

**Lansdowne Oil & Gas plc**

**Audited Results for the year ended 31 December 2012**

14 May 2013

Lansdowne Oil & Gas (“Lansdowne” or “the Company”) is pleased to announce its audited results, for the year ended 31 December 2012. Lansdowne is an upstream oil and gas company, focused on exploration and appraisal activities in the North Celtic Sea Basin, off the south coast of Ireland. The Company has targeted the Irish offshore shelf areas close to existing operating infrastructure for exploration, as these provide shallow water (generally less than 100 metres), and relatively low drilling costs and the Directors believe that these factors, combined with favourable fiscal terms, have the potential to deliver high value reserves.

**Operational highlights**

- Barryroe appraisal well 48/24-10z successfully tested at a stabilised rate of 3,514 bopd and 2.93 mmscf
- Barryroe updated operator estimate of P50 oil in place estimates currently total 1,043 MMBO for the Middle and Basal Wealden reservoirs
- Barryroe additional potential identified in Lower Wealden and Purbeckian reservoir intervals with operator estimate of P50 oil in place of 778 MMBO
- Barryroe technical reservoir resource audit by Netherland Sewell & Associates Inc. of the Basal Wealden Sand
- Total gross audited on-block 2C recoverable resources of 346 MMBOE (69 MMBOE net to Lansdowne)
- Barryroe North Licensing Option secured over 521 sq kms
- Amergin, Midleton & Rosscarbery prospects de-risked substantially by 3D seismic mapping and subsequent inversion. Industry farmout discussions on-going with Macquarie Capital as advisor to the Company

**Financial**

- Funds of £10 million (2011: £12.5 million) raised through placing of new shares
- Cash balances at 31 December 2012 of £5.5 million (2011:£3.2 million)
- Operating expenses for the year were £1.0 million (2011: £1.0 million)
- Loss for year after tax £1.1 million (2011: loss £780,000)
- Loss per share 0.9 pence (2011: loss 0.8 pence)

**For further information please contact:**

**Lansdowne Oil & Gas plc**  
Steve Boldy

+353 1 495 9259

**Cenkos Securities plc**  
Jon Fitzpatrick  
Neil McDonald

+44 (0)20 7397 8900  
+44 (0)131 220 6939

**FTI Consulting**  
Billy Clegg  
Georgia Mann

+44 20 7831 7157  
+44 207 269 7212

## **Lansdowne Oil and Gas plc**

### **Results for the year ended 31 December 2012**

#### **Chairman's Statement**

I am pleased to say that 2012 was a year of major progress for Lansdowne Oil & Gas plc ("Lansdowne").

Your Company's business was considerably enhanced by the success of the Barryroe appraisal well in the North Celtic Sea and its subsequent technical and commercial analysis; by the award and addition of the Barryroe North licensing option area; by the completion of 3D seismic inversion work on our other licences leading to further de-risking of key exploration prospects ahead of farmout and drilling in 2014; and by the strengthening of the balance sheet through a £10 million fundraising (before expenses) in August 2012.

Lansdowne now has a material balanced portfolio of acreage under licence in the relatively underexplored North Celtic Sea basin. This portfolio of oil and gas prospects affords Lansdowne a competitive strategic position in an area currently being positively reassessed by the industry in the light of the Barryroe success. I fully expect Lansdowne to exploit this advantage in the near future.

#### **Financial results**

The Group recorded a loss after tax of £1.1 million for the year ended 31 December 2012 compared to a loss after tax of £0.8 million for the year ended 31 December 2011.

Group operating expenses for the year were £1.0 million, compared to £1.0 million in 2011.

Net finance expense for the year was £127,000 (2011 income: £122,000). Interest expense on loans from shareholders amounted to £7,000 (2011: £29,000).

Total equity attributable to the shareholders of the Group has increased to £26.3 million as at 31 December 2012 from £17.8 million as at 31 December 2011.

Cash balances of £5.5 million (2011: £3.2 million) were held at the end of the financial year.

#### **Outlook**

Lansdowne's platform for growth is solidly based on a continued focus on exploration and appraisal drilling in the North Celtic Sea. Through the use of modern 3D seismic inversion technology in 2012, Lansdowne's oil and gas prospects have been further de-risked and the Company is confident of forming joint-ventures through farmout with industry partners ahead of an exciting high-impact drilling programme in 2014.

Again, I would like to thank all our shareholders for their continued support.

**John Greenall**

Chairman

**Lansdowne Oil & Gas plc**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2012**

	<b>Note</b>	<b>2012</b> <b>Audited</b> <b>£'000</b>	2011 Audited £'000
<b>Assets</b>			
<b>Non- current assets</b>			
Intangible assets	4	<b>24,399</b>	16,365
Property, plant and equipment		<b>1</b>	1
Goodwill	4	<b>1,421</b>	1,421
		<b>25,821</b>	17,787
<b>Current Assets</b>			
Trade and other receivables		<b>101</b>	36
Cash at bank and on hand		<b>5,549</b>	3,228
		<b>5,650</b>	3,264
<b>Total Assets</b>		<b>31,471</b>	21,051
<b>Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
Share capital	6	<b>7,027</b>	6,118
Share premium	6	<b>25,273</b>	16,736
Other reserves		<b>118</b>	65
Accumulated deficit		<b>(6,070)</b>	(5,076)
<b>Total Equity</b>		<b>26,348</b>	17,843
<b>Non-Current Liabilities</b>			
Deferred income tax liabilities		<b>1,263</b>	1,316
<b>Current Liabilities</b>			
Trade and other payables		<b>3,860</b>	1,719
Borrowings	5	<b>-</b>	173
		<b>3,860</b>	1,892
<b>Total Liabilities</b>		<b>5,123</b>	3,208
<b>Total Equity and Liabilities</b>		<b>31,471</b>	21,051

**Lansdowne Oil & Gas plc**  
**Consolidated Income Statement**  
**For the year ended 31 December 2012**

	<b>2012</b>	2011
	<b>Audited</b>	Audited
<b>Note</b>	<b>£'000</b>	£'000
Administrative expenses	<b>(991)</b>	(1,007)
Disposal of intangible assets	<b>(29)</b>	-
<b>Operating loss</b>	<b>(1,020)</b>	(1,007)
Finance costs	<b>(140)</b>	(30)
Finance income	<b>13</b>	152
<b>Loss before income tax</b>	<b>(1,147)</b>	(885)
Income tax credit	<b>53</b>	105
<b>Loss for the year</b>	<b>(1,094)</b>	(780)
<b>Earnings per share (pence):</b>		
Basic loss per ordinary share	<b>3 (0.9p)</b>	(0.8p)
Diluted loss per ordinary share	<b>3 (0.9p)</b>	(0.8p)

All activities relate to continuing operations.

**Consolidated Statement of Comprehensive Income**  
**For the year ended 31 December 2012**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Loss for the year	<b>(1,094)</b>	(780)
Currency translation differences	<b>53</b>	(5)
<b>Total comprehensive loss for the year</b>	<b>(1,041)</b>	(785)

**Lansdowne Oil & Gas plc**  
**Consolidated Statement of Changes in Equity**  
**For the years ended 31 December 2012**

	Share capital £'000	Share premium £'000	Other reserves £'000	Accumulated deficit £'000	Total equity £'000
<b>At 1 January 2011</b>	<b>2,685</b>	<b>7,672</b>	<b>70</b>	<b>(4,362)</b>	<b>6,065</b>
Loss for the financial year	-	-	-	(780)	(780)
Currency translation difference	-	-	(5)	-	(5)
<b>Total comprehensive income for the year</b>	<b>2,685</b>	<b>7,672</b>	<b>65</b>	<b>(5,142)</b>	<b>5,280</b>
Share based payments charge	-	-	-	66	66
Issues of new shares – gross consideration	3,043	8,087	-	-	11,130
Issues of new shares – debt conversion	390	1,558	-	-	1,948
Cost of share issues	-	(581)	-	-	(581)
<b>At 31 December 2011</b>	<b>6,118</b>	<b>16,736</b>	<b>65</b>	<b>(5,076)</b>	<b>17,843</b>
<b>At 1 January 2012</b>	<b>6,118</b>	<b>16,736</b>	<b>65</b>	<b>(5,076)</b>	<b>17,843</b>
Loss for the financial year	-	-	-	(1,094)	(1,094)
Currency translation difference	-	-	53	-	53
<b>Total comprehensive income for the year</b>	<b>6,118</b>	<b>16,736</b>	<b>118</b>	<b>(6,170)</b>	<b>16,802</b>
Share based payments charge	-	-	-	100	100
Issues of new shares – gross consideration (note 6)	909	9,091	-	-	10,000
Cost of shares issues	-	(554)	-	-	(554)
<b>At 31 December 2012</b>	<b>7,027</b>	<b>25,273</b>	<b>118</b>	<b>(6,070)</b>	<b>26,348</b>

**Lansdowne Oil & Gas plc**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2012**

	<b>Note</b>	<b>2012</b> <b>Audited</b> <b>£'000</b>	2011 Audited £'000
<b>Cash flows from operating activities</b>			
Cash generated by operations	7	1,111	192
Net finance expense/ (income)		127	(122)
<b>Net cash generated by operating activities</b>		<b>1,238</b>	<b>70</b>
<b>Cash flows from investing activities</b>			
Acquisition of intangible exploration assets		(8,063)	(7,632)
Acquisition of property, plant & equipment		-	(1)
Interest received		13	19
<b>Net cash used in investing activities</b>		<b>(8,050)</b>	<b>(7,614)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	6	9,446	10,550
Proceeds from borrowings		-	65
Repayment of borrowings	5	(173)	-
Interest paid		(114)	(2)
<b>Net cash generated by financing activities</b>		<b>9,159</b>	<b>10,613</b>
Effect of exchange rate fluctuations on cash held		(26)	133
<b>Net increase in cash and cash equivalents</b>		<b>2,321</b>	<b>3,202</b>
Cash and cash equivalents at beginning of year	7	3,228	26
<b>Cash and cash equivalents at end of year</b>	<b>7</b>	<b>5,549</b>	<b>3,228</b>

**Lansdowne Oil & Gas plc**  
**Notes to the Financial Information**  
**For the year ended 31 December 2012**

**1. Basis of Presentation**

The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

The Directors have prepared the accounts on the going concern basis which assumes that the Group and Company and its subsidiaries will continue in operational existence for at least twelve months from the date of these accounts as described below.

During the year the Group and Company successfully raised funds of £9.4 million (net) through placing of new ordinary shares to enable the company to fund their share of costs relation to the continued evaluation of the licences held, and meet the company's working capital requirements.

In relation to Barryroe, the Directors are confident that with the successful well test, Providence, as operator will be able to conclude a farm out deal. The Company is participating in this process with Providence and the Directors believe this will provide sufficient resources for the company to continue with the appraisal of the licence.

Macquarie Capital have commenced a farm out process across the Company's other licences, in order to find a partner(s) to participate in the next stage drilling. A data room is operational with a number of interested parties currently reviewing the information contained therein. The Directors are confident that with the positive results from the seismic surveys they will be able to conclude a farm out deal(s) which will provide sufficient resources for the Company to continue with the appraisal of these licences held.

The Directors believe that the Company has a number of available funding options; the Company primary aim is to conclude the ongoing farm out campaign with a view to attracting industry partners to drill wells, plus the Company also has the option of issuing new equity that would provide the company with sufficient resources to progress the licences in the near term.

The Directors believe that at the date of these financial statements there exists a material uncertainty regarding whether or not the Company will be successful in raising the required future funding to progress the appraisal of the licences held, which may cast significant doubt upon the ability of the Company to continue as a going concern and therefore to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries and considering all the relevant factors, the Directors are of the opinion that with the current level of interest in the farm out process and the option of issuing new equity, the Company will be able to source the necessary funds.

Although this material uncertainty exists, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for the foreseeable future and have therefore concluded that it is appropriate to adopt the going concern basis in preparing these financial statements.

If for any reason the uncertainty described above cannot be successfully resolved, the going concern basis may no longer be appropriate. The financial statements do not include any adjustments that would result if the Group and Company was unable to continue as a going concern.

**2. Segmental Reporting**

The Directors believe that the Group has only one reportable operating and geographic segment, which is the exploration for oil and gas reserves in Ireland. All operations are classified as continuing and currently no revenue is generated from the operating segment.

The Chief Executive monitors the operating results of its operating segment separately for the purposes of making decisions and performance assessment. Segment performance is evaluated based on operating profit or loss and is reviewed consistently with operating profit or loss in the consolidated financial statements.

### 3. Loss per Ordinary Share

The loss for the year was wholly from continuing operations.

	Year ended 31 December (pence per share)	
	2012	2011
Loss per share arising from continuing operations attributable to the equity holders of the Company		
- basic and diluted	<b>(0.9)</b>	(0.8)

The calculations were based on the following information.

Loss for the year attributable to equity holders	<b>(1,094)</b>	<b>(780)</b>
Weighted average number of shares in issue		
- basic and diluted	<b>128,535,058</b>	<b>93,929,858</b>

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has two classes of potential ordinary shares; share options and share warrants. As a loss was recorded for both 2012 and 2011 the issue of new shares would have been antidilutive.

### 4. Goodwill and Other Intangible Assets

	Exploration /	Goodwill	Total
	appraisal assets		
	£'000	£'000	£'000
<b>Cost</b>			
<b>At 1 January 2012</b>	<b>16,365</b>	<b>1,421</b>	<b>17,786</b>
Additions	<b>8,063</b>	-	<b>8,063</b>
Disposals	<b>(29)</b>	-	<b>(29)</b>
<b>At 31 December 2012</b>	<b>24,399</b>	<b>1,421</b>	<b>25,820</b>
<b>Net book values</b>			
At 31 December 2012	<b>24,399</b>	<b>1,421</b>	<b>25,820</b>
<b>At 31 December 2011</b>	<b>16,365</b>	<b>1,421</b>	<b>17,786</b>



Oil and gas project expenditures, including geological, geophysical and seismic costs, are accumulated as intangible fixed assets prior to the determination of commercial reserves. At 31 December 2012, intangible fixed assets totalled £24.4 million (2011 £16.4 million), all of which relate to Ireland.

An annual impairment review is carried out in respect of goodwill. The Directors are satisfied that no impairment adjustment is required.

The disposal of £29,375 relates to the write off of expenditure on the Lee licence area as the directors have decided not to renew this licence because it is not considered a viable project.

## 5. Borrowings

	<b>Group 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>Company 2012 £'000</b>	<b>Company 2011 £'000</b>
Loans from shareholders	-	173	-	173

### 2009 Loan facilities

In February 2009 the Company entered into a loan agreement with one of its principal shareholders, LC Capital Master Fund Ltd ("LC"), pursuant to which LC agreed to provide Lansdowne with an initial loan facility of up to £500,000. The amount of the facility was subsequently extended, ultimately to a total of £1.6 million, in December 2010.

Interest initially accrued at the rate of LIBOR plus 2 per cent per annum. Interest on amounts drawn under the facility after 13 October 2010 accrued at the rate of LIBOR plus 4 per cent per annum.

Repayment of the facilities was initially due on 12 March 2010 but had subsequently been extended until 31 December 2011. The facility, including all accrued interest was fully discharged in the year ended 31 December 2012

## 6. Share capital and premium- Group and Company

	<b>Number of shares (thousands)</b>	<b>Ordinary shares £'000</b>	<b>Share premium £'000</b>	<b>Total £'000</b>
<b>At 1 January</b>	<b>122,358</b>	<b>6,118</b>	<b>16,736</b>	<b>22,854</b>
Issued in year	18,182	909	9,091	10,000
Share issue costs	-	-	(554)	(554)
<b>At 31 December 2012</b>	<b>140,540</b>	<b>7,027</b>	<b>25,273</b>	<b>32,300</b>

On 28 August 2012, the Company raised £10 million before expenses, by the placing for cash of 18,182,000 new ordinary shares of £0.05 each at 55 pence per share.

## 7. Reconciliation of loss before income tax to cash used in operations

	<b>Group 2012 £</b>	<b>2011 £</b>
<b>Loss before income tax</b>	<b>(1,147)</b>	<b>(885)</b>
Adjustment for:		
Disposal of intangible	29	-
Equity settled share-based payment transactions	100	66
Unrealised foreign exchange gains	53	35
<b>Operating cash flows before movements in working capital</b>	<b>(965)</b>	<b>(784)</b>
Change in trade and other receivables	(65)	(14)

Change in trade and other payables  
**Cash generated by operations**

**2,141**  
**1,111**

990  
 192

## 8. Accounts

Copies of the annual accounts for the year ended 31 December 2012 will be sent to shareholders shortly and will be available from the Company's office at 6 Northbrook Road, Ranelagh, Dublin 6, Ireland and the Company's website [www.lansdowneoilandgas.com](http://www.lansdowneoilandgas.com).

### Notes to Editors

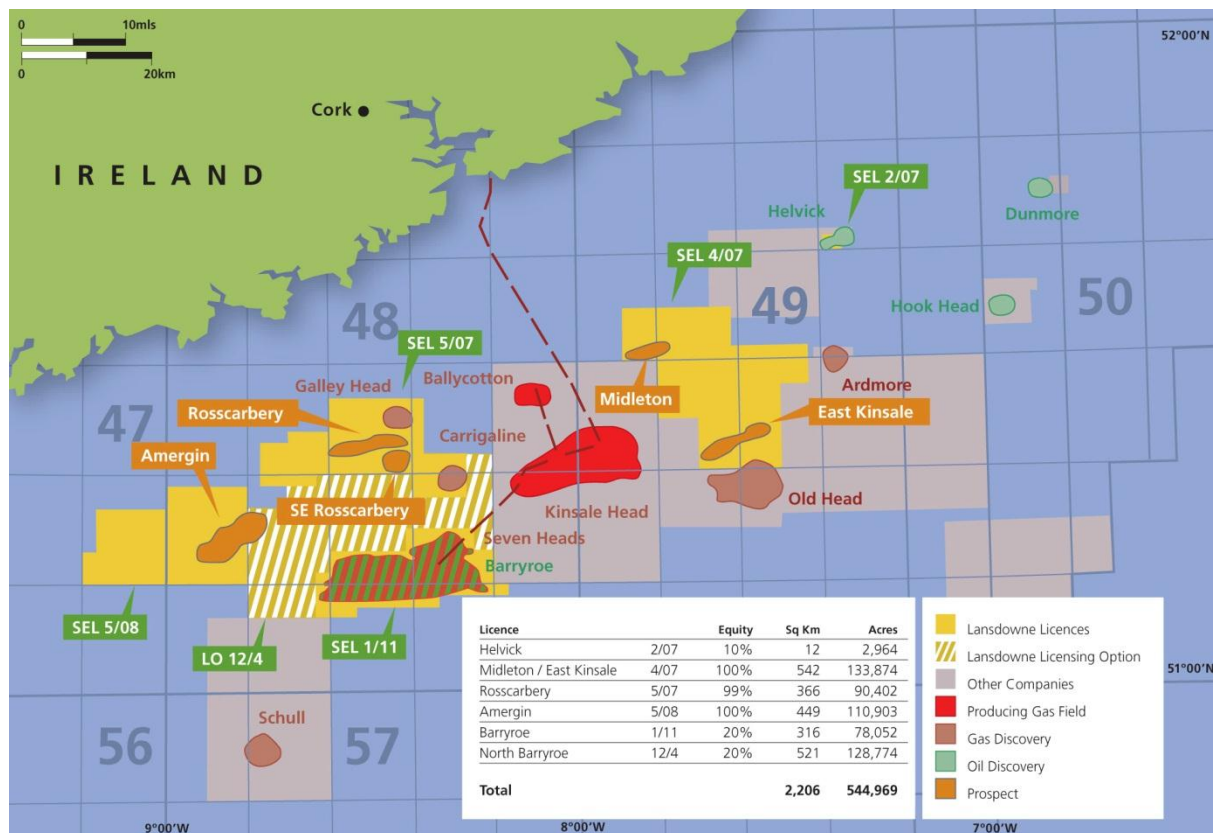
#### About Lansdowne

Lansdowne Oil & Gas (LOGP.LN) is a North Celtic Sea focused, oil and gas exploration company quoted on the AIM market and head quartered in Dublin.

Lansdowne holds extensive acreage, with the largest proprietary 3D seismic database in the North Celtic Sea basin, an emerging under-explored province. Lansdowne has a balanced, technically mature portfolio position, covering both highly prospective oil and gas prospects, in three play types with substantial equity stakes and adjacent to existing infrastructure.

In addition to its 20% stake in the transformational Barryroe field, Lansdowne has three drill ready prospects defined on 2011 3D seismic data, with a farm-out data room exercise on-going to identify partners for a three well drilling programme in 2014.

For more information on Lansdowne, please refer to [www.lansdowneoilandgas.com](http://www.lansdowneoilandgas.com)



Location map of Celtic Sea, highlighting Lansdowne's acreage.