

Lansdowne Oil & Gas plc
Interim Results for the six months to 30 June 2010

Lansdowne Oil & Gas, (“Lansdowne” or “the Company” or “the Group”) is pleased to announce its interim results for the six months to 30 June 2010.

Financial highlights

- Loss after tax for period of £626,000 (6 months to June 2009 loss £714,000).

Operational highlights

- **Extensions secured for Celtic Sea Exploration Licences**
- **RPS engaged to produce updated Competent Person Report (CPR)**
- **Company positioned for re-launch**

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Lansdowne Oil & Gas plc

Chairman's Statement

After the very difficult market conditions of 2009, the first six months of 2010 saw the environment for junior oil and gas companies improve considerably, with a general improvement in global economic conditions and a stabilisation of the oil price in the range \$70 to \$80/bbl.

Your company has acted to consolidate its strategic acreage position offshore Ireland through the extension of each of its three Standard Exploration Licences 4/07 (Midleton), 5/07 (Rosscarbery) and 5/08 (Amernin). The first phase of each of these licences has been extended until 31 July 2012, and the end date of each licence is now 31 July 2015.

Lansdowne has acquired a critical mass of acreage offshore Ireland that it remains committed to explore and develop. Central to our plans is the exploitation of near-term gas prospects adjacent to the Kinsale Head Gas field that was acquired by PSE Kinsale energy (a subsidiary of the Malaysian state owned Petronas) from Marathon Oil during 2009. As gas production from the Kinsale and nearby facilities has long been in decline, with a limited lifespan remaining, the case for finding additional reserves is compelling. Lansdowne remains well positioned to avail of this business opportunity as it materialises.

We have recently engaged RPS Energy to update the Company's Competent Persons Report (CPR). This was last updated in February 2009, with much of the input cost information dating from late 2008, when costs for drilling rigs and subsea developments were close to all time highs. It is anticipated that the current lower cost environment will generate improved economics for a number of our prospects.

We continue to explore all avenues for advancing our portfolio including possible corporate transactions, farm-outs and raising equity finance. Finally, I would again like to place on record our thanks to the Company's three main shareholders for their continued financial support.

Financial results

The Group recorded a loss after tax of £626,000 for the first six months of 2010 compared to a loss of £714,000 for the first six months of 2009.

Group operating expenses for the first half of 2010 were £563,000 compared to operating expenses of £617,000 for the first six months of 2009.

Net finance expense was £63,000 for the current period and £96,000 for the prior period. Increased interest on loans from shareholders was offset by reduced expense in relation to the fair value of warrants.

Cash balances at 30 June 2010 were £6,000 (30 June 2009 £8,000).

Total equity attributable to the equity holders of the Company has decreased from £6.2 million as at 30 June 2009 to £5.3 million as at 30 June 2010. The decrease arises primarily from losses incurred of £1.1million offset by new equity subscribed of £0.2 million.

Outlook

With our licences extended and an improvement in market conditions, we will now seek to re-launch the company and accelerate our exploration and appraisal activities.

John Greenall
Chairman

Consolidated Interim Income Statement

	Note	Half-year ended 30 June	
		2010 (unaudited) £'000	2009 (unaudited) £'000
Gross loss		-	(1)
Operating expenses		(563)	(617)
Operating loss		(563)	(618)
Finance expense		(63)	(96)
Loss before taxation		(626)	(714)
Taxation		-	-
Loss for the financial period		(626)	(714)
Loss per share			
Basic and diluted	3	(1.72)p	(2.06)p

Consolidated Statement of Comprehensive Income

	Half-year ended 30 June	
	2010 (unaudited) £'000	2009 (unaudited) £'000
Loss for the period	(626)	(714)
Other comprehensive income net of tax		
Currency translation differences	(27)	(60)
Total comprehensive income for the period	(653)	(774)

Consolidated Interim Balance Sheet

		30 June 2010 (unaudited) £'000	31 December 2009 (audited) £'000	30 June 2009 (unaudited) £'000
Assets				
Non-current assets				
Goodwill and other intangible assets	4	9,796	9,639	9,553
Property, plant & equipment		3	4	4
		9,799	9,643	9,557
Current assets				
Trade and other receivables		27	11	31
Cash and cash equivalents		6	26	8
		33	37	39
Liabilities				
Current liabilities				
Trade and other payables		(1,141)	(786)	(510)
Loans and borrowings	5	(2,009)	(1,770)	(1,500)
Net current liabilities		(3,150)	(2,519)	(1,971)
Non-current liabilities				
Deferred income tax liabilities		(1,421)	(1,421)	(1,421)
Net assets		5,261	5,703	6,165
Equity				
Share capital		1,932	1,756	1,756
Share premium		7,188	7,153	7,153
Other reserves		58	85	71
Retained earnings – deficit		(3,917)	(3,291)	(2,815)
Total equity		5,261	5,703	6,165

Consolidated Interim Statement of Cash Flows

	Note	Half-year ended 30 June	
		2010 (unaudited) £'000	2009 (unaudited) £'000
Cash flows from operating activities:			
Cash used in operations	6	(258)	(555)
Net finance expense		63	96
Net cash used in operating activities		(195)	(459)
Cash flows from investing activities:			
Acquisition of intangible exploration assets		(268)	(67)
Net cash used in investing activities		(268)	(67)
Cash flows from financing activities:			
Issue of share capital in Company		211	-
Proceeds from borrowings		239	500
Net cash from financing activities		450	500
Net (decrease)/increase in cash and cash equivalents		(13)	(26)
Cash and cash equivalents at start of period		26	34
Effect of exchange rate fluctuations on cash held		(7)	-
Cash and cash equivalents at end of period		6	8

Consolidated Statement of Changes in Equity

	Share Capital £'000	Shares to be Issued £'000	Share Premium £'000	Other Reserves £'000	Retained Earnings £'000	Total £'000
At 1 January 2009	1,636	1,150	6,123	131	(2,125)	6,915
Loss for the year	-	-	-	-	(1,190)	(1,190)
Share based payments charge	-	-	-	-	24	24
Issue of new shares – gross consideration	120	(1,150)	1,030	-	-	-
Currency translation differences	-	-	-	(46)	-	(46)
At 31 December 2009	1,756	-	7,153	85	(3,291)	5,703
At 1 January 2010	1,756	-	7,153	85	(3,291)	5,703
Loss for the period	-	-	-	-	(626)	(626)
Currency translation differences	-	-	-	(27)	-	(27)
Issue of new shares	176	-	35	-	-	211
At 30 June 2010	1,932	-	7,188	58	(3,917)	5,261
At 1 January 2009	1,636	1,150	6,123	131	(2,125)	6,915
Loss for the period	-	-	-	-	(714)	(714)
Share based payments charge	-	-	-	-	24	24
Currency translation differences	-	-	-	(60)	-	(60)
Issue of new shares	120	(1,150)	1,030	-	-	-
At 30 June 2009	1,756	-	7,153	71	(2,815)	6,165

Notes to the Interim Statement

1. Basis of Presentation

Accounting Policies

The interim financial information for the six months ended 30 June 2010 has been prepared on the basis of the accounting policies which will be adopted in the 2010 Annual Report and Accounts, and IAS 34, "Interim Financial Reporting".

The interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The results for the six months to 30 June 2010 and the comparative results for six months to 30 June 2009 are unaudited. The comparative figures for the year ended 31 December 2009 do not constitute the statutory financial statements for that year. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRSs as adopted by the European Union. Those financial statements have been delivered to the Registrar of Companies and include the auditor's report which was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. It did, however, contain an emphasis of matter over the going concern basis of preparation for the Group. Therefore, this interim statement should be read with due regard to the uncertainties described within note 1 of the financial statements for the year ended 31 December 2009.

Going Concern

The Directors have prepared the interim financial information on the going concern basis which assumes that the Group and Company and its subsidiaries will continue in operational existence for the foreseeable future.

The Group and Company requires additional sources of funding in order to progress the exploration and development of the exploration licences held. The three principal shareholders have undertaken to provide sufficient funds to allow the Company to continue in operation and meet its liabilities as these fall due for at least the next 12 months, or until additional sources of funding have been secured. The Directors are currently pursuing a number of funding options that will allow the Company to fund the continued development of the licences held.

The Directors believe that at the date of this interim financial information there exists a material uncertainty regarding whether or not the Company will be successful in completing a transaction that will secure sufficient funding in order to allow the Company to continue with the development of its exploration licences, which may cast significant doubt upon the ability of the Group and 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 inquiries and considering all the relevant factors in relation to the current funding options, together with the continued financial support from the three primary shareholders, the Directors are of the opinion that they will be able to complete a transaction to secure additional sources of finance and have therefore prepared cash flow forecasts for the Group on the basis outlined above. These projections indicate that the Group and Company will have adequate cash resources to meet its obligations, as they fall due for a period in excess of one year from the date of approval of this interim financial information. If for any reason the uncertainty described above cannot be successfully resolved, the going concern basis may no longer be appropriate.

The interim financial information does not include any adjustments that would result if the Group and Company was unable to continue as a going concern.

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 this interim financial information.

2. Segmental Reporting

The Group has only one reportable business segment, which is the exploration for oil and gas reserves in Ireland. All operations are classified as continuing.

3. Loss per Share

The loss for the period was wholly from continuing operations.

	Half year ended 30 June	
	(pence per share)	
	2010	2009
Loss per share for loss from continuing operations attributable to the equity holders of the Company		
- basic and diluted	(1.72)	(2.06)

The calculations were based on the following information.

	£'000	£'000
Loss attributable to equity holders of the Company	(626)	(714)
Weighted average number of shares in issue		
- basic and diluted	36,429,418	34,656,870

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 dilutive potential ordinary shares; share options and a convertible loan (note 5). As a loss was recorded for both periods the issue of new shares would have been anti-dilutive.

4. Goodwill and Other Intangible Assets

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 30 June 2010, intangible fixed assets totalled £8.4 million (30 June 2009 £8.2 million), all of which relate to Ireland. Movements in the period include additions of £268,000, offset by exchange differences of £111,000. Goodwill at 30 June 2009 and 2010 amounted to £1.4 million.

5. Loan Facilities

2010 Convertible Loan Facility

On 26 April 2010 the Company entered into a convertible loan agreement with the shareholder Thomas Anderson (“Convertible Loan Agreement”) for £238,800. Under the terms of the Convertible Loan Agreement, the full amount of the facility is capable of immediate draw down by the Company and is also capable of conversion (together with all accrued interest) into Ordinary Shares at the price of 6 pence per Ordinary Share (the “Conversion Right”). The Company received the requisite shareholder authorities (the “Shareholder Authorities”) at its Annual General Meeting (“AGM”) on 23 July 2010. The Conversion Right will be exercisable by Mr Anderson at any time in the period from immediately after the conclusion of the Company’s AGM to 12 September 2010, being the day prior to the repayment date for the loan facility, or the day falling 5 business days after the Company comes out of a close period (as defined in the AIM Rules) if later. The earliest opportunity for conversion will be following the release of these interim results. Interest will accrue on the loan at the rate of 4% plus LIBOR.

2007 & 2009 Loan facilities

The repayment date for these facilities has been extended from 13 September 2010 until 13 October 2010 to allow for the conversion of the 2010 Convertible Loan Agreement.

6. Reconciliation of Loss for the Period to Net Cash Used in Operating Activities

	Six months ended 30 June	
	2010	2009
	£'000	£'000
Loss for period	(626)	(714)
Adjustments for:		
Depreciation of property, plant and equipment	1	1
Equity settled share-based payment transactions	-	24
Unrealised foreign exchange losses	83	119
Operating cash flows before movements in working capital	<u>(542)</u>	<u>(570)</u>
Change in trade and other receivables	(16)	27
Change in trade and other payables	300	(12)
Net cash used in operating activities	<u>(258)</u>	<u>(555)</u>

7. Related Party Transactions

(a) Transactions with SeaEnergy PLC

Until December 2007, the ultimate controlling party of the Group was SeaEnergy PLC (“SeaEnergy”). Following the issue of new shares to the shareholders of Milesian Oil & Gas Limited in December 2007 SeaEnergy’s holding was reduced to 42.6 %, and subsequently to 32.95%. It is no longer the controlling party, but retains significant influence. The Company entered into a services agreement with SeaEnergy on 10 April 2006, pursuant to which SeaEnergy undertook to provide the Company with (a) certain management, accounting, IT support, insurance and administrative services required by the Company in connection with its business in consideration of a fee of £10,500 per month and (b) certain commercial and technical services as the Company may require from time to time, such services being charged at an hourly rate of £100 per hour. This agreement can be terminated by SeaEnergy on giving 12 months’ notice and by the Company on giving 90 days’ notice. The Directors consider the service agreement to be based at fair value on an arm’s length basis. As at 30 June 2010 the Group owed SeaEnergy £157,500 (30 June 2009: £31,500) under the service agreement.

There has been no turnover during the period between the Lansdowne and SeaEnergy Groups. During the period to 30 June 2010 SeaEnergy PLC advanced further loans of £157,000. As at 30 June 2010 the Group had outstanding amounts owed to SeaEnergy PLC of £680,000 (30 June 2009: £272,000). The Directors, with the exception of S Lampe, SR Bertram and CG Moar, who are also Directors of SeaEnergy PLC, have consulted Canaccord Genuity and consider the terms of the further SeaEnergy loans to be fair and reasonable so far as shareholders are concerned. Amounts due to SeaEnergy are unsecured and have no fixed repayment terms. From 1 July 2010 all amounts owed to SeaEnergy PLC will attract interest at LIBOR plus 4%.

(b) Loans from Directors

The Company has entered loan agreements with each of Kevin Anderson and his father, Non-Executive Director, Thomas Anderson, and LC Capital Master Fund Limited (“LC”) (Messr’s Anderson and LC being the “Lenders”). S Lampe, a Non-Executive Director of the Company, is a managing member of LC Capital Advisors LLC, a limited liability company organised in the state of Delaware. LC Capital Advisors LLC is the general partner of LC.

8. Copies of the Interim Report

Copies of the interim report can be obtained from the Company Secretary, Lansdowne Oil & Gas plc, Britannia House, Endeavour Drive, Arnhall Business Park, Westhill, Aberdeenshire AB32 6UF and from the Company's website www.lansdowneoilandgas.com.