploration and Evaluation assets (refer note 10)</b></p> <p>The group carries a material amount of intangible assets in relation to capitalised costs associated with group's exploration activities in both the consolidated balance sheet and parent company balance sheet. As a result, the following risks arise:</p> <ul style="list-style-type: none"> <li>– Costs may have been incorrectly capitalised and not conform with all the 6 step criteria detailed in IAS 38.</li> <li>– The carrying value of the capitalised cost may be overstated and the realisation of these intangible assets is dependent on the discovery and successful development of economic diamond reserves, which is subject to a number of risks and uncertainties, including obtaining title to licences and the ability of the group to raise sufficient finance to develop the projects.</li> <li>– There is a significant risk in relation to the recoverability of the E&amp;E assets given the judgement in determining whether an indication of impairment exists as per IFRS 6.</li> </ul>	<p>The work undertaken to mitigate the risks were as follows:</p> <ul style="list-style-type: none"> <li>• We reviewed and challenged management's assessment of impairment of exploration activities, considered whether there are any indicators of impairment as per IFRS 6. We found the judgements used by management in their impairment assessment were reasonable.</li> <li>• We verified the capitalised exploration costs meet the eligibility criteria detailed in IAS 38 for that given site.</li> <li>• We substantively tested additions in the year back to supporting documentation to include licences held by the group and parent company to identify terms and commitments in relation to those licences.</li> <li>• We also considered the adequacy of the disclosures included in the financial statements in accordance with IFRS.</li> <li>• We reviewed management's assessment on budget to analyse the planned expenditure on each claim group and future cash flow forecasting to determine if the entity has enough funds to operate the exploration and evaluation activities.</li> </ul>

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

#### In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with the Companies Act 2006.

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records

## **Independent Auditor's Report to the Members of Clontarf Energy Plc** *(continued)* for the year ended 31 December 2022

### **Matters on which we are required to report by exception**

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

The Companies Act 2006 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions are not made. We have nothing to report in this regard.

### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the Directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to those directly impacting the preparation of the financial statements, such as the Companies Act 2006 and the AIM Rules. There are no significant laws and regulations currently impacting the trading activities of the group other than compliance with normal business contractual terms.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, and determined that the principal risks related to management bias through judgements and assumptions in significant accounting estimates, and to posting inappropriate journal entries. The key audit matters section of our report explains the specific procedures performed in respect of the valuation and recoverability of intangible assets.

Our audit procedures performed included:

- Discussions with and inquiry of management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes from board and other committee meetings;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Testing the appropriateness of journal entries and other adjustments, and evaluating the business rationale of any significant transactions that are unusual or outside the normal terms of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.



## **Independent Auditor's Report to the Members of Clontarf Energy Plc** *(continued)* **for the year ended 31 December 2022**

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at:  
<https://www.iaasa.ie/Publications/Auditing-standards/>

This description forms part of our auditor's report.

### **Use of our report**

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.

### **Keith Doyle**

For and on behalf of

### **PKF O'Connor, Leddy & Holmes Limited**

Statutory Auditor

Century House  
Harold's Cross Road  
Dublin 6W

Date: 7 June 2023

# Clontarf Energy Plc

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £	2021 £
Administrative expenses	4	(671,352)	(401,427)
Impairment of exploration and evaluation assets	10	(4,095,294)	(62,074)
<b>Loss from operations</b>		<b>(4,766,646)</b>	<b>(463,501)</b>
<b>Loss before tax</b>		<b>(4,766,646)</b>	<b>(463,501)</b>
Income tax	8	—	—
<b>Total comprehensive income</b>		<b>(4,766,646)</b>	<b>(463,501)</b>
<b>Earnings per share attributable to the ordinary equity holders of the parent</b>		<b>2022 Pence</b>	<b>2021 Pence</b>
Loss per share — basic and diluted	9	<b>(0.26)</b>	<b>(0.06)</b>

# Clontarf Energy Plc

## Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 £	2021 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	<u>868,043</u>	<u>868,043</u>
		<b>868,043</b>	<b>868,043</b>
<b>Current assets</b>			
Other receivables	12	—	1,934
Cash and cash equivalents	13	<u>931,902</u>	<u>344,253</u>
		<b>931,902</b>	<b>346,187</b>
<b>Total assets</b>		<u><b>1,799,945</b></u>	<u><b>1,214,230</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other liabilities	14	<u>(3,026,514)</u>	<u>(1,485,848)</u>
<b>Total liabilities</b>		<u><b>(3,026,514)</b></u>	<u><b>(1,485,848)</b></u>
<b>Net liabilities</b>		<u><b>(1,226,569)</b></u>	<u><b>(271,618)</b></u>
<b>Equity</b>			
Share capital	15	<b>5,927,065</b>	2,177,065
Share premium reserve	15	<b>10,985,758</b>	10,985,758
Share based payment reserve	19	<b>247,838</b>	186,143
Retained deficit	21	<u><b>(18,387,230)</b></u>	<u>(13,620,584)</u>
<b>Total equity</b>		<u><b>(1,226,569)</b></u>	<u><b>(271,618)</b></u>

The financial statements were approved and authorised for issue by the Board of Directors on 7 June 2023 and signed on its behalf by:

**David Horgan**  
Chairman

# Clontarf Energy Plc

## Company Statement of Financial Position

As at 31 December 2022

	Note	2022 £	2021 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	623,043	623,043
Investment in subsidiaries	11	52,104	52,104
		<u>675,147</u>	<u>675,147</u>
<b>Current assets</b>			
Other receivables	12	20,695	1,932
Cash and cash equivalents	13	931,902	344,253
		<u>952,597</u>	<u>346,185</u>
<b>Total assets</b>		<u>1,627,744</u>	<u>1,021,332</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other liabilities	14	(2,477,479)	(966,811)
<b>Total liabilities</b>		<u>(2,477,479)</u>	<u>(966,811)</u>
<b>Net liabilities</b>		<u>(849,735)</u>	<u>54,521</u>
<b>Equity</b>			
Share capital	15	5,927,065	2,177,065
Share premium reserve	15	10,985,758	10,985,758
Share based payment reserve	19	247,838	186,143
Retained deficit	21	(18,010,396)	(13,294,445)
<b>Total equity</b>		<u>(849,735)</u>	<u>54,521</u>

The Company reported a loss for the financial year ended 31 December 2022 of £4,715,951 (2021: £433,501).

The financial statements were approved and authorised for issue by the Board of Directors on 7 June 2023 and signed on its behalf by:

**David Horgan**  
Chairman

# Clontarf Energy Plc

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share Capital £	Share Premium Reserve £	Share Based Payment Reserve £	Retained Deficit £	Total Equity £
At 1 January 2021	1,792,450	10,900,373	103,879	(13,157,083)	(360,381)
Issue of share capital	384,615	115,385	—	—	500,000
Share issue expenses	—	(30,000)	—	—	(30,000)
Share based payment charge	—	—	82,264	—	82,264
Total comprehensive loss for the year	—	—	—	(463,501)	(463,501)
<b>At 31 December 2021</b>	<b>2,177,065</b>	<b>10,985,758</b>	<b>186,143</b>	<b>(13,620,584)</b>	<b>(271,618)</b>
Issue of share capital	3,750,000	—	—	—	3,750,000
Share based payment charge	—	—	61,695	—	61,695
Total comprehensive loss for the year	—	—	—	(4,766,646)	(4,766,646)
<b>At 31 December 2022</b>	<b>5,927,065</b>	<b>10,985,758</b>	<b>247,838</b>	<b>(18,387,230)</b>	<b>(1,226,569)</b>

# Clontarf Energy Plc

## Company Statement of Changes in Equity

For the year ended 31 December 2022

	Share Capital £	Share Premium Reserve £	Share Based Payment Reserve £	Retained Deficit £	Total Equity £
At 1 January 2021	1,792,450	10,900,373	103,879	(12,860,944)	(64,242)
Issue of share capital	384,615	115,385	—	—	500,000
Share issue expenses	—	(30,000)	—	—	(30,000)
Share based payment charge	—	—	82,264	—	82,264
Total comprehensive loss for the year	—	—	—	(433,501)	(433,501)
<b>At 31 December 2021</b>	<b>2,177,065</b>	<b>10,985,758</b>	<b>186,143</b>	<b>(13,294,445)</b>	<b>54,521</b>
Issue of share capital	3,750,000	—	—	—	3,750,000
Share based payment charge	—	—	61,695	—	61,695
Total comprehensive loss for the year	—	—	—	(4,715,951)	(4,715,951)
<b>At 31 December 2022</b>	<b>5,927,065</b>	<b>10,985,758</b>	<b>247,838</b>	<b>(18,010,396)</b>	<b>(849,735)</b>

# Clontarf Energy Plc

## Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Loss for the year	(4,766,646)	(463,501)
<b>Adjustments for</b>		
Share based payment charge	61,695	82,264
Foreign exchange loss	3,442	1,516
Impairment of exploration and evaluation assets	4,095,294	62,074
	<u>(606,215)</u>	<u>(317,647)</u>
<b>Movements in working capital:</b>		
Decrease/(Increase) in other receivables	1,934	(148)
Increase in trade and other payables	1,540,666	119,141
<b>Net cash used in operating activities</b>	<u>936,385</u>	<u>(198,654)</u>
<b>Cash flows from investing activities</b>		
Additions to exploration and evaluation assets	(4,095,294)	(15,000)
<b>Net cash used in investing activities</b>	<u>(4,095,294)</u>	<u>(15,000)</u>
<b>Cash flows from financing activities</b>		
Issue of Ordinary Shares	3,750,000	500,000
Share issue expenses	—	(30,000)
<b>Net cash generated from financing activities</b>	<u>3,750,000</u>	<u>470,000</u>
<b>Net cash increase in cash and cash equivalents</b>	<u>591,091</u>	<u>256,346</u>
Cash and cash equivalents at the beginning of year	344,253	89,423
Exchange loss on cash and cash equivalents	(3,442)	(1,516)
<b>Cash and cash equivalents at the end of the year</b>	<u>931,902</u>	<u>344,253</u>

# Clontarf Energy Plc

## Company Statement of Cash Flows

For the year ended 31 December 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Loss for the year	(4,715,951)	(433,501)
<b>Adjustments for</b>		
Share based payment charge	61,695	82,264
Foreign exchange loss	3,442	1,516
Impairment of exploration and evaluation assets	4,095,294	47,074
	<u>(555,520)</u>	<u>(302,647)</u>
<b>Movements in working capital:</b>		
Decrease/(Increase) in other receivables	(18,763)	(148)
Increase in trade and other payables	1,510,668	89,141
<b>Net cash used in operating activities</b>	<u>936,385</u>	<u>(213,654)</u>
<b>Cash flows from investing activities</b>		
Additions to exploration and evaluation assets	(4,095,294)	—
<b>Net cash used in investing activities</b>	<u>(4,095,294)</u>	<u>—</u>
<b>Cash flows from financing activities</b>		
Issue of Ordinary Shares	3,750,000	500,000
Share issue expenses	—	(30,000)
<b>Net cash generated from financing activities</b>	<u>3,750,000</u>	<u>470,000</u>
<b>Net cash increase in cash and cash equivalents</b>	<u>591,091</u>	<u>256,346</u>
Cash and cash equivalents at the beginning of year	344,253	89,423
Exchange loss on cash and cash equivalents	(3,442)	(1,516)
<b>Cash and cash equivalents at the end of the year</b>	<u>931,902</u>	<u>344,253</u>



## Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

### 1. General information

Clontarf Energy PLC is a public company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is registered in England. The Company was incorporated on 18 November 2003. The registered office is Suite 1, 7<sup>th</sup> Floor, 50 Broadway, London, SW1H 0LB, United Kingdom and it's principal place of business is 162 Clontarf Road, Dublin 3, Ireland.

The principal activities of the Company and its subsidiaries (the "Group") and the nature of the Group's operations are set out in the Strategic Report.

### 2. Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 2.1 Basis of preparation

The financial statements of the Group and the parent company have been prepared in accordance with UK-adopted international accounting standards.

The financial statements of the Group and the parent company have been prepared on the historical cost basis as modified by the revaluation of equity investments not held for trading. The consolidated financial statements have been prepared in accordance with the Companies Act 2006.

#### 2.2 Changes in accounting policies and disclosures

##### a) *New and amended standards mandatory for the first time for the financial periods beginning on or after 1 January 2022*

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 30 June 2022 but did not result in any material changes to the financial statements of the Group or Company.

##### b) *New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted*

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IFRS 3	Reference to Conceptual Framework	1 January 2022
IAS 37	Onerous contracts	1 January 2022
IAS 16	Proceeds before intended use	1 January 2022
Annual improvements	2018-2020 Cycle	1 January 2022
IAS 8	Accounting estimates	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023

The Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on the Group's results or shareholders' funds.

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 from publishing its individual income statement, statement of other comprehensive income and related notes.

#### 2.4 Functional and presentational currency

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

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.

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.4 Functional and presentational currency (continued)

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 year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Statement of Comprehensive Income for the year 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 year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

#### 2.5 Investment in subsidiaries

The Company's investments in subsidiaries are stated at cost, less any accumulated impairment losses.

#### 2.6 Intangible assets Exploration and evaluation assets

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 Bolivia and Ghana.

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

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

The recoverability of these intangible assets is dependent on the discovery and successful development of economic reserves, which is subject to the risks and uncertainties set out above. Should this prove unsuccessful, the value included in the balance sheet would be written off to the Statement of Comprehensive Income.

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

The cost of exploration rights and costs incurred in exploration and evaluation activities are capitalised as part of exploration and evaluation assets.

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.6 Intangible assets Exploration and evaluation assets (continued)

Exploration costs are capitalised until technical feasibility and commercial viability of extraction of reserves are demonstrable. Exploration costs include an allocation of administration and salary costs (including share based payments) attributable to exploration activities as determined by management.

##### Impairment of intangible assets

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

Prior to reclassification to property, plant and equipment, exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised immediately in the Statement of Comprehensive Income.

The Company reviews and tests for impairment on an ongoing basis and specifically if the following occurs:

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

#### 2.7 Financial instruments

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

Other receivables are carried at amortised cost using the effective interest rate adjusted for any expected loss allowance.

A loss allowance for expected credit losses is determined for all financial assets, other than those at fair value through profit and loss ("FVTPL"), at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

For all other financial assets at amortised cost, the Group recognises lifetime expected credit losses using the simplified model within IFRS 9.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

##### Recoverability of amounts due from subsidiaries

The carrying value of amounts due by Group undertakings is dependent on the successful discovery and development of economic deposit resources and the ability of the Group to raise sufficient finance to develop the projects.

##### Cash and cash equivalents

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

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.7 Financial instruments (continued)

##### Financial liabilities

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

##### 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.

#### 2.8 Taxation

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences arising on investments in subsidiaries and associates, only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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.

#### 2.9 Share-based payments

The Group issues equity-settled share based payments only to certain employees and Directors. Equity settled share-based payments are measured at fair value at the date of grant. 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 market based vesting conditions.

The fair value determined at grant date is measured by use of a Black Scholes Model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

##### Warrants

Warrants issued are classified separately as equity or as a liability at FVTPL in accordance with the substance of the contractual arrangement.

When a warrant is exercised, the company issues share capital and the capital is accounted for with the par value being recognised in issued share capital and any amount received in excess of the nominal value of the issued shares being brought to share premium.

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.10 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 assets*

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.

##### *Impairment of intangible assets*

The assessment of intangible assets for any indications of impairment (note 2.6) 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.

##### *Going concern*

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

##### **Key sources of estimation uncertainty**

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

##### *Impairment of Intangible Assets*

The assessment of intangible assets for any indication of impairment involves uncertainty. There is uncertainty as to whether the exploration activity will yield any economically viable discovery. Aspects of uncertainty surrounding the Group's intangible assets include the recoverability of the asset, which is dependent upon the discovery and successful development of economic reserves, ability to be awarded exploration licences and the ability to raise sufficient finance to develop the Group's projects. If the Directors determine that an intangible asset is impaired, an allowance is recognised in the Statement of Comprehensive Income.

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 3. Going concern

The Group incurred a loss for the year of £4,766,646 (2021: £463,501) and had net current liabilities of £2,094,612 (2021: £1,139,661) at the balance sheet date. These conditions, as well as those noted below, represent a material uncertainty that may cast doubt on the Group's ability to continue as a going concern.

Included in current liabilities is an amount of £1,525,565 (2021: £1,420,565) owed to Directors in respect of Directors' remuneration due at the balance sheet date. The Directors have confirmed that they will not seek settlement of these amounts in cash until after end of 2024.

The Group had a cash balance of £931,902 (2021: £344,253) at the balance sheet date. The Directors have prepared cashflow projections for a period of at least 12 months from the date of approval of the financial statements which indicate that the group may require additional finance to fund working capital requirements and develop existing projects. As the Group is not revenue or cash generating it relies on raising capital from the public market. On 16 January 2023 the Group raised £1,300,000 on a placing and a further £350,000 was raised on 1 June 2023, further information is detailed in Note 23 on these accounts.

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

### 4. Loss before taxation

	2022 £	2021 £
<b>The loss before taxation is stated after charging:</b>		
Auditors' remuneration	29,500	31,154
<b>The analysis of auditor's remuneration is as follows: Fees payable to the Group's auditors for the audit of the</b>		
Group's annual accounts	25,000	25,404
Tax compliance services	4,500	5,750
	<u>29,500</u>	<u>31,154</u>
<b>Administration expenses comprise</b>		
Professional fees	217,730	121,455
Foreign exchange losses	3,442	1,516
Director's remuneration (note 6)	105,000	105,000
Commission on placing	174,968	—
Share based payment (note 6)	61,695	82,264
Other administrative expenses	108,517	91,192
	<u>671,352</u>	<u>401,427</u>

### 5. Segment information

IFRS 8 Operating Segments requires operating assets to be identified on the basis of internal reports about the Group that are regularly reviewed by the chief operating decision maker. The Board is deemed the chief operating decision maker within the Group.

In the opinion of the Directors the Group has two classes of business, being the exploration for lithium, and development and production of, oil and gas reserves, and other related activities.

The Group's primary reporting format is determined to be the geographical segment according to the location of its assets. The Group is organised into three segments in the current period: Australia, Bolivia and Ghana. The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 1.

# Clontarf Energy Plc

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 5. Segment information (continued)

#### 5.1 Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment revenue		Segment results	
	2022	2021	2022	2021
	£	£	£	£
<b>Group and Company</b>				
Ghana	—	—	—	—
Bolivia	—	—	—	(62,074)
Australia	—	—	(4,095,294)	—
Unallocated head office	—	—	(671,352)	(401,427)
	<b>—</b>	<b>—</b>	<b>(4,766,646)</b>	<b>(463,501)</b>

#### 5.2 Segment assets and liabilities

	Assets		Liabilities	
	2022	2022	2021	2021
	£	£	£	£
<b>Group</b>				
Ghana	868,043	—	868,043	—
Bolivia	—	—	—	—
Australia	—	(553,133)	—	—
Unallocated head office	931,902	(2,473,381)	346,187	(1,485,848)
	<b>1,799,945</b>	<b>(3,026,514)</b>	<b>1,214,230</b>	<b>(1,485,848)</b>
<b>Company</b>				
Ghana	623,043	—	623,043	—
Bolivia	—	—	—	—
Australia	—	(553,133)	—	—
Unallocated head office	1,004,701	(1,924,346)	398,289	(966,811)
	<b>1,627,744</b>	<b>(2,477,479)</b>	<b>1,021,332</b>	<b>(966,811)</b>

#### 5.3 Other segment information

	2022	2021
	£	£
Additions to non-current assets		
<b>Group</b>		
Ghana	—	15,000
Bolivia	—	—
Australia	—	—
	<b>—</b>	<b>15,000</b>
<b>Company</b>		
Ghana	—	—
Bolivia	—	—
Australia	—	—
	<b>—</b>	<b>—</b>



# Clontarf Energy Plc

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 6. Related Party and other transactions Group and Company

#### Key Management Compensation and Directors' Remuneration

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

	2022 Fees: Services as Director £	2022 Fees: Other services £	2022 Share Based Payments £	2022 Total £	2021 Fees: Services as Director £	2021 Fees: Other services £	2021 Share Based Payments £	2021 Total £
David Horgan	5,000	25,000	15,424	45,424	5,000	25,000	20,566	50,566
John Teeling	5,000	10,000	15,423	30,423	5,000	25,000	20,566	50,566
James Finn	5,000	25,000	15,424	45,424	5,000	25,000	20,566	50,566
Peter O'Toole	5,000	25,000	15,424	45,424	5,000	25,000	20,566	50,566
	<b>20,000</b>	<b>85,000</b>	<b>61,695</b>	<b>166,695</b>	<b>20,000</b>	<b>100,000</b>	<b>82,264</b>	<b>202,264</b>

All remuneration related to short term employee benefits. John Teeling resigned on 1 July 2022. The number of Directors to whom retirement benefits are accruing is Nil.

Included in the above is £Nil (2021: £15,000) of Directors' remuneration and £Nil (2021: £Nil) of share based payments which were capitalised within intangible assets. The other payables, as outlined in Note 14, relate to amounts due to Directors of £1,525,564 (2021: £1,420,564) accrued but not paid at year end.

#### Other

The Group and Company shares offices and overheads with a number of other companies also based at 162 Clontarf Road. These companies have some common Directors.

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

	Botswana Diamonds plc £	Petrel Resources plc £	Greenore Gold plc £	Arkle Resources plc £	Great Northern Distillery Ltd £	Total £
Balances B/fwd	—	—	—	—	—	—
Overheads and office costs recharged	(13,745)	(8,577)	(8,577)	(8,217)	(6,820)	(45,936)
Repayments	13,745	8,577	8,577	8,217	6,820	45,936
Balance at 31 December 2021	—	—	—	—	—	—
Overheads and office costs recharged	(14,968)	(32,746)	11,022	(7,509)	(7,426)	(51,627)
Repayments	14,968	17,003	—	7,509	7,426	46,906
<b>Balance at 31 December 2022</b>	<b>—</b>	<b>(15,743)</b>	<b>11,022</b>	<b>—</b>	<b>—</b>	<b>(4,721)</b>

#### Company

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

	2022 £	2021 £
Amounts due from Bolivian Hydrocarbon Limited	<b>(20,695)</b>	—
Amounts due to Guarani Sustainable Energy	<b>(50,000)</b>	(50,000)
	<b>(70,695)</b>	(50,000)

Amounts due to and from the above companies are unsecured and repayable on demand. The balance above are net of an allowance of £574,519 (2021: £574,519) against an amount due from Bolivian Hydrocarbon Limited.

# Clontarf Energy Plc

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 7. Employee Information

There were no employees of the Group or Company other than the Directors during the current or prior year. Further information on Directors' remuneration for the current and prior year is outlined in note 6.

### 8. Income tax expense

	2022 £	2021 £
<b>Current tax</b>		
Tax on loss	—	—

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2022 £	2021 £
Loss for the year	<b>(4,766,646)</b>	<i>(463,501)</i>
<b>Loss before income taxes</b>	<b>(4,766,646)</b>	<i>(463,501)</i>
Tax using the Company's domestic tax rate of 19% (2021:19%)	<b>(905,663)</b>	<i>(88,065)</i>
Unrelieved tax losses carried forward	<b>905,663</b>	<i>88,065</i>
Total tax expense	—	—

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

At the balance sheet date, the Group had unused tax losses of £13,574,724 (2021: £8,808,078) which equates to an unrecognised deferred tax asset of £2,871,857 (2021: £1,966,194).

No deferred tax asset has been recognised due to the unpredictability of the future profit streams.

### 9. Loss per share

Basic loss per share is computed by dividing the loss after taxation for the year attributable 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 profit or 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.

	2022 £	2021 £
<b>Numerator</b>		
For basic and diluted EPS Loss after taxation	<b>(4,766,646)</b>	<i>(463,501)</i>
<b>Denominator</b>	<b>No.</b>	<b>No.</b>
For basic and diluted EPS	<b>1,856,031,596</b>	<i>817,717,558</i>
Basic EPS	<b>(0.26p)</b>	<i>(0.09p)</i>
Diluted EPS	<b>(0.26p)</b>	<i>(0.09p)</i>

The following potential Ordinary Shares are anti-dilutive and are therefore excluded from the weighted average number of shares for the purposes of the diluted earnings per share:

	<b>No.</b>	<b>No.</b>
Share options	<b>40,500,000</b>	<i>40,500,000</i>

# Clontarf Energy Plc

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 10. Intangible assets

#### Exploration and evaluation assets:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Cost</b>				
At 1 January	8,640,329	8,625,329	8,042,829	8,042,829
Additions	4,095,294	15,000	4,095,294	
At 31 December	<b>12,735,623</b>	8,640,329	<b>12,138,123</b>	8,042,829
<b>Impairment</b>				
At 1 January	7,772,286	7,710,212	7,419,786	7,372,712
Impairment	4,095,294	62,074	4,095,294	47,074
At 31 December	<b>11,867,580</b>	7,772,286	<b>11,515,080</b>	7,419,786
<b>Carrying Value:</b>				
At 1 January	868,043	915,117	623,043	670,117
At 31 December	<b>868,043</b>	868,043	<b>623,043</b>	623,043
<b>Segmental analysis</b>				
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bolivia	—	—	—	—
Ghana	868,043	868,043	623,043	623,043
	<b>868,043</b>	868,043	<b>623,043</b>	623,043

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

On 9 May 2022 the Company acquired a 10 per cent. interest in the high-impact multi-TCF (Trillion Cubic Feet) Sasanof exploration prospect (located mainly within Exploration Permit WA-519-P) through the acquisition of a 10 per cent. interest in Western Gas, which wholly owns the prospect.

The Acquisition consideration comprised of a cash consideration of US\$4,000,000, and 100,000,000 ordinary shares of 0.25p each in the Company. In the event of a discovery being declared at the Sasanof-1 Well, further consideration would have been payable.

On 6 June 2022 the Company announced that no commercial hydrocarbons were intersected and the Sasanof-1 Well would be plugged and permanently abandoned. De-mobilisation activities commenced. Accordingly, the total costs of £4,095,294 incurred on the Sasanof-1 Well were written off in full in the current year.

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

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

The Directors believe that there were no facts or circumstances indicating that the carrying value of the remaining intangible assets may exceed their recoverable amount and thus no impairment review was deemed necessary by the Directors. The realisation of these intangibles assets is dependent on the successful discovery and development of economic deposit resources and the ability of the Group to raise sufficient finance to develop the projects. It is subject to a number of potential significant risks, as set out in note 2.6.

Included in the additions for the year are £Nil (2021: £15,000) of Directors' remuneration. The remaining balance pertains to the amounts capitalised to the respective projects held by the entity.

# Clontarf Energy Plc

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 11. Investments in subsidiaries

	2022 £	2021 £
At 1 January	52,104	52,104
At 31 December	<u>52,104</u>	<u>52,104</u>

Based on a review performed by the Directors at 31 December 2022, the fair value of the investments in subsidiaries is assessed to be equal to or higher than their carrying amounts.

The subsidiaries of the Company at 31 December 2022 were:

Name of subsidiary	Total allotted Capital	Country of Incorporation	Ownership %	Principal activity
Guarani Sustainable Energy plc	5,000,000 shares of 1p each	England & Wales	100%	Dormant
Petrolex SA	1,000 shares of Bs1,000 each	Bolivia	100%	Dormant
*Endeavour Oil & Gas Ltd	100 shares of £1 each	England & Wales	100%	Dormant
*Endeavour Oil & Gas Inc	10,000 shares of 10 cent each	USA	100%	Dormant
Bolivian Hydrocarbon Ltd	5,000 shares of \$1 each	Turks & Caicos Islands	100%	Management Company
Pan Andean Oil & Gas Ltd	200 shares of 1p each	England & Wales	100%	Dormant
Pan Andean Resources Limited	30,000 shares of GHC1 each	Ghana	60%	Dormant

\* indirectly held

The carrying value of the investments in subsidiaries is dependent on the successful discovery and development of economic deposit reserves and the ability of the Group to raise sufficient finance to develop the projects. It is subject to a number of significant potential risks set out in note 2.6.

### 12. Other Receivables

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Prepayments	—	1,934	—	1,932
Owed by group companies	—	—	20,695	—
	<u>—</u>	<u>1,934</u>	<u>20,695</u>	<u>1,932</u>

### 13. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash in bank accounts	931,902	344,253	931,902	344,253
	<u>931,902</u>	<u>344,253</u>	<u>931,902</u>	<u>344,253</u>

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

# Clontarf Energy Plc

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 14. Trade and other payables

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Trade payables	56,575	48,783	56,575	48,783
Creditor – Western Gas	553,133	—	553,133	—
Other accruals	16,500	16,500	16,500	16,500
Other payables	1,525,565	1,420,565	926,528	851,528
Cash received in advance for share placing	870,022	—	870,022	—
Related parties (note 6)	4,719	—	4,721	—
Amounts owed to group companies	—	—	50,000	50,000
	<b>3,026,514</b>	<b>1,485,848</b>	<b>2,477,479</b>	<b>966,811</b>

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

Other payables relate to amounts due to Directors' remuneration of £1,525,565 (2021: £1,420,565) accrued but not paid at year end.

Creditor – Western Gas relate to cash calls due for costs incurred on the Sasanof-1 Well accrued but not paid at period end.

### 15. Share capital

#### Deferred Shares – nominal value of 0.24p (2021: Nil)

	Number	Share Capital £	Share Premium £
At 1 January 2022	—	—	—
Transfer from ordinary shares	2,370,826,117	5,689,982	—
<b>At 31 December 2022</b>	<b>2,370,826,117</b>	<b>5,689,982</b>	<b>—</b>

#### Ordinary Shares – nominal value of 0.01p (2021: 0.25p)

##### Allotted, called-up and fully paid:

	Number	Share Capital £	Share Premium £
At 1 January 2021	716,979,964	1,792,450	10,900,373
Issued during the year	153,846,153	384,615	115,385
Share issue expenses	—	—	(30,000)
At 31 December 2021	870,826,117	2,177,065	10,985,758
Issued during the year	1,500,000,000	3,750,000	—
	<b>2,370,826,117</b>	<b>5,927,065</b>	<b>10,985,758</b>
Transfer to deferred shares	—	(5,689,982)	—
<b>At 31 December 2022</b>	<b>2,370,826,117</b>	<b>237,083</b>	<b>10,985,758</b>

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 15. Share capital (continued)

#### Movements in issued share capital

On 6 May 2021 the Company raised £500,000 via a placing of 153,846,153 ordinary shares at a price of 0.325p per share. Proceeds raised were used to provide additional working capital and fund development costs.

On 27 April 2022 the Company raised £3,500,000 via a placing of 1,400,000,000 ordinary shares at a price of 0.25p per share. Proceeds raised were used to finance the drilling of the Sasanof-1 Well in Western Australia.

On 9 May 2022, as part of the acquisition of a 10% interest in the Sasanof-1 Well, the Company issued 100,000,000 shares at a price of 0.25p per share to Western Gas Australia

On 4 August 2022 the 2,370,826,117 issued ordinary shares were subdivided via ordinary resolution into 2,370,826,117 ordinary shares of 0.01p each and 2,370,826,117 deferred shares of 0.24p each.

#### Share Options

A total of 40,500,000 share options were in issue at 31 December 2022 (2021: 40,500,000). These options are exercisable, at prices ranging between 0.70p and 0.725p, up to seven years from the date of granting of the options unless otherwise determined by the Board. Further information relating to Share Options is outlined in Note 19.

### 16. Material non-cash transactions

Material non-cash transactions during the year have been outlined in Notes 6 and 19.

### 17. Financial instruments and risk management

The Group's financial instruments comprise cash and cash equivalent balances, investments and various items such as trade and other payables which arise directly from operations.

The Group undertakes certain transactions denominated in foreign currencies. Hence exposures to exchange rate fluctuations arise.

The Group holds cash as a liquid resource to fund obligations to the Group. The Group's cash balances are held in Pound Sterling, Euro and US Dollars. The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure.

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

The Group does not enter into any derivative transactions, and it is the Group's policy that no trading in derivatives shall be undertaken.

The main financial risks arising from the Group's financial instruments are as follows:

#### *Interest rate risk*

The Group has no outstanding bank borrowings at the year end. New projects and acquisitions are financed by a combination of existing cash surpluses and through funds raised from equity share issues. The Group may use project finance in the future to finance exploration and development costs on existing licences. There would be no material impact on the Company should there be a change in the interest rates.

#### *Liquidity risk*

In regards to liquidity, the Group's policy is to ensure continuity of funding primarily through fresh issues of shares and by maintaining adequate cash reserves. 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.

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 17. Financial instruments and risk management (continued)

#### Foreign currency risk

In the normal course of business, the Group enters into transactions denominated in foreign currencies (US Dollar and Euro). As a result, the Group is subject to exposure from fluctuations in foreign currency exchange rates; however, it does review its currency exposures on an ad hoc basis.

The carrying amounts of the Group and Company foreign currency denominated monetary assets and monetary liabilities at the reporting dates are as follows. There would be no material impact on the Company should there be a change in the foreign exchange rates:

	Assets		Liabilities	
	2022	2021	2022	2021
	£	£	£	£
<b>Group and Company</b>				
Euro	7,882	5,090	12,751	8,327
US Dollar	562	757	553,133	—

#### Capital Management

The primary objective when managing capital is to safeguard the ability of the Group and Company to continue as a going concern in order to support its business and maximise shareholder value. The capital structure of the Group consists of issued share capital, share premium, retained losses, and share based payment reserve.

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 2022 and 31 December 2021. The Group's only capital requirement is its authorised minimum capital as a plc. The Companies Act 2006 specifies that the authorised minimum is £50,000 with 25 per cent. paid up.

#### Credit risk

Credit risk arises from cash and cash equivalents.

The maximum credit exposure of the Group and Company as at 31 December 2022 amounted to £931,902 (2021: £344,253) relating to the Group and Company's cash and cash equivalents and receivables. The Directors believe there is a limited exposure to credit risk as the Group and Company's cash and cash equivalents are held with major financial institutions.

The Group manages its credit risk in cash and cash equivalents by holding surplus funds in high credit worthy financial institutions and maintains minimum balances with financial institutions in remote locations:

	2022	2021
	£	£
Cash held in institutions with S&P A-rating or higher	931,902	344,253

### 18. Capital Commitments

There is no capital expenditure authorised or contracted for which is not provided for in these accounts.

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 19. Share-based payments

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. Shares granted to individuals and Directors will vest 3 years from the period that the awards relates.

Fair value is measured by the use of a Black-Scholes model.

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

#### Share Options

	31 December 2022		31 December 2021	
	Options	Weighted average exercise price in pence	Options	Weighted average exercise price in pence
Outstanding at beginning of year	40,500,000	0.7	40,500,000	0.7
Issued	—	—	—	—
Expired	—	—	—	—
Outstanding at end of year	40,500,000	0.7	40,500,000	0.7
Exercisable at end of year	40,500,000	0.7	30,500,000	0.7

During 2019 40,500,000 options were granted with a fair value of £246,788. These fair values were calculated using the Black-Scholes valuation model. These options will vest over a 3 year period and will be capitalised or expensed on a straight line basis over the vesting period.

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

#### Grant 2 October 2019

Weighted average share price at date of grant (in pence)	0.7p
Weighted average exercise price (in pence)	0.7p
Expected volatility	116.23%
Expected life	7 years
Risk free rate	1.3%
Expected dividends	none

Expected volatility was determined by management based on their cumulative experience of the movement in share prices. The terms of the options granted do not contain any market conditions within the meaning of IFRS 2

The Group capitalised expenses of £Nil (2021: £Nil) and expensed costs of £61,695 (2021: £82,264) relating to equity-settled share-based payment transactions during the year.



# Clontarf Energy Plc

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 19. Share-based payments (continued)

#### Warrants

	31 December 2022		31 December 2021	
	Warrants	Weighted average exercise price in pence	Warrants	Weighted average exercise price in pence
Outstanding at beginning of year	—	—	—	—
Issued	435,683,300	0.25	—	—
Expired	—	—	—	—
Outstanding at end of year	435,683,300	0.25	—	—

On 12 January 2022 the Company issued 435,683,300 warrants over ordinary shares to the Directors who have accrued salary not paid to them since 2010. The accrued liability as at 31 December 2021 for the three longest serving Directors (Dr Teeling, Mr Horgan and Mr Finn) was £1,340,564. The Board remains cognisant of the need to conserve cash resources in the current environment and therefore these three Directors have agreed to continue deferring payment of this amount, in cash, until the end of 2024.

In consideration for this past and continued deferral, these Directors have been issued 3.25 warrants over ordinary shares per each 1p of accrued salary due until 31 December 2021. The Warrants are exercisable at 0.25p at any time until 11 January 2025 and have been allocated as follows:

	Warrants exercisable accrued at conversion salary price of 0.25p (£) per share	
David Horgan	£569,037	184,937,025
John Teeling	£395,704.	128,603,800
James Finn	£375,823	122,142,475

Accordingly, in aggregate, 435,683,300 Warrants have been issued to the above Directors. Any exercise of the Warrants is restricted to the extent that, if by exercising, the Warrant holders in aggregate hold greater than 29.9 per cent. of the total voting rights of the Company.

For the avoidance of doubt, the deferred salaries, unless otherwise settled, will remain payable in cash after the end of 2024.

### 20. Other Reserves

	Share Based Payment Reserve £
Balance at 1 January 2021	103,879
Vested during the year	82,264
Balance at 31 December 2021	186,143
Vested during the year	61,695
<b>Balance at 31 December 2022</b>	<b>247,838</b>

#### Share Based Payment Reserve

The share based payment reserve arises on the grant of share options under the share option plan as detailed in Note 19.

# Clontarf Energy Plc

## Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

### 21. Retained Deficit

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Opening Balance	(13,620,584)	(13,157,083)	(13,294,445)	(12,860,944)
Loss for the year	(4,776,646)	(463,501)	(4,715,951)	(433,501)
Closing Balance	<u>(18,387,230)</u>	<u>(13,620,584)</u>	<u>(18,010,396)</u>	<u>(13,294,445)</u>

#### Retained Deficit

Retained deficit comprises of losses incurred in the current and prior years.

### 22. Parent company income statement

As permitted by Section 408 of the Companies Act, 2006 the Parent Company's income statement has not been presented in this document. The loss after taxation, as determined in accordance with IFRS, for the Parent Company for the year is £4,715,951 (2021: £433,501).

### 23. Post balance sheet events

**On 16 January 2023** the Company has raised £1,300,000 (before expenses) via the placing of, and subscription for, 2 billion new ordinary shares 0.01p each in the Company, via several Australian based brokers, at a price of 0.065p per Placing Share.

The net proceeds of the Placing will be used to advance Clontarf's lithium projects in Bolivia, and petroleum projects in Ghana, Australia, and elsewhere.

**On 17 January 2023** following long-term, incentive share options the Company granted over, in aggregate, 160,000,000 ordinary shares of 0.01p each in the Company. The Options vest immediately, have an exercise price of 0.0725p and an expiry date of 16 January 2030. The exercise price represents a premium of c. 4% to the closing price on 16 January 2023, being the last trading day before the award of the Options.

The Options have been awarded as follows:

	Number of Share Options granted
David Horgan, Chairman	60,000,000
Peter O'Toole, Independent Non-Executive Director	40,000,000
James Finn, Financial Director and Company Secretary	40,000,000
Dipti Mehta, Financial Controller	20,000,000

**On 15 February 2023** the Company announced a heads of agreement around the potential formation of a 50:50 Joint Venture with US based, OTC Markets traded, technology company, NEXT-ChemX Corporation ("**NCX**") covering testing, marketing, and deploying of NCX's proprietary (patent pending) DLE technology in Bolivia. Further on 5 May 2023 the Company announced that all conditions precedent have now been satisfied with respect to the JV with Next-ChemX. In this regard the Company has paid NCX US\$500,000 and has issued 385 million new Ordinary shares in the capital of Clontarf of which half will be subject to a 12 month lock-in.

**On 1 June 2023** the Company announced it had raised £350,000 (before expenses) via the placing of, and subscription for, 437,500,000 new ordinary shares of 0.01p each in the capital of the Company at a price of 0.08p per Placing Share.

The net proceeds of the Placing will be used to advance Clontarf's lithium projects in Bolivia, and neighbouring countries, as well as on petroleum projects in Ghana, Australia, and elsewhere.

There are no other post balance sheet events apart from those noted above.

### 24. Approval of the financial statements

The financial statements were approved by the board of Directors on 7 June 2023.

## Notice of Annual General Meeting

for the year ended 31 December 2022

Notice is hereby given that an Annual General Meeting of Clontarf Energy plc (“**Clontarf**” or the “**Company**”) will be held at Canal Court Hotel, Merchants Quay, Newry, BT35 8HF, United Kingdom on 13 July 2023 at 11.00 a.m. for the following purposes:

Ordinary Business

1. To receive and consider the Directors’ Report, Audited Accounts and Auditor’s Report for the year ended 31 December 2022.
2. To re-elect Director: David Horgan retires in accordance with Article 25 and seeks re-election.
3. To re-elect PKF O’Connor, Leddy & Holmes Limited as auditors and to authorise the Directors to fix their remuneration.
4. To transact any other ordinary business of an annual general meeting.

### SPECIAL BUSINESS

#### ORDINARY RESOLUTION

5. That, in accordance with section 551 of the Companies Act 2006, the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (“**Rights**”) up to an aggregate nominal amount of £5,000,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on a date no longer than five years from the date the resolution is passed save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in substituting for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Companies Act 2006.

#### SPECIAL RESOLUTION

6. That, subject to the passing of resolution 5 and in accordance with sections 570 and 573 of the Companies Act 2006, the Directors be and are generally empowered to allot equity securities as defined in section 560 of the Companies Act 2006 for cash pursuant to the authority conferred by resolution 5, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall:
  - 6.1 be limited to that allotment of equity securities up to an aggregate nominal amount of £5,000,000; and
  - 6.2 expire on a date no longer than five years from the date the resolution is passed (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

#### For Consideration

To consider in accordance with section 656 Companies Act 2006 whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company are less than half its called up share capital.

By order of the Board

James Finn  
Secretary

7 June 2023

## Notice of Annual General Meeting *(continued)*

for the year ended 31 December 2022

Registered Office: Suite 1, 7<sup>th</sup> Floor, 50 Broadway, London, SW1H 0BL

Registered in England and Wales with company number: 04967918

### Notes:

1. A member who is unable to attend and vote at the above Annual General Meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from the Meeting and voting in person.
2. To be effective, the completed Form of Proxy duly signed, together with the power of attorney (if any) or other authority under which it is executed, or a notarially certified copy thereof, must be deposited at the Company's Registrars, Computershare Investor Services (Ireland) Ltd., 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, not less than forty-eight hours before the time appointed for the Meeting or any adjournment thereof at which the person named in the form of Proxy is to vote. A shareholder wishing to appoint a proxy by electronic means may do so on [www.eproxyappointment.com](http://www.eproxyappointment.com). A shareholder who wishes to appoint more than one proxy by electronic means must contact the Registrar by sending an email to [clientservices@computershare.ie](mailto:clientservices@computershare.ie).
3. A shareholder may appoint more than one proxy to attend, speak, ask questions and vote at the meeting provided each proxy is appointed to exercise rights attached to different shares held by that shareholder. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Registrar's helpline on +353 1 216 3100 or you may photocopy the proxy form. Please indicate in the box next to the proxy holder's name on the Form of Proxy the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided in the Form of Proxy if the proxy instruction is one of multiple instructions being given. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name on the Form of Proxy the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the Form of Proxy has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). All Forms of Proxy must be signed and should be returned together in the same envelope. Where a poll is taken at the Meeting, a shareholder, present in person or proxy, holding more than one share is not required to cast all their votes in the same way.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
5. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. Pursuant to the Regulation 41 of the Uncertificated Securities Regulation 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the date of the meeting (or in the case of an adjournment as at close of business on the day which is 2 days before the date of the adjourned meeting). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 11.00 a.m. on 11 July 2023 (or in the case of an adjournment as at 48 hours before the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

# Clontarf Energy Plc

## Directors and Other Information

### DIRECTORS

David Horgan (Chairman)  
James Finn (Finance Director)  
Peter O'Toole (Independent Non-executive Director)  
John Teeling (Resigned 1 July 2022)

### COMPANY SECRETARY

James Finn

### REGISTERED OFFICE

Suite 1, 7<sup>th</sup> Floor  
50 Broadway  
London, SW1H 0BL  
United Kingdom

### DUBLIN ADDRESS

162 Clontarf Road  
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Telephone: +353 1 8332833

### INDEPENDENT AUDITORS

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Harold's Cross Road  
Dublin 6W  
Ireland

### SOLICITORS

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7/8 Wilton Terrace  
Dublin 2  
Ireland

### BANKERS

Barclays Bank plc  
Two Park Place  
Hatch Street Upper  
Dublin 2  
Ireland

### NOMINATED & FINANCIAL ADVISER

Strand Hanson Limited  
26 Mount Row Mayfair  
London, W1K 3SQ  
United Kingdom

### BROKER

Novum Securities Limited  
8-10 Grosvenor Gardens  
London, SW1W 0DH  
United Kingdom

### REGISTRARS

Computer Share Services (Ireland) Limited  
3100 Lake Drive  
Citywest Business Campus  
Dublin 24  
D24 AK82



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*energy* PLC

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