THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under either the Financial Services and Markets Act 2000 (if in the UK) or the Investment Intermediaries Act 1995 (if in Ireland) who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of the text of this document should be read. Investment in the Company is speculative and involves a high degree of risk.

This document constitutes an admission document in accordance with the rules of the AIM Market of the London Stock Exchange plc. This document is not an approved prospectus for the purposes of section 85 and 87 of FSMA and any offer to the public is exempt by virtue of section 86 of FSMA. This document is also not a prospectus that has been approved for the purposes of Regulation 12 of the Prospectus (Directive 2003/71/EC) Regulations 2005 ("the Regulations") and any offer of securities in Ireland is exempt from the obligation to publish a prospectus by virtue of Regulation 9 of the Regulations.

This document has been approved for issue in the United Kingdom as a financial promotion for the purposes of Section 21 of the Financial Services and Markets Act 2000 by John East & Partners Limited, which is authorised and regulated by the Financial Services Authority.

The Company and the Directors, whose names appear on page 3, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Application will be made for the Ordinary Shares, issued and to be issued, to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies tends to be attached. AIM Securities are not admitted to the Official List of the UK Listing Authority ("UKLA"). A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of these securities to the Official List. Further, neither the London Stock Exchange nor the UKLA has itself examined or approved the contents of this document.

It is anticipated that Admission will become effective and trading in the Ordinary Shares will commence on AIM on 21 April 2006.

Lansdowne Oil & Gas plc

(Incorporated and registered in England and Wales under the Companies Act 1985. Registered No. 05662495)

(ISIN GB00B1250X28)

Placing of 1,882,353 Ordinary Shares at 85p each and Admission to trading on AIM

NOMINATED ADVISER AND BROKER

John East & Partners Limited

SHARE CAPITAL

The following table shows the authorised and issued share capital of the Company immediately following the Placing.

Authorised			Issued and fully paid	
Amount £	Number		Amount £	Number
2,500,000	50,000,000	Ordinary Shares of 5p each	1,040,798	20,815,953

The Placing Shares will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after the date of this document.

This document does not constitute an offer for sale or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful and, subject to certain exceptions is not for distribution in or into the United States, Canada, Japan, Australia or South Africa. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the applicable securities law of Canada, Japan, Australia or South Africa and, subject to certain exceptions, may not be offered for sale or subscription, or sold or subscribed directly or indirectly, within the United States, Canada, Japan, Australia or South Africa or to or by any national, resident or citizen of such countries.

John East & Partners Limited is acting as nominated adviser and broker to Lansdowne Oil & Gas plc in connection with the arrangements set out in this document and is not acting for anyone else and will not be responsible to anyone other than Lansdowne Oil & Gas plc for providing the protections afforded to customers of John East & Partners Limited or for providing advice in relation to the contents of this document or the Placing and the admission of the Ordinary Shares to trading on AIM. In particular, John East & Partners Limited, as nominated adviser to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors or to any other person in respect of his or her decision to acquire Ordinary Shares in reliance on any part of this document. No liability is accepted by John East & Partners Limited for the accuracy of any information or opinions contained in or for the omission of any material information from this document, for which the Company and its Directors are solely responsible.

Prospective investors are advised to read, in particular, Part I "Information on the Group" and Part II "Risk Factors", for a more complete discussion of the factors that could affect the Company's future performance and the industry in which it operates.

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Directors, secretary and advisers

Board of Directors	John Desmond Thomas Greenall *(Non-executive Chairman)* Dr Stephen Adrian Renwick Boldy *(Chief Executive Officer)* Christopher Gilbert Moar *(Finance Director)* Steven Ross Bertram *(Non-executive Director)* Timothy Howard St. George Byng, Viscount Torrington *(Non-executive Director)* *all of:* 26 Upper Pembroke Street, Dublin 2, Ireland	
Company Secretary	Christopher Gilbert Moar MA CA	
Registered Office	49 Albemarle Street London W1S 4JR	
Nominated Adviser and Broker	**John East & Partners Limited** Crystal Gate 28-30 Worship Street London EC2A 2AH	
Solicitors to the Company	**Burness LLP** 50 Lothian Road Festival Square Edinburgh EH3 9WJ	**Ledingham Chalmers LLP** Princes Exchange 1 Earl Grey Street Edinburgh EH3 9BN
	Reddy Charlton McKnight 12 Fitzwilliam Place Dublin 2 Ireland	
Competent Person	**Scott Pickford Limited** Leon House 233 High Street Croydon CRO 9XT	
Solicitors to the Nominated Adviser and Broker	**Nabarro Nathanson** Lacon House Theobald's Road London WC1X 8RW	
Reporting Accountants	**Ernst & Young LLP** (Member firm of the Institute of Chartered Accountants in England and Wales) Ten George Street Edinburgh EH2 2DZ	
Auditors	**PricewaterhouseCoopers LLP** (Member firm of the Institute of Chartered Accountants in England and Wales) 32 Albyn Place Aberdeen AB10 1YL	
Registrars	**Capita Registrars** The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Receiving Agents	**Capita Registrars** Corporate Actions PO Box 166 The Registry 34 Beckenham Road Beckenham Kent BR3 4TH	

Definitions

The following definitions apply throughout this document unless the context requires otherwise:

"24th Round"	the 24th Seaward Licensing Round relating to the UKCS
"**Act**"	The Companies Act 1985 (as amended)
"**Admission**"	the admission of the Enlarged Issued Share Capital of the Company to trading on AIM and such admission becoming effective in accordance with the AIM Rules
"**AIM**"	the AIM Market operated by the London Stock Exchange
"**AIM Rules**"	the rules applicable to companies whose shares are traded on AIM, published by the London Stock Exchange entitled "AIM Rules for Companies"
"**Articles**"	the Articles of Association of the Company, as amended from time to time
"**Ballycotton gas field**"	a gas field in the Celtic Sea
"**BGÉ**"	Bord Gáis Éireann
"**BP**"	BP Plc
"**Celtic Sea Exploration Properties**"	100 per cent. interest in the Midleton Licensing Option and the East Kinsale Licensing Option, 77 per cent. interest in the Rosscarbery Licensing Option and 74 per cent. interest in the Seven Heads Oil Licensing Option and related farm-out option
"**Celtic Sea**"	the offshore area off the South coast of Ireland
"**CER**"	The Commission for Energy Regulation (Ireland)
"**Combined Code**"	the combined code on corporate governance issued by the Financial Reporting Council, as amended
"**Company**" or "**Lansdowne**"	Lansdowne Oil & Gas plc, a public limited company incorporated in England and Wales with registered number 05662495
"**Connemara field**"	an oil accumulation in the Porcupine Basin, off the West coast of Ireland, found by the 26/28-1 well
"**Corrib field**"	a gas field in the Slyne Basin, off the West coast of Ireland
"**CREST**"	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by CRESTCo Limited
"**DCMNR**"	The Department of Communications, Marine and Natural Resources, Ireland
"**Directors**" or "**Board**"	the directors of the Company, each of whose names are set out on page 3 of this document

Definitions (continued)

"**Donegal Exploration**"	Donegal Exploration Limited, a wholly owned subsidiary of the Company
"**Donegal Licence**"	the Frontier Exploration Licence 1/05 awarded on 20 January 2005, offshore Donegal
"**Donegal Licensing Round**"	the Licensing Round for the Slyne/Erris and Donegal Basin areas offshore Ireland announced by the Minister for Communications, Marine and Natural Resources on 25 January 2005 and closing on 15 March 2006
"**DTI**"	The Department of Trade and Industry in the UK
"**East Irish Sea Basin**"	a hydrocarbon bearing basin in the eastern part of the Irish Sea, bounded by the Isle of Man to the West, the Solway Basin to the North, the coastline of Cumbria and Lancashire to the East and the coastline of North Wales to the South
"**East Kinsale Licensing Option**"	Licensing Option 03/10 in the Celtic Sea
"**Enlarged Group**"	Lansdowne and its subsidiaries following the Placing
"**Enlarged Issued Share Capital**"	the 20,815,953 Ordinary Shares in issue immediately following Admission
"Exploration Licences"	any of (a) a Standard Exploration Licence issued for a period of 6 years for water depths of up to 200 metres, (b) a Deepwater Exploration Licence issued for a period of 12 years for water depths exceeding 200 metres or (c) a Frontier Exploration Licence
"**Frontier Exploration Licence**"	a licence issued in respect of an area with special difficulties related to the physical environment, geology or technology, where such an area is announced by the Minister for Communications, Marine and Natural Resources in Ireland as a 'Frontier Area', for a period of not less than 15 years and comprised of a maximum of four phases
"**FSMA**"	The Financial Services and Markets Act 2000
"**Galley Head**"	a gas discovery on the Rosscarbery acreage made by well 48/18-1, named after the nearby headland on the South coast of Ireland
"**Government**"	The Government of Ireland
"**Group**"	the Company and its subsidiary undertakings from time to time
"**Helvick field**"	an oil accumulation in the Celtic Sea
"**Inishbeg**"	a prospect in the Donegal Licence
"**Inishtrahull**"	a prospect in the Donegal Licence

Definitions (continued)

"IOOA"	Irish Offshore Operators Association
"Irish Interests"	Celtic Sea Exploration Properties and Donegal Exploration
"Island"	Island Oil and Gas plc
"John East & Partners"	John East & Partners Limited
"Kinsale Head gas field"	a gas field in the Celtic Sea
"Lansdowne Celtic"	Lansdowne Celtic Sea Limited, a wholly owned subsidiary of the Company
"Licensing Option"	an option covering a specified area granting the holder of the option a first right to apply for an Exploration Licence over all or part of the area covered by the Licensing Option
"London Stock Exchange"	London Stock Exchange plc
"Marathon"	Marathon Oil Corporation and its subsidiaries
"Midleton Licensing Option"	Licensing Option 03/2 in the Celtic Sea
"Morecambe complex"	a gas field in the East Irish Sea Basin, offshore UK
"Official List"	the Official List of the UKLA
"Ordinary Shares"	ordinary shares of 5 pence each in the capital of the Company
"PAD"	Petroleum Affairs Division of the DCMNR
"Petroceltic"	Petroceltic International plc
"Placees"	the subscribers for the Placing Shares
"Placing"	the arrangements for the procurement of subscribers and purchasers for the Placing Shares by John East & Partners on behalf of the Company pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement dated 10 April 2006 between the Company, the Directors, John East & Partners and Ramco relating to the Placing, further details of which are set out in paragraph 8.1 of Part VI of this document
"Placing Price"	85 pence per Placing Share
"Placing Shares"	the 1,882,353 new Ordinary Shares to be allotted and issued by the Company pursuant to the Placing
"Preference Shares"	preference shares of 25 pence each in the capital of the Company
"Ramco"	Ramco Energy plc and, where the context implies, its subsidiaries

Definitions (continued)

"Ramco Group"	Ramco and its subsidiary undertakings (excluding the Group)
"Ramco Services Agreement"	the agreement between Ramco and the Company relating to the services to be provided by Ramco to Lansdowne, further details of which are set out in paragraph 8.3 of Part VI of this document
"REEL"	Ramco Eastern Europe Limited, a wholly-owned subsidiary of Ramco
"ROGL"	Ramco Oil & Gas Limited, a wholly-owned subsidiary of Ramco
"Rosscarbery Licensing Option"	Licensing Option 03/6 in the Celtic Sea
"RWE"	RWE Trading (Ireland) Limited, formerly Innogy Ireland Limited
"Scott Pickford"	Scott Pickford Limited
"Scott Pickford Report"	the valuation report dated 10 April 2006 issued by Scott Pickford, relating to the valuation of assets held by the Group, and set out in Part IV of this document
"Seven Heads gas field"	a gas field in the Celtic Sea
"Seven Heads Oil"	the acreage covered by the Seven Heads Oil Licensing Option
"Seven Heads Oil Licensing Option"	Licensing Option 03/5 in the Celtic Sea
"Shareholders"	the holders of Ordinary Shares
"Shell"	Royal Dutch Shell plc and its subsidiaries
"Southwest Kinsale gas field"	a gas field in the Celtic Sea
"UKCS"	the United Kingdom Continental Shelf
"UKLA"	the Financial Services Authority, acting through the UK Listing Authority, in its capacity as the competent authority for the purposes of Part IV of FSMA
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"Warrants"	the warrants to subscribe for up to 312,239 Ordinary Shares to be granted to or at the instruction of John East & Partners on Admission, further details of which are set out in paragraph 5 of Part VI of this document

Technical definitions

"**2D seismic data**"	reflection seismic data or a group of seismic lines acquired individually such that there are typically significant gaps (commonly one km or more) between adjacent lines. A 2D seismic survey contains sufficient information to permit mapping of the geological structure of the subsurface
"**A Sand**"	the Greensand reservoir in the Kinsale Head gas field and surrounding areas, the most important reservoir in the Kinsale Head gas field
"**anticline**"	a folded structure of rock layers or beds exhibiting convex upward nature
"**antithetic fault**"	a minor, secondary, fault, usually one of a set, whose sense of displacement is opposite to its associated major and synthetic faults
"**appraisal**"	activity carried out after a discovery has been made to determine the size of an oil or gas accumulation
"**AVO**"	Amplitude Variation with Offset
"**B Sand**"	the uppermost producing sand of the Upper Wealden in the Kinsale Head gas field. Also used more loosely to refer to the overall Upper Wealden reservoir sands in the vicinity of the Kinsale Head and Seven Heads gas fields
"**barrel**"	a unit of volume measurement used for petroleum and its products
"**bcf**" or "**bscf**"	billion standard cubic feet
"**bpd**" or "**bopd**"	barrels per day, barrels of oil per day
"**Carboniferous**"	the period of geological time from 354 million years ago to 290 million years ago
"**carry, carried**"	the arrangement whereby the costs of one party are paid by another party
"contingent resources category"	those volumes of hydrocarbon, if found, the development of which depends on a number of factors being resolved
"**Cretaceous**"	the period of geological time from 142 million years ago to 65 million years ago
"**degrees API**"	a unit of measurement established by the American Petroleum Institute (API) that indicates the density of a liquid (fresh water has an API density of 10)
"Direct Hydrocarbon Indicator" or "DHI"	an effect on reflection seismic data that can be attributed to the presence of hydrocarbon. Commonly comprise (but are not limited to): bright spots, dim spots, phase reversals, flat spots and downdip limit, or structural conformance of amplitude

Technical definitions (continued)

“EMV”	expected monetary value
“€”	Euro
“farm-in” or “farm-out”	the arrangement by which one party (the farm-in partner) acquires an interest in a concession by paying all or part of the financial commitment of another party, thus carrying the costs of the farm-out partner
“fault”	a break or planar surface in brittle rock across which there is observable displacement
“FPSO”	floating production storage and offloading vessel
“gas year”	the year between 1 October and 30 September of the following year
“GIIP”	gas initially in place
“Greensand”	a sandstone development of Cretaceous age characterised by the presence of the mineral glauconite, giving the green colouration and indicating marine depositional conditions
“inversion”	the reversal of features, particularly structural features, such as faults, by reactivation. Basin inversion involves the deepest parts of the basin being folded upward to become structurally high points
“Jurassic”	the period of geological time from 205 million years ago to 142 million years ago
“km”	kilometre
“m”	metre
“Mercia Mudstones”	a lithostratigraphical subdivision of the upper part of the Triassic in Britain, composed predominantly of red shales, often with evaporites developed
“mmbbls”	million barrels
“mmbo”	million barrels of oil
“mmboe”	million barrels of oil equivalent
“mmscf/d”	million standard cubic feet (of gas) per day
“mmstb”	million standard barrels of oil
“Namurian”	a subdivision of rocks of the Carboniferous Period, in the UK roughly equivalent to the ‘Millstone Grit’
“NPV”	net present value, which is the total present value of a series of cash flows discounted at a specified rate, to a specified date

Technical definitions (continued)

"**P50 case**"	the probability of volume size if any hydrocarbons are encountered; means 50 per cent. probability that the value will be equal to or greater than the stated value
"**reservoir**"	a subsurface body of rock having sufficient porosity and permeability to store and transmit fluids, which is a critical component of a complete petroleum system
"**Seismic reprocessing**"	reworking previously acquired reflection seismic data, using the latest technology, to attempt to improve resolution
"**Sherwood Sandstone**"	a lithostratigraphical subdivision of the lower part of the Triassic in Britain, composed predominantly of sandstone
"**source, source rock**"	a rock rich in organic matter which, if heated sufficiently, will generate oil or gas. A good source rock is necessary for a complete petroleum system
"STOIIP"	stock tank barrels of oil initially in place
"tcf"	trillion cubic feet
"Tertiary"	the period of geological time from 65 million years ago to 1.8 million years ago
"therm"	an imperial unit of energy. Largely replaced by the metric equivalent: the kilowatt hour (kWh). One therm equals 29.3071 kWh
"Total Primary Energy Requirement"	a measure of all energy consumed in a particular country
"trap"	a configuration of rocks suitable for containing hydrocarbons and sealed by a relatively impermeable formation through which hydrocarbons will not migrate and which is an essential component of a petroleum system
"Triassic"	the period of geological time from 248 million years ago to 205 million years ago
"Upper Wealden"	the uppermost part of the Wealden sequence. Sands in the Upper Wealden form an important secondary reservoir in the Kinsale Head gas field and are the sole producing reservoir interval in the Seven Heads gas field
"Wealden"	a sequence of estuarine and freshwater deposits of Lower Cretaceous age, which derives its name from its development in the Weald of Kent and Sussex
"£" and "p"	Pounds sterling and pence sterling, respectively
"$"	U.S. dollar

Expected timetable of events

Publication of this document	10 April 2006
Admission and commencement of dealings on AIM	21 April 2006
Settlement of Placing Shares through CREST	21 April 2006
Despatch of definitive share certificates in respect of the Placing Shares to Placees by no later than	28 April 2006

Placing statistics

Placing Price	85 pence
Number of Placing Shares being placed on behalf of the Company	1,882,353
Number of Ordinary Shares in issue immediately following the Placing	20,815,953
Percentage of Enlarged Issued Share Capital being placed by the Company	9.0 per cent.
Amount being raised under the Placing for the Company	£1.6 million
Estimated net proceeds of the Placing receivable by the Company	£1.1 million
Market capitalisation of the Company at the Placing Price	£17.7 million

Key information

The Company and its business

Lansdowne Oil & Gas plc is an oil and gas exploration company which holds one Frontier Exploration Licence in the Donegal Basin and four Celtic Sea Licensing Options, covering a total of more than half a million acres in offshore Ireland. Lansdowne has farmed-out the Frontier Exploration Licence and one of the Licensing Options. Lundin, the Operator of the Donegal Licence, has commenced well planning work for the drilling of the Inishbeg well, which is expected to start in the second quarter of 2006.

Strategy

The Group aims to create value through acting as an exploration/appraisal promoter, identifying and working up opportunities and then farming them out to achieve a carry through the drilling/project phase.

The Group has targeted the Irish offshore shelf areas for exploration, as these provide shallow water (generally less than 100 metres), relatively low cost opportunities and good fiscal terms, potentially resulting in high value reserves. In addition, the Directors believe that there are substantial amounts of relatively inexpensive well and seismic data available and that competition in the Irish offshore shelf areas is less than in the UK sector.

The Group's assets

Gas

			Prospective Resources			
Prospect	**Lansdowne interest**	**Chance of success**	**Gross bcf**	**Net to Lansdowne bcf**	**Lansdowne NPV[15] $'m**	**Lansdowne EMV[15] $'m**
Inishbeg	19.25 per cent.	12.5 per cent.	873	168	93	11.6
Inishtrahull	19.25 per cent.	12.5 per cent.	356	68	26	1.6
Donegal total			**1,229**	**236**	**119**	**13.2**
Rosscarbery (Wealden)	77 per cent.	35 per cent.	86	66	76	20.9
Midleton	100 per cent.	32 per cent.	44	44	56	9.8
East Kinsale	100 per cent.	20 per cent.	22	21	23	0
Celtic Sea total			**152**	**131**	**155**	**30.7**
Total			**1,381**	**367***	**274**	**43.9**

Oil

		Contingent Resources		
Prospect	**Lansdowne interest**	**Gross mmstb**	**Net to Lansdowne mmstb**	**Lansdowne NPV[15] $'m**
Seven Heads Oil	29.6 per cent. (currently 74 per cent. reducing to 29.6 per cent. if farm-out programme including drilling well completed)	**79**	**23**	**72**
Total Gas and Oil				**346**

*this is equivalent to approximately 61 mmboe

Note: the information set out in the above table relating to chances of success, gross estimated contingent and prospective resources, indicative NPVs and EMVs has been extracted from the Scott Pickford report set out in Part IV of this document. Accordingly, the above table should be read in conjunction with such report. The NPV and EMV of the Group's interests, as reported by Scott Pickford in such report, uses a discount factor of 15 per cent. per annum.

Ireland

Demand for natural gas in Ireland grew at an annual average rate of 9 per cent. between 1999 and 2004. Total natural gas demand in Ireland in 2004 was approximately 152 bcf. The CER's central demand forecast expects demand to rise to 212 bcf in gas year 2009/2010 and 225 bcf in gas year 2011/2012, the last year forecast in the CER 2005 Gas Capacity Statement. In addition, indigenous gas supplies are not adequate at the current time to satisfy the Irish demand. Since 2001, over 80 per cent. of Ireland's gas requirements have been met by gas imported from the UK. Furthermore, it is expected that 40 per cent. of the UK gas supply will be imported by 2010. The high level of dependence by Ireland on gas imported from the UK has made the security of supply a key policy issue for the Government and has brought into focus the importance of more rapid development of indigenous energy sources such as oil and gas.

Management

The Company has an experienced management team. Dr Stephen Boldy, Chief Executive Officer, has extensive experience of working Irish offshore basins and spent almost 19 years with Amerada Hess Corporation. Administration and technical support will be provided by Ramco under the Services Agreement. A majority of the Board will be directors who are unconnected with Ramco.

The Placing

The Company is raising £1.1 million, net of expenses, under the Placing which will be utilised to work up the Celtic Sea assets and for working capital purposes generally.

Risk Factors

Investors should note the risks associated with an investment in the Company, a non-exhaustive list of which is set out in Part II of this document.

PART I

Information on the Group

Introduction

Lansdowne Oil & Gas plc, formed in December 2005 to acquire Ramco's Irish exploration portfolio, is an oil and gas company which holds one Frontier Exploration Licence in the Donegal Basin and four Celtic Sea Licensing Options covering Midleton, Rosscarbery, East Kinsale and Seven Heads Oil, covering a total of more than half a million acres in offshore Ireland. The Group aims to create value through acting as an exploration/appraisal promoter, identifying and working up opportunities and then farming them out to achieve a carry through the drilling/project phase. The Group has targeted the Irish offshore shelf areas for exploration, as these provide shallow water (generally less than 100 metres), relatively low cost opportunities and good fiscal terms, potentially resulting in high value reserves. In addition, the Directors believe that there are substantial amounts of relatively inexpensive well and seismic data available and that competition in the Irish offshore shelf areas is less than in the UK sector.

Demand for natural gas in Ireland has displayed strong growth in recent years. The contribution of natural gas to Ireland's Total Primary Energy Requirement grew from zero in 1978 to 25 per cent. in 2004 and government forecasts predict that this figure could be around 35 per cent. by 2010. In addition, indigenous gas supplies are not adequate to satisfy the Irish demand at the current time. Consequently, Ireland is heavily dependent on gas imports from the UK. This high level of dependence has made the security of supply a key policy issue for the Government and has brought into focus the importance of more rapid development of indigenous energy sources such as oil and gas. Further information on Ireland's oil and gas market is set out below under the heading "Background to Oil and Gas markets in Ireland".

The Group's assets in the Celtic Sea, being the Rosscarbery Licensing Option, the Midleton Licensing Option and the East Kinsale Licensing Option (gas) and the Seven Heads Oil Licensing Option (oil), were acquired by Lansdowne Celtic from the Ramco Group on 13 February 2006. The Group's Donegal gas assets are held by Donegal Exploration, which was acquired by the Company on 5 January 2006 from the Ramco Group. On 16 February 2006, the Company completed a private placing which raised approximately £750,000 (before expenses) to provide working capital for the Group.

The Group's current inventory of assets can be summarised as follows:

Gas

			Prospective Resources			
Prospect	Lansdowne interest	Chance of success	Gross bcf	Net to Lansdowne bcf	Lansdowne NPV[15] $'m	Lansdowne EMV[15] $'m
Inishbeg	19.25 per cent.	12.5 per cent.	873	168	93	11.6
Inishtrahull	19.25 per cent.	12.5 per cent.	356	68	26	1.6
Donegal total			**1,229**	**236**	**119**	**13.2**
Rosscarbery (Wealden)	77 per cent.	35 per cent.	86	66	76	20.9
Midleton	100 per cent.	32 per cent.	44	44	56	9.8
East Kinsale	100 per cent.	20 per cent.	22	21	23	0
Celtic Sea total			**152**	**131**	**155**	**30.7**
Total			**1,381**	**367***	**274**	**43.9**

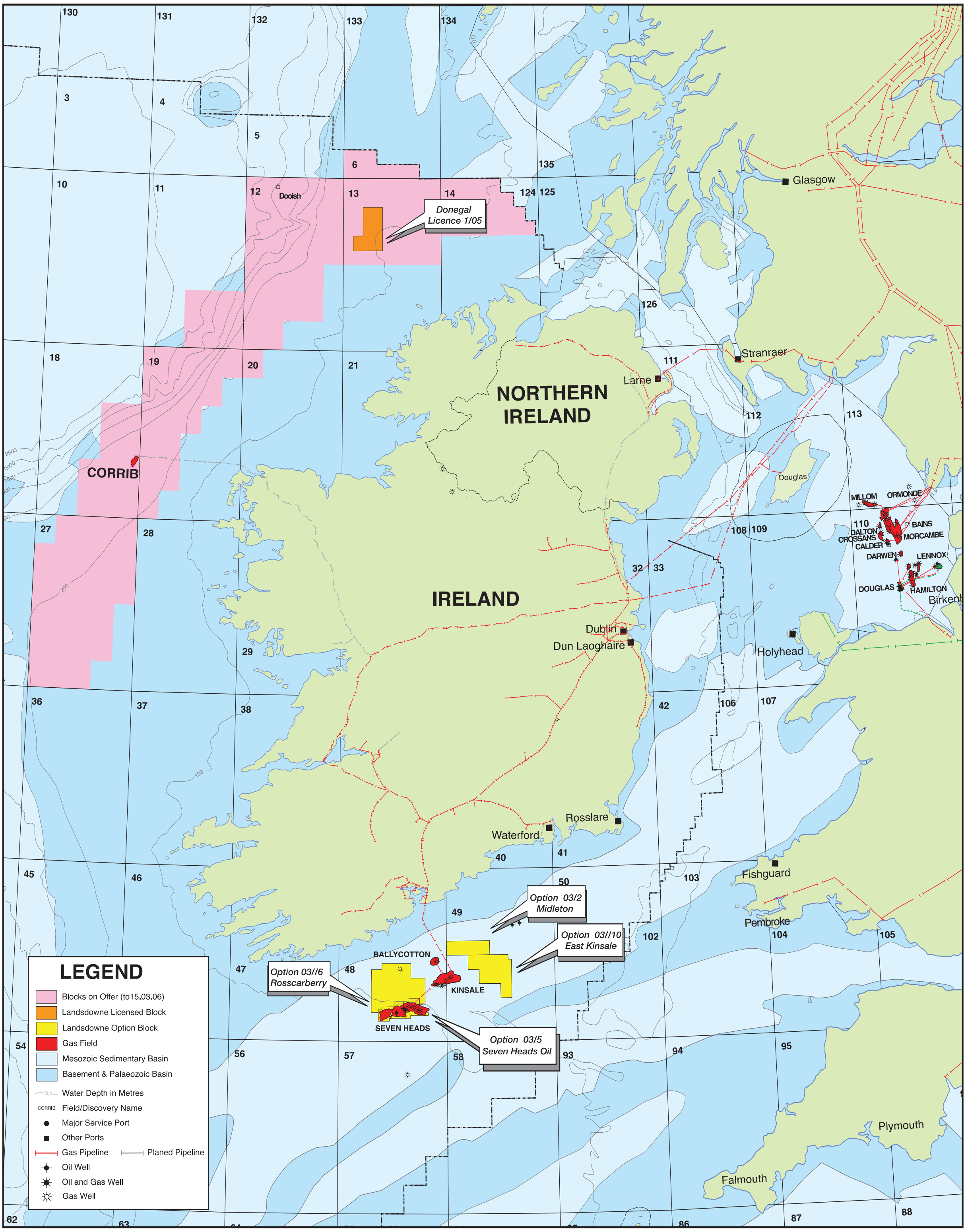
Oil

		Contingent Resources		
Prospect	Lansdowne interest	Gross mmstb	Net to Lansdowne mmstb	Lansdowne NPV[15] $'m
Seven Heads Oil	29.6 per cent. (currently 74 per cent. reducing to 29.6 per cent. if farm-out programme including drilling well completed)	**79**	**23**	**72**
Total Gas and Oil				**346**

*this is equivalent to approximately 61 mmboe

Note: the information set out in the above table relating to chances of success, gross estimated contingent and prospective resources, indicative NPVs and EMVs has been extracted from the Scott Pickford report set out in Part IV of this document. Accordingly, the above table should be read in conjunction with such report. The NPV and EMV of the Group's interests, as reported by Scott Pickford in such report, uses a discount factor of 15 per cent. per annum.

Ireland and The Irish Sea – Lansdowne Interests



Principal Irish gas discoveries to date

The two principal gas discoveries made to date offshore Ireland are Kinsale Head (by Marathon) and Corrib (by Shell), further details of which are set out below:

Kinsale Head

The Kinsale Head gas field was discovered by Marathon in 1971 and continues to be operated by Marathon. It delivered its first gas in 1978. Total recoverable reserves were recently estimated at about 1.65 tcf of natural gas. The smaller Ballycotton gas field and Southwest Kinsale gas field were discovered by Marathon and came on stream in 1991 and 1999, respectively, with total recoverable reserves estimated at about 55 bcf and 28 bcf respectively. By the end of 2002, 1.6 tcf had been produced from the Kinsale Head gas field and it is anticipated that production will continue at declining rates through to at least gas year 2011/2012. The Kinsale Head gas field development is comprised of two fixed steel production platforms, Alpha and Bravo, an onshore gas receiving station and 38 miles of 24-inch pipeline connecting the platforms to the shore.

Any further discovery of commercial gas in the Celtic Sea should help to prolong the economic useful life of existing Kinsale Head infrastructure.

Corrib

The Corrib field, located off the West coast of Ireland and operated by Shell, is due to commence gas deliveries in 2007/2008. Total recoverable reserves have been estimated at about 1 tcf of natural gas.

Ireland's gas infrastructure

The Irish gas transmission system currently consists of a line which runs South-North from Cork to Dundalk, North of Dublin. A major expansion was completed in 2003 which linked Dublin with Galway and Limerick and completed a national ringmain by connecting with the existing Dublin, Cork and Limerick networks. In addition, there are plans to build a link line from the Corrib field development into the loop at Galway.

In order to keep pace with Irish domestic gas demand, the Interconnector, an offshore transmission pipeline running from Moffat in Southwest Scotland to North of Dublin became operational in 1993 linking the Irish and UK gas networks. A second pipeline, Interconnector 2, which runs parallel with the Interconnector, has recently been completed and provides further capacity and security of supply to meet increasing domestic demands in Ireland. Both Interconnectors are owned and operated by BGÉ.

Northern Ireland is supplied with gas by the Scotland/Northern Ireland Pipeline System, which was commissioned in 1996. A pipeline to link Derry to Belfast was completed at the end of 2004. In addition, a pipeline connecting Dublin and Belfast is scheduled for construction in 2006.

Exploration history in Donegal

The nearest well to the Group's prospects in the Donegal Basin (being the Inishbeg and Inishtrahull prospects referred to below) drilled to date is the 13/3-1 well drilled by Texaco in 1978 located some 20 kms to the Northeast of the Group's prospects and located on the fringes of the Donegal and Malin Basins. This well penetrated a thick sequence of Carboniferous strata containing coal measures with good gas source potential. There were both oil and gas shows in some of the sandstones within the Carboniferous sequence.

Thick Triassic sequences containing sandstone reservoirs have been found in the Erris Trough wells, 19/5-1 and 12/13-1A.

The play concept being pursued by the Group, being gas sourced from the Carboniferous trapped in Triassic reservoir sands, is analogous to that proven by the Corrib field in the Slyne Trough, some 200km on trend to the Southwest of the Donegal Basin, and the numerous gas fields in the East Irish Sea Basin, the largest of which is the Morecambe complex, estimated to contain 6.45 tcf of gas reserves.

In the East Irish Sea Basin, oil has also been discovered in Triassic reservoirs, believed to have been sourced from Carboniferous Namurian shales, while other wells drilled in the Slyne Trough have found oil shows believed to be associated with generation from Lower Jurassic shales. The Directors anticipate that both of these potential oil source rocks will be present in the Donegal Basin and as a result, whilst gas is considered the most likely hydrocarbon phase for the prospects being targeted by the Group in the Donegal Basin, the possibility of finding oil cannot be ruled out.

Exploration history in the Celtic Sea

Following the establishment of production from the Kinsale Head gas field discussed above, there was little incentive to discover additional gas reserves to supply the Irish gas market, as these could not be made financially viable in the near to medium term. As a result, attention focused on trying to find oil.

In the late 1980's and during the early 1990's, with the Kinsale Head gas field starting to approach decline, attention returned to the neglected Cretaceous gas play and Marathon drilled a number of exploration wells targeting potential satellite developments which could be tied back to the Kinsale Head infrastructure. The Ballycotton field (c. 55 bcf) was discovered in 1989, by a well which found gas in both the Greensand and Upper Wealden reservoirs. It was subsequently developed as a single production well tied back to Kinsale Head, coming on-stream in 1991.

Ramco commenced activities in the Irish offshore area through involvement in the Seven Heads gas field in 1999. This was followed by Ramco being awarded Licensing Options in Galley Head and Donegal in 2000. Following the drilling of an appraisal well on the Seven Heads structure by Ramco, targeted at the gas in the Upper Wealden, a development plan was submitted by Ramco and the field was developed with production of its first gas in December 2003. However, reservoir performance has been disappointing, below expectations and much poorer than from the Upper Wealden in the Kinsale Head gas field.

Based on this experience, the Directors have decided that the Group should focus upon gas prospects by targeting the Greensand reservoir, rather than the Upper Wealden.

Lansdowne Assets

The Group has two gas prospects in Donegal and three gas prospects and one oil prospect in the Celtic Sea as follows:

Donegal

Inishbeg and Inishtrahull (Non-Operator – 19.25 per cent. interest carried through exploration well)

The Donegal acreage lies around 70 km off the Northwest coast of Ireland, offshore County Donegal, in water depths of less than 125 metres. This acreage was originally awarded as a Licensing Option in 2000 and this has now been replaced by the Donegal Licence which is valid until 19 January 2020, unless surrendered or revoked before that time. As part of the transition to a full exploration licence, operatorship was transferred from Ramco to Lundin and a farm-out agreement was put in place, pursuant to which all of the Group's costs associated with the drilling and testing of an exploration well to test the hydrocarbon potential of the Inishbeg prospect are to be carried by subsidiaries of Island and Petroceltic. Further details of this farm-out agreement are set out in the section below headed "Farm-out arrangements". Under the terms of the Donegal Licence, the Inishbeg well is required to be drilled by 20 January 2007 and Lundin, the Operator of the Donegal Licence, has commenced well planning work for the drilling of the Inishbeg well which is expected to commence drilling in June 2006.

Inishbeg Prospect

Current mapping has identified a large four-way dip closed anticline at Sherwood Sandstone level named Inishbeg.

In its valuation report, which is set out in Part IV of this document, Scott Pickford has assigned an overall chance of success of 12.5 per cent. for the Inishbeg prospect, with the trap being considered robust, but risk remaining in the source, reservoir and seal components.

The economic evaluation of the Inishbeg prospect contained in the Scott Pickford Report, modelled a development scenario utilising two platforms, each with 12 production wells producing dry gas, piped to shore to a receiving production station with compression facilities and from there entering the gas grid. The first gas production was assumed to flow on 1 January 2011 and a gas sales price of 30p/therm was used.

The Scott Pickford Report's P50 case for the Inishbeg prospect indicates recovery of 873 bcf reserves (168 bcf net to Lansdowne) and using a 15 per cent. discount rate delivers a positive NPV of $472 million ($93 million net to Lansdowne) and an EMV net to Lansdowne of $11.6 million.

Inishtrahull Prospect
There are additional opportunities present on the Donegal Licence acreage – the Inishtrahull prospect and a lead in the West of the acreage, both of which have been mapped at the Triassic Sherwood Sandstone level.

The evaluation of the Inishtrahull prospect contained in the Scott Pickford Report concluded that the chance of success was 12.5 per cent. as the risks are essentially the same as for the Inishbeg prospect.

The economic modelling adopted in the Scott Pickford Report is similar to that which was used for the Inishbeg prospect, but based upon a stand alone development for Inishtrahull. First gas flow was assumed to take place on 1 January 2012 and a gas sales price of 30p/therm was used.

The Scott Pickford Report's P50 case for the Inishtrahull prospect indicates recovery of 356 bcf (68.5 bcf net to Lansdowne) and using a 15 per cent. discount rate this delivers a positive NPV of $134 million ($25.9 million net to Lansdowne) and an EMV net to Lansdowne of $1.6 million.

Celtic Sea
The Group holds four assets in the Celtic Sea, lying in water depths of generally less than 100 metres. This portfolio has been built up with the overall strategic objective of identifying gas prospects, which if successful, could be produced through a tie-back into the existing Seven Heads and Kinsale infrastructure, subject to access rights being agreed. Three of the assets are considered as gas plays – the Midleton Licensing Option, the Rosscarbery Licensing Option and the East Kinsale Licensing Option.

The proximity of the existing infrastructure means that even a modest gas discovery (c 20 bcf – see East Kinsale analysis) in the area could be commercially viable. The Ballycotton field (c55bcf) was put into production in 1991 when gas prices were significantly lower than the present day.

In addition the Group holds the Seven Heads Oil Licensing Option over the deeper Cretaceous Wealden oil bearing reservoirs (restricted to a depth below approximately 1,250m (4,000 feet) sub-sea) in the Seven Heads acreage.

Midleton (Operator – 100 per cent. interest)
The Group's Midleton acreage comprises the southern parts of Blocks 49/11 and 49/12 and lies approximately 20 km Northeast of the Kinsale Head and Ballycotton gas fields, in water depths of less than 100 metres.

The prospectivity of the southern parts of Blocks 49/11 and 12 was highlighted to Ramco by Marathon who had mapped out a substantial structure. Following in-house evaluation by Ramco, an application was submitted and the Midleton Licensing Option was awarded on 25 February 2003 for 18 months from 1 February 2003 to 31 July 2004. Subsequently, the Midleton Licensing Option has been extended to 31 December 2006.

The producing reservoir in the Ballycotton field is the Cretaceous Greensand, or A Sand, which is also the case for the main reservoir in the Kinsale Head gas field. The Greensand is also the prime reservoir target in the Midleton concession and has been established to be present with good reservoir quality by the 49/11-1 and 49/11-2 wells. During 2003 an experimental shallow seismic programme was carried out to improve imaging at shallow depths. Mapping of this new data and integration with previously acquired data has led to the identification of a number of promising structures, one of which (the Midleton prospect) has been selected for working up for drilling. A seismic reprocessing project is planned to finalise the details of the trap and to assist in locating an exploration well. All the structures within the Midleton concession are within sub-sea tie-back range of existing facilities.

Source, reservoir and trap are all considered by Lansdowne to be low risk elements of the Midleton prospect, with the key risk remaining being the sealing capacity of the northern bounding fault. The Scott Pickford evaluation reached similar conclusions and rated the overall chance of success as 32 per cent.

The development concept used by Scott Pickford proposes a single vertical sub-sea producer tied back to the Ballycotton gas field, some 20 km from the Midleton prospect, from where the gas would be piped to the Kinsale Head gas field which has compression facilities. The first gas production was assumed to flow on 1 October 2008 and a gas sales price of 30p/therm was used.

The Scott Pickford Report's P50 case for the Midleton prospect indicates recovery of 44 bcf prospective resources (44 bcf net to Lansdowne) and using a 15 per cent. discount rate delivers a positive NPV of $56 million for Lansdowne and an EMV net to Lansdowne of $9.8 million.

Rosscarbery (Operator – 77 per cent. interest)

The Rosscarbery acreage lies immediately North of the Seven Heads gas field in water depths of less than 100 metres. The Rosscarbery Licensing Option was granted on 17 September 2003, for a period of one year from 15 September 2003. Subsequently, the Rosscarbery Licensing Option has been extended to 31 December 2006.

The Galley Head discovery well (48/18-1), lying in the Northeast part of the Rosscarbery Licensing Option acreage and drilled by BP in 1985, tested gas at 13.7 mmscfd from the Lower Cretaceous Greensand reservoir. In post-well evaluation studies, BP identified a number of other structures, with the main prospect being what is now called Rosscarbery.

Since award of the Rosscarbery Licensing Option, a re-mapping of the Rosscarbery prospect exercise conducted by Ramco has confirmed its potential. Rosscarbery is a well defined structure with closure to the South formed by a large down to the basin (South) fault that will juxtapose 'A' sands with chalk and dip closure is mapped to the West, North and East. Should the fault throw remain consistent then the Wealden Sands are more likely to be juxtaposed against the Gault Clay. Fluid factor processing indicates a better chance for gas in the Wealden than in the 'A' sand. Scott Pickford has assigned a chance of success of 19 per cent. for the 'A' sands and 35 per cent. for the Wealden Sands. AVO studies are planned to look for anomalies that could be Direct Hydrocarbon Indicators. The Rosscarbery prospect is within sub-sea tie-back range of existing facilities.

For economic evaluation purposes, the Scott Pickford Report has modelled success solely at the Wealden sands level given it has the greater chance of success, with three sub-sea vertical production wells recovering 86 bcf, (66 bcf net to Lansdowne) on a P50 basis tied back to the Seven Heads gas field, some 25 km away, from where it would be piped to the Kinsale Head gas field which has compression facilities.

The Scott Pickford Report assumes a 1 October 2008 first gas date for the Rosscarbery prospect and an average selling price of 30p/therm which with a discount of 15 per cent., yields a positive NPV of $76.2 million net to Lansdowne and an EMV of $20.9 million net to Lansdowne.

East Kinsale (Operator – 100 per cent. interest)

The East Kinsale acreage lies some 20 km to the East of the Kinsale Head gas field. The East Kinsale Licensing Option was granted on 19 November 2003 for a period of two years from 24 November 2003 and requires completion of a specified work programme. Subsequently, the East Kinsale Licensing Option has been extended to 31 December 2006.

Work carried out to date by Ramco has consisted of mapping the available 2D seismic data, which has identified a number of leads. A seismic reprocessing project is planned to improve existing reservoir imaging. The East Kinsale acreage is within sub-sea tie-back range of the Kinsale Head gas field.

The key prospect in the East Kinsale acreage considered by Scott Pickford was at lower Cretaceous level (49/17-W) lying to the East of the Kinsale Head gas field and to the South, and updip of, the 49/17-1 exploration well.

Prospect 49/17W was evaluated by Scott Pickford, with the main risk identified being trap configuration given the low relief of the structure, which assessed the overall chance of success as being 20 per cent.

For economic evaluation purposes, Scott Pickford assumed a single vertical sub-sea well tied back to the Kinsale Head gas field, some 20 km away, yielding 21.5 bcf prospective resources (20.5 bcf net to Lansdowne) on a P50 basis.

The Scott Pickford Report assumes a 1 October 2008 first gas date for block 49/17W and an average selling price of 30p/therm, which with a discount of 15 per cent., yields a positive NPV of $24.2 million ($23.0 million net to Lansdowne) but the EMV is negative.

Seven Heads Oil (Operator – 74 per cent. interest, reducing to 29.6 per cent. pursuant to a farm-out option)
The Seven Heads Oil Licensing Option acreage lies beneath the Seven Heads gas field, with the boundary between the two concessions lying at approximately 1,250m sub-sea. The Seven Heads Oil Licensing Option was granted on 17 September 2003 for 12 months from 15 September 2003. Ramco's interest in the Seven Heads Oil Licensing Option was acquired by Lansdowne Celtic on 13 February 2006. Subsequently, the Seven Heads Oil Licensing Option has been extended to 31 December 2006.

Within the Seven Heads Oil Licensing Option acreage, oil was successfully tested from three of the exploration or appraisal wells which achieved flow rates of between 1,300 and 1,600 bopd. The reservoir sands are in the Cretaceous Middle and Lower Wealden sequences from 1,400 to 2,300 metres below sea level. The oil is light (39 to 42 degrees API) but contains relatively high wax contents ranging from 12 per cent. to 22 per cent. wax, which could require treatment to avoid production difficulties.

The two main risks with the Seven Heads Oil prospect are the reservoir continuity risk and the high pour point of the oil. The base case development plan aims to alleviate the reservoir continuity risk through a phased development using wells tied-back to a wellhead production platform and then transferring the oil to a leased FPSO.

All the estimated recoverable oil and gas volumes from the Seven Heads Oil prospect are considered to be in the contingent resources category.

The base case development plan results in the recovery of 23 mmbbls net to Lansdowne and assumes a 1 January 2009 first oil date, with an average selling price of $35/barrel. Scott Pickford estimate that this results in a positive NPV of $71.9 million net to Lansdowne (on the basis of a 29.6 per cent. Lansdowne interest).

A farm-out has been granted in relation to the Seven Heads Oil Licensing Option which, if effected, would leave the Group with a 29.6 per cent. interest in the Seven Heads Oil Licensing Option. Further details of this farm-out option are set out in the section below headed "Farm-out arrangements".

Farm-out arrangements

Farm-out arrangements are already in place in relation to two of the Group's licences:

(a) ***Donegal Licence*** – a farm-out agreement was entered into in January 2005 pursuant to which all of the Group's share of the costs associated with the drilling of an exploration well to test the hydrocarbon potential of the Inishbeg prospect are to be carried by Island Donegal Limited and Petroceltic Erris Limited both being subsidiaries of Island and Petroceltic respectively, with the Group retaining a 19.25 per cent. interest in the Donegal Licence; and

(b) ***Seven Heads Oil Licensing Option*** – in April 2004 a farm-out option was granted by ROGL in favour of Island, pursuant to which Island agreed to act as technical manager and to fund ROGL's share (now Lansdowne Celtic's share) of the licensing option rentals and the work programme relating to the Seven Heads Oil Licensing Option, in exchange for which Island was granted an exclusive option to farm in to 60 per cent. of the Group's interest in any successor or subsequent authorisations to the Seven Heads Oil Licensing Option covering all or part of the same area. In order to exercise this option, Island is required to fully fund Lansdowne Celtic's share of the cost of the drilling and testing of an exploratory well on the Seven Heads Oil prospect (at a location and to a depth mutually agreed between Island and Lansdowne Celtic). If Island exercise the foregoing option, and assuming the interests of the current holders of the Seven Heads Oil Licensing Option remain the same, Lansdowne Celtic will transfer to Island a 44.4 per cent. interest in the Seven Heads Oil Licensing Option, which would result in the Group's interest in the Seven Heads Oil Licensing Option being reduced from 74 per cent. to 29.6 per cent.

The Group is in the process of seeking farm-out partners for the Midleton, Rosscarbery and East Kinsale Licensing Options with a view to retaining a 15 to 30 per cent. non-operator interest post farm-out resulting in the Group being carried through the drilling/project phase. Presentations have been made to a number of interested parties who have entered into confidentiality agreements and following dataroom visits, detailed evaluations are continuing.

It is planned that this farm-out process will be concluded during 2006 and that, if supported by further technical work and farm-out arrangements are put in place, applications will be submitted to the PAD to convert all or part of the areas covered by the Midleton, Rosscarbery and East Kinsale Licensing Options into Exploration Licences, with the likelihood that wells will be committed for drilling within the first two years of such Exploration Licences, during 2007 and/or 2008.

Background to Oil and Gas markets in Ireland

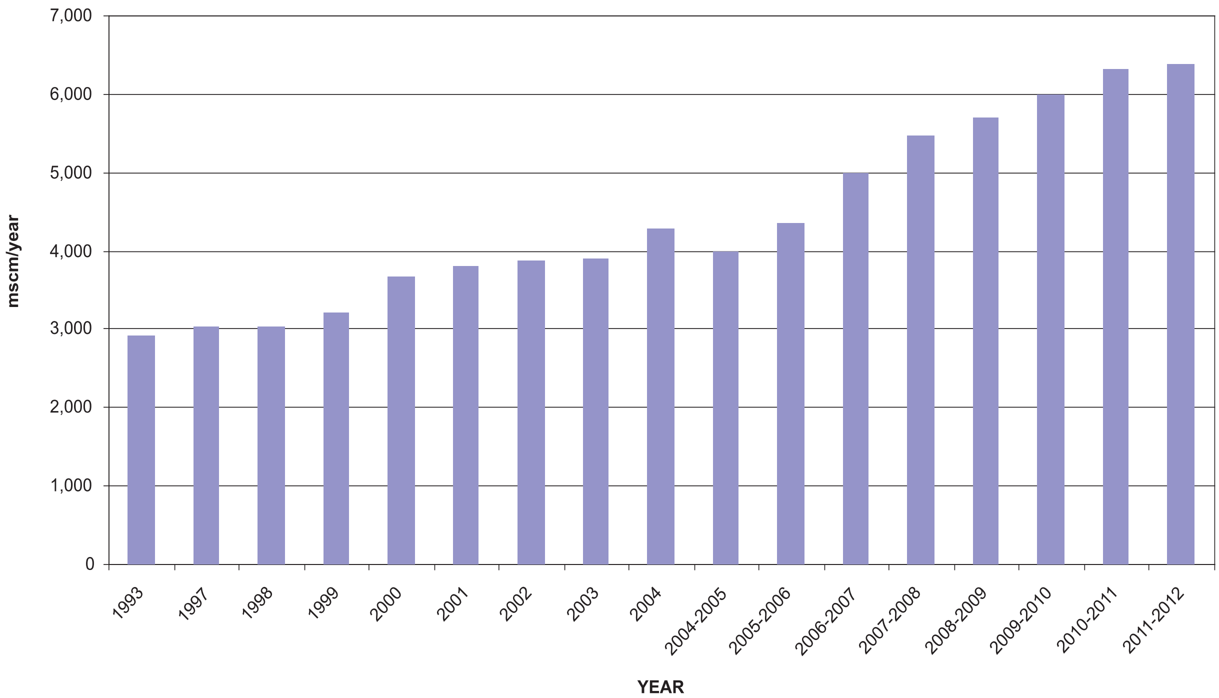
Ireland experienced a period of sustained economic growth through the 1990's, with a 41.3 per cent. increase in Total Primary Energy Supply between 1991 and 2001. This growth has led to a period of significant increase in demand for both oil and gas.

Gas

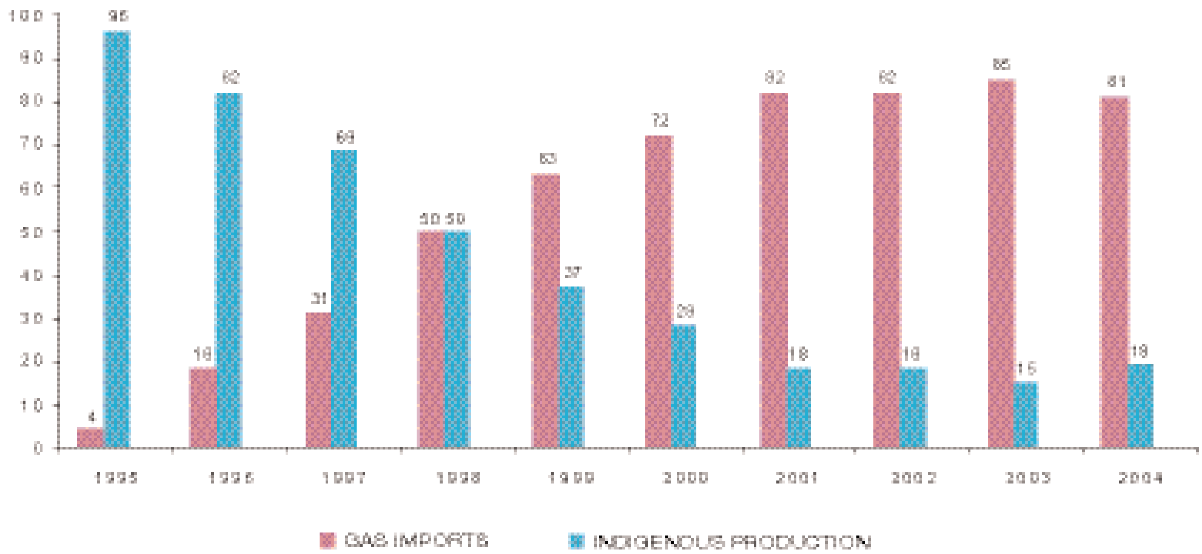
Demand for natural gas in Ireland grew at an annual average rate of 9 per cent. between 1999 and 2004. This high level of growth has been driven mainly by an increased demand for natural gas fired electricity generation and growth in the residential and small commercial sectors and is forecast to continue in the short term, but demand growth should approach levels consistent with other EU15 countries of between 3 per cent. and 4 per cent. towards the latter part of the decade.

Total natural gas demand in Ireland in 2004 was approximately 152 bcf. The CER's central demand forecast expects demand to rise to 212 bcf in gas year 2009/2010 and 225 bcf in gas year 2011/2012, the last year forecasted in the CER 2005 Gas Capacity Statement.

Indigenous gas supplies are not adequate at the current time to satisfy the Irish demand. Consequently, Ireland is heavily dependent on gas imports from the UK to satisfy current demand. Since 2001, over 80 per cent. of Ireland's gas requirements have been met by gas imported through the UK/Ireland Interconnectors. The reliance on gas imported from the UK means that the market price for gas purchased at the UK National Balancing Point plus the associated transportation and tariff costs of moving the gas into Ireland are the key drivers in setting gas prices in Ireland. In addition, this high level of reliance has made the security of supply a key policy issue for the Government and has brought into focus the importance of more rapid development of indigenous energy sources such as oil and gas.



Ireland Total Gas Demand 1996-2004 and CER Central Projection Forecast to 2012
(Source: CER Gas Capacity Statement 2005)



Gas imports and indigenous supply split 1995-2002 (Source: IOOA/CER)

The UK has been producing gas from the North Sea since 1967. It has experienced a long period of self-sufficiency and has been a net gas exporter since 1994. However, the supply and demand balance has been changing, with UK gas production considered to have peaked in 2000 and import of gas by the UK expected to climb rapidly over the next few years to reach approximately 40 per cent. of the UK gas supply by 2010. It is intended that the forecast UK supply deficiency will be addressed by importing gas via (i) the existing Interconnector between Bacton and Zeebrugge, giving the UK access to continental European gas supplies and (ii) new build pipelines bringing gas into the UK from offshore Norway. Furthermore, plans are underway for importing LNG to facilities at Milford Haven and the Isle of Grain.

Gas prices in the UK averaged around 20p/therm in the early 1990's, but fell in the mid 1990's to around 10 to 15p/therm as a result of market liberalisation and oversupply. Prices then recovered during 2000, following an increase in the global oil price, so that the average gas price from 2000 to 2003 was approximately 25p/therm. Prices increased further during 2004 and 2005 and the expected trend indicates continued high gas prices through 2006 (average predicted price for gas year 2006: 67p/therm), 2007 (average predicted price for calendar year 2007: 65p/therm) and 2008 (average predicted price for calendar year 2008: 59p/therm) *(Source: Heren Report, 23 January 2006)*.

All of the valuation work completed by Scott Pickford on the Group's assets included in the Scott Pickford Report has assumed a future gas price of 30p/therm. Ramco's experience in the Seven Heads gas field has shown that the gas price achievable for selling indigenous gas into Ireland is effectively the UK National Balancing Point Price plus a premium to take account of the UK/Ireland Interconnector tariff.

Oil

Oil continues to be the most important fuel in meeting Ireland's energy needs. In 2000, oil accounted for 56.5 per cent. of Ireland's Total Primary Energy Supply and demand for oil increased at over 5 per cent. per annum through the 1990's.

There is currently no indigenous production of oil in Ireland or from the Irish Continental Shelf. A number of oil discoveries have been made, the most significant of which are:

- Seven Heads (48/24-1 and appraisal wells) Celtic Sea
- Helvick field (49/9-2 and appraisal wells) Celtic Sea
- 50/6-1 Celtic Sea
- Connemara field (26/28-1 and appraisal wells) Porcupine Basin
- 35/8-1 Porcupine Basin

All of these discoveries are currently licensed under Licensing Options or Exploration Licences, with evaluation underway to determine development viability.

There is one oil refinery located at Whitegate, County Cork, with a capacity of 75,000 bpd (approximately 40 per cent. of Ireland's current fuel requirements) and this is operated by ConocoPhillips. There is also a deepwater crude oil and oil products storage facility at Bantry Bay (Whiddy Island), County Cork, also operated by ConocoPhillips.

Global oil prices reached record high levels during 2005 and have risen steadily since 2002, driven by rapidly increasing demand from growing economies such as China and India, limited additional production capacity coming on-stream and certain other environmental and political factors which have influenced prices. The predicted trend for oil prices remains strong.

New Ventures

The Group will seek to identify and exploit new exploration and appraisal opportunities in the Irish and UK Continental shelves.

Ireland

Celtic Sea

The Group considers there to be additional opportunities in the Celtic Sea and will continue evaluation studies to quantify these opportunities better with a view to applying for new Licensing Options.

UK

24th Licensing Round

The DTI is committed to holding annual licensing rounds as part of the process of promoting exploration activity on the UKCS and maximising recovery of oil and gas reserves.

In July 2005, the DTI announced details of the SEA 6 Programme (Strategic Environmental Assessment for Offshore Oil and Gas Licensing) which covers the UK Sector of the Irish Sea. The main focus of SEA 6 is the consideration of a draft plan within the 24th Round, to offer blocks for licensing in the Irish Sea.

In the DTI's announcement of the SEA 6 programme it highlights that there is substantial infrastructure in place for both oil and gas evacuation, although available processing and transportation capacity is currently fairly limited.

The mature East Irish Sea area is considered by the Directors to offer high value, moderate risk, satellite exploration opportunities, similar in nature to the business opportunities being pursued in the Celtic Sea. Evaluation of opportunities on offer in this area in the UK 24th Round is a logical extension of the Group's activities.

Trend Information

Save as set out in this document there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.

Directors

John Greenall ***(Non-Executive Chairman), aged 66***, joined RC Greig & Co in Glasgow in 1960 becoming a partner in 1965. He assisted in the formation and subsequent fund raising of London and Scottish Marine Oil (LASMO) and Clyde Petroleum. Mr Greenall was instrumental in creating Greig Middleton through the merger of RC Greig and WN Middleton in 1983. He joined The Stock Exchange Council in 1985 and served on the Board of its Successor – The Securities Association.

In 1994 he joined HCIB (a subsidiary of Guinness Mahon ("GM")) as director of Corporate Broking. When GM was taken over by Investec in 1998 he headed up the corporate broking team at that bank. One of HCIB's specialist research areas was the Exploration & Production sector and he oversaw a number of flotations in the sector – the most recent being Venture Production before he retired in 2002.

He is a non-executive director of The Sanctuary Group plc and RP&C International Limited a niche investment bank based in London.

Dr Stephen Boldy ***(Chief Executive Officer), aged 50***, joined Ramco in March 2003. From 1980 to 1984 Dr Boldy worked as a petroleum geologist for the Petroleum Affairs Division of the Department of Energy in Dublin and then spent almost 19 years with Amerada Hess Corporation, where his appointments included U.K. Exploration Manager and International Exploration Manager. Dr Boldy has extensive experience of working Irish offshore basins and the basins West of Britain and earned his Ph.D in geology from Trinity College Dublin.

Christopher Moar ***(Finance Director and Company Secretary), aged 43***, joined Ramco in 1993 and was appointed Company Secretary in December 1996. Prior to this he was a planning and financial accountant for Baker Oil Tools (United Kingdom) Limited. Mr Moar has an MA degree in Accountancy from Aberdeen University and qualified as a Chartered Accountant with Arthur Young in 1987. Following Admission, Mr Moar will remain employed by Ramco as Vice President-Finance and Company Secretary but will be responsible for the finance function in Lansdowne as one of the services provided by Ramco under the Ramco Services Agreement.

Steven Bertram ***(Non-Executive Director), aged 46***, is Managing Director of Ramco and has been with Ramco since 1986. He was appointed to the Ramco board as Finance Director in 1991 and is now Managing Director of Ramco, having been appointed to that position in June 2005. Mr Bertram has a background in oil and oil services companies gained through his time with Ramco and during his chartered accountancy training contracts. He has been involved with Ramco from the company's original USM listing through its move to AIM and its international offer and listing on the American Stock Exchange. Mr Bertram has an MA Honours degree in Economics with Accountancy from Aberdeen University and qualified as a Chartered Accountant with Arthur Young in 1984.

Viscount Torrington ***(Non-Executive Director), aged 62***, graduated from Oxford University as a geologist in 1964. He served in technical and managerial roles with Anglo American plc and Lonrho plc. In 1975, he became managing director of the Attock Oil Company, later Anvil Petroleum plc. The latter was merged with Berkeley Exploration in 1986, and acquired by Ranger Oil the same year. In 1987, he became a Director of Flextech plc and chief executive of Exploration & Production Services (Holdings) Limited, better known as Expro, a major UK oilfield services contractor. In 1995, he became Managing Director of Heritage Oil & Gas Limited, later listed in Toronto as Heritage Oil Corporation.

Viscount Torrington has held non-executive appointments in several companies and is currently chairman of CYC Holdings plc, a company admitted to trading on AIM, which facilitates Chinese entities wishing to list their shares in London. He is also a non-executive director of a private Canadian oil and gas exploration and production company involved in West Africa.

Details of the Placing

Under the Placing Agreement John East & Partners has conditionally placed, as agent for the Company, 1,882,353 new Ordinary Shares at the Placing Price to raise £1.6 million (gross) and approximately £1.1 million (net of expenses) for the benefit of the Company.

The Placing is conditional, *inter alia*, upon Admission and the Placing Agreement becoming unconditional and not being terminated in accordance with its terms. The Placing Shares, when issued and fully paid, will rank equally in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of this document. It is expected that Admission will become effective and dealings in the Enlarged Issued Share Capital will commence on 21 April 2006.

Further details of the Placing Agreement are set out in paragraph 8.1 of Part VI of this document.

Use of proceeds

The net proceeds of the Placing receivable by the Company will be approximately £1.1 million, which will be utilised to work up the Celtic Sea assets and for working capital purposes generally.

Dealing restrictions

On Admission, the Directors will be interested in an aggregate of 70,564 Ordinary Shares, representing 0.34 per cent. of the Enlarged Issued Share Capital. Details of these interests are set out in paragraph 6.1 of Part VI of this document.

In addition, on Admission, Ramco will be interested in an aggregate of 17,953,308 Ordinary Shares, representing 86.25 per cent. of the Enlarged Issued Share Capital.

In accordance with Rule 7 of the AIM Rules, the Directors on behalf of themselves, their families and other persons deemed to be connected with them, and Ramco have undertaken to John East & Partners and the Company, not to dispose of such interests (subject to certain limited exceptions) until 12 months after Admission. The Directors and Ramco have further undertaken that for a further period of 12 months they will not dispose of any such interests without the prior written consent of John East & Partners, such consent not to be unreasonably withheld or delayed. Further details of these arrangements are set out in paragraphs 8.1 and 8.6 of Part VI of this document.

Controlling shareholder

As is stated above, on Admission, Ramco will be interested in an aggregate of 17,953,308 Ordinary Shares, representing 86.25 per cent. of the Enlarged Issued Share Capital.

Ramco will continue its activities as an oil and gas exploration company and pursue its own strategy to grow and develop its business. Ramco, REEL and ROGL have entered into an agreement with the Company and John East & Partners pursuant to which Ramco, REEL and ROGL have undertaken that the relevant members of the Ramco Group will exercise their voting rights so as to ensure (so far as they are able by the exercise of such rights) the continued independence of the majority of the Board, that any transactions between persons or companies controlled by Ramco (to the extent that there are any such transactions in the future) will be at arms' length, and that they will not vote (as shareholder or Director) in relation to any such transaction. Ramco has also undertaken that neither it nor any member of the Ramco Group shall, for so long as Ramco has an interest in excess of 30 per cent. in the Company, compete with the Group in the sector or geographic area in which the Group operates.

In addition, in the event of either Mr Bertram or Mr Moar ceasing to be directors of the Company, Ramco shall have the right to appoint substitute directors subject to the approval of the independent directors of the Company, from time to time.

Employee incentives

The Directors believe that Lansdowne's success is highly dependent on the quality and loyalty of its employees and directors. To assist in the recruitment, retention and motivation of employees the Company must have an effective remuneration strategy. The Directors consider that an important part of the Company's remuneration strategy is the ability to award equity incentives. Consequently, the Company intends to adopt an equity incentive scheme as soon as practicable following Admission. Details of any such scheme will be provided to shareholders in advance of its adoption.

Warrants

The Company has agreed to issue warrants to subscribe for up to 312,239 Ordinary Shares at the Placing Price at any time prior to 10 April 2011 to, or at the instruction of, John East & Partners. The new Warrants will be constituted by an instrument, further details of which are contained in paragraph 5 of Part VI of this document.

Taxation

Information regarding taxation in relation to the Placing is set out in paragraph 11 of Part VI of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The articles of association of the Company permit the holding of Ordinary Shares to be evidenced in uncertificated form in accordance with the CREST Regulations.

The Company will apply for the Ordinary Shares to be admitted to CREST with effect from Admission and CRESTCo Limited has agreed to such Admission.

Accordingly, settlement of transactions in the Ordinary Shares following Admission will take place within the CREST system if the relevant Shareholder so wishes.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

Corporate governance

The Board recognises the importance of sound corporate governance and intends to ensure that, following Admission, the Company adopts policies and procedures which reflect such of the Principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the "Combined Code") as are appropriate to the Company's size on Admission.

The Company has established, conditional on Admission, an Audit Committee and a Remuneration Committee, each with formally delegated duties and responsibilities and both consisting of John Greenall and The Viscount Torrington.

The Audit Committee will determine the terms of engagement of the Company's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee will receive and review reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in the Company. The Audit Committee will have unrestricted access to and oversee the relationship with the Company's auditors. The Audit Committee will meet at least twice a year and will meet with the Company's auditors at least once a year.

The Remuneration Committee will review the scale and structure of the executive Directors' and senior employees' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors will be set by the entire Board. No Director or manager of the Company may participate in any meeting at which discussion or any decision regarding his own remuneration takes place. The Remuneration Committee will also administer any share option schemes or other employee incentive schemes adopted by the Company from time to time.

The Board intends to comply with Rule 21 of the AIM Rules relating to Directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Company's applicable employees and has adopted a share dealing code for this purpose.

Dividend policy

It is the intention of the Company to commence the payment of dividends as soon as practicable, subject to the availability of sufficient distributable reserves, bearing in mind the financial resources required for the development of the Group, and to pursue a progressive, but prudent, dividend policy thereafter. The Company has not paid any dividends since the date of incorporation.

Further Information

Your attention is drawn to the additional information set out in Parts II to VI of this document.

PART II

Risk Factors

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in Ordinary Shares. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not purport to comprise all those risks associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

If any of the following risks actually occurs, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In this event, the price of the Ordinary Shares could decline and investors may lose all or part of their investment in the Company. The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective investors should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

There are various risk and other factors associated with an investment of the type described in this document. In particular:

The Group's objectives may not be fulfilled

The value of an investment in the Company is dependent upon the Group achieving the aims set out in this document. There can be no guarantee that the Group will achieve the level of success that the Board expects.

Potential acquisitions or investments in other companies may have a negative impact on the Group's business and the Company's share price.

As part of the Group's strategy, it may consider acquiring or making investments in complementary businesses, services, products or technologies as appropriate opportunities arise. The risks the Group may face should it acquire or invest in complementary businesses include:

- difficulties with the integration and assimilation of the acquired business;
- diversion of the attention of the Company's management team from other business concerns;
- availability of favourable acquisition or investment financing; and
- loss of key employees of any acquired business.

Acquisitions or investments may require the Company to expend significant amounts of cash. This would result in the Group's inability to use those funds for other business purposes. Additionally, if the Company funds acquisitions through further issuances of Ordinary Shares, its Shareholders will be diluted, which may cause the market price of the Ordinary Shares to decline. The potential impairment or complete write-off of goodwill and other intangible assets related to any such acquisition may reduce the Group's overall earnings, which in turn could negatively affect the price of the Ordinary Shares.

The Group's success depends on its ability to retain the current members of its senior management team and other key personnel.

The Group's success depends to a significant extent on the continued services of its core senior management team. If one or more of these individuals were unable or unwilling to continue in his present position, the Group's business would be disrupted and it might not be able to find replacements on a timely basis or with the same level of skill and experience. Finding and hiring any such replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results.

If the Company fails to continue to attract and retain highly skilled personnel, it may be unable to successfully execute its business strategy.

The Group's success depends upon its ability to attract, retain and motivate highly skilled technical, managerial administrative support personnel. Because competition to attract such personnel is intense in the industry, the Company may experience difficulty attracting, integrating or retaining the number of qualified personnel needed successfully to implement its business strategy. If the Company is delayed in recruiting key employees, it may be forced to incur significant additional recruitment, compensation and relocation expenses. If it is unable to hire and retain such personnel in the future, the Group may not be able to operate its business as it does today or meet the needs of its clients.

Drilling and Operating Risks

Exploration and Production Risks

There is no assurance that the Group's exploration and appraisal activities will be successful or if they are successful, that commercial quantities of oil and/or gas can be recovered from the Group's licensed areas. No assurance can be given that, if commercial reserves are discovered, the Group will be able to realise such reserves as intended. Few properties that are explored are ultimately developed into producing hydrocarbon fields. The Group may face delays in obtaining governmental approval. Negative results from initial exploration programmes may result in downgrading of the prospectivity. As a result, an area may therefore be considered not to merit further investment and licences could be surrendered (subject to the approval of the licensing authority) prior to the drilling of any exploratory wells.

Early Stage of Commercialisation

Lansdowne is an exploration company that has not yet begun to generate revenues and is not yet trading profitably. The Directors do not expect the Group to achieve profitability in the short term.

Regulatory Changes

The Group's strategy has been formulated in the light of the current regulatory environment and with regard to future changes and likely future changes. The regulatory environment may change in the future and such changes may have a material adverse effect on the Group.

Licences and Contractual Risks

The Group's activities are dependent upon the grant and maintenance of appropriate licence concessions, leases, permits and regulatory consents ("Authorisations") which may not be granted or may be withdrawn or made subject to limitations. Unforeseen circumstances or circumstances beyond the control of the Group may lead to commitments given to licensing authorities not being on time. Although the Group believes that the Authorisations will be renewed following expiry or grant (as the case may be), there can be no assurance that such Authorisations will be renewed or granted or as to the terms of such grants or renewals. The areas covered by the Authorisations are or may be subject to agreements. If such agreements are terminated, found void or otherwise challenged, the Group may suffer significant damage through loss of the opportunity to identify and extract hydrocarbons.

Operational and Environmental Risks

Drilling, appraisal, exploration, construction, development and production activities may involve significant risks and operational hazards and environmental, technical and logistical difficulties. These include, *inter alia*, the possibility of uncontrolled hydrocarbon emissions, fires, earthquake activity, extreme weather conditions, coastal erosion, explosions, blowouts, cratering, over-pressurised formations, unusual or unexpected geological conditions, unpredictable drilling-related problems, equipment failure, labour disputes and the absence of economically viable reserves. These hazards may result in delays or interruption to production, cost overruns, substantial losses and/or exposure to substantial environmental and other liabilities.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Group, the extent of which cannot be predicted. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail production or development.

Ability to Exploit Successful Discoveries

It may not always be possible for the Group to participate in the exploitation of successful discoveries made in areas in which the Group has an interest. Such exploitation may involve the need to obtain licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may, or may not, be possible for such conditions to be satisfied. Furthermore, the decision to proceed to further exploitation may require the participation of other companies whose interest and objectives may not be the same as those of the Group. Such further work may also require the Group to meet, or commit to, financing obligations, which it may not have anticipated or may not be able to commit to, due to lack of funds, or inability to raise funds.

Environmental Regulation

Environmental and safety legislation in jurisdictions in which the Group operates, may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from oil and gas activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean up costs and obligations and liability for toxic or hazardous substances for which the Group may become liable as a result of its activities, may be impossible to assess against the current legal framework and current enforcement practices of the various jurisdictions in which the Group operates, or in which it may operate in the future.

Market Risk

In the event of successful exploration and development of oil and gas reserves, the marketing of the Group's prospective production of oil and gas from such reserves will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including access to ports, shipping facilities, pipelines and pipeline capacity at economic tariff rates, over which the Group may have limited or no control. Pipelines may be inadequately maintained and subject to capacity constraints and economic tariff rates may be increased with little or no notice and without taking into account producer concerns. The right to export oil and gas may depend on obtaining licences and quotas, the granting of which may be at the discretion of the relevant regulatory authorities. There may be delays in obtaining such licences and quotas, leading to the income receivable by the Group being adversely affected, and it is possible that, from time to time, export licences may be refused.

Competition

A number of other oil and gas companies may seek to establish themselves in areas in which the Group operates and may be allowed to bid for exploration and production licences and other services, thereby providing competition to the Group. Larger companies in particular may have access to greater resources than the Group, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

Volatility of Prices for Oil and Gas

The demand for, and price of, oil and gas is highly dependent on a variety of factors, including international supply and demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. Geographic location and a lack of adequate infrastructure may also result in any oil or gas produced being sold at a discount to world market prices for oil and gas. International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future.

Taxation Framework

Any change in the Group's tax status or in taxation legislation could affect the Group's ability to provide returns to shareholders or alter post tax returns to shareholders. It is the Directors intention to operate the Company's existing subsidiaries (Donegal Exploration and Lansdowne Celtic) in such a way that they are only subject to tax in Ireland. The actual taxation status of the Group is dependent on the activities of the Group going forward. If the Company's existing subsidiaries are not solely Irish tax resident other tax consequences might arise. Commentaries in this document concerning the taxation of investors in Ordinary Shares are based on current tax law and practise, which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

Political

Although political conditions in Ireland and the UK, the countries in which the Group operates and plans to operate, are generally stable, changes may occur in their political, fiscal and legal systems, which might affect the ownership or operation of the Group's interest including, *inter alia*, changes in exchange rates, control regulations, expropriation of oil and gas rights, changes in government and in legislative and regulatory regimes.

Exposure to Currency Fluctuations

As an international oil and gas company, most of the Group's revenues and a significant portion of its costs will be denominated in U.S. dollars or Euros although it will report in pounds sterling. In addition, as commodity prices are denominated in U.S. dollars or Euros, most of the Group's income will be received in U.S. dollars and Euros and the Group is therefore exposed to volatility in exchange rates. As a result, the Group's revenue is subject to exchange rate movements. The Group does not engage in any foreign currency hedging to minimize exchange rate risk.

Fluctuations in the Group's operating results may cause the price of the Ordinary Shares to decline and limit its Shareholders' ability to sell Ordinary Shares in the public market.

The Group's operating results are likely to fluctuate significantly due to a variety of factors, many of which are outside the Group's control. The Group's operating results may in some future period fall below the expectations of securities analysts and investors. In this event, the trading price of the Ordinary Shares could decline significantly. In addition to the risks disclosed elsewhere in this document, factors outside of the Group's control that may affect it in the future, include:

- fluctuations in general economic conditions;
- demand for the type of products provided by the Group generally; and
- the development of products by the Group's competitors.

The factors listed above may affect both the Group's periodical operating results as well as its long-term success. Given the expected fluctuations in its operating results, investors should not rely on periodical comparisons of the Group's results of operations as an indication of its future performance or to determine any trend in its performance. Fluctuations in the Group's operating results could cause the market price of and demand for Ordinary Shares to fluctuate substantially, which may limit the ability of investors to sell Ordinary Shares on the public market.

In addition, if the market for securities of companies in the same sector or the stock market in general experiences a loss in investor confidence or otherwise falls, the market price of the Ordinary Shares may fall for reasons unrelated to the Group's business, results of operations or financial condition. As a result, investors might be unable to resell their Ordinary Shares at or above the offering price.

The trading market for the Ordinary Shares will be informed, in part, by the research and reports that industry or financial analysts publish about the Group or its business. The Group does not control these analysts. If one or more of the analysts who cover the Group downgrades the Ordinary Shares, their price could decline rapidly. If one or more of these analysts ceases coverage of the Group, it could lose visibility in the market, which in turn could cause the price of Ordinary Shares to decline or experience significant volatility.

Ramco has significant control over the Company's management and affairs

Ramco will beneficially own approximately 86.5 per cent. of the Company's issued share capital following the Admission. As a result, Ramco will be able to exercise control over all matters, other than those that involve transactions with any member of the Ramco Group, requiring approval by Shareholders, including the election of directors and approval of mergers, consolidations, sales of assets, recapitalisations and amendments to the Company's articles of incorporation. Ramco has entered into a relationship agreement with the Company, further details of which are set out in paragraph 8.4 of Part VI of this document. However, Ramco may take actions with which investors do not agree, including actions that delay, defer or prevent a change of control, and could cause the price that investors are willing to pay for Ordinary Shares to decline.

Ramco Litigation

Following a jury verdict in October 2003, the Texas State Court issued a final judgement against Ramco, Ramco Oil Limited, a subsidiary of Ramco, and certain other defendants in a case alleging breach of contract arising from confidentiality and non-circumvention obligations. This judgement included an award against Ramco for past and future damages of $6.4 million plus interest and legal fees of $9.8 million. The appeal and related proceedings arising from the judgement awarded to Anglo-Dutch (Tenge) L.L.C. and Anglo-Dutch Petroleum International, Inc. in the Texas State Court continue. Because of the uncertainty surrounding the range of possible outcomes, the directors of Ramco considered that it was not possible to make a reliable estimate of the likely outcome of the appeal process beyond providing an estimate of the legal costs of pursuing the appeals, for which provision of $1 million was made. Neither the Company nor ROGL or REEL, its controlling shareholders, are party to the litigation. There is a risk to the Company that if the transfer in February 2006 of certain assets and licensing options in the Celtic Sea from ROGL to Lansdowne Celtic and the acquisition by the Company in January 2006 of the entire issued share capital of Donegal Exploration are not deemed to be on arms' length terms for a consideration which is adequate, the transfer of such assets and licensing options to Lansdowne Celtic and the acquisition of Donegal Exploration could be challenged and possibly set aside or an order made for payment of a sum representing the value of the assets transferred. The Directors consider that the Company has paid fair value for the assets and licensing options transferred to Lansdowne Celtic and that there is little chance of any such challenge succeeding.

ROGL, REEL and Ramco have entered into a Relationship Agreement, details of which are set out in paragraph 8.4 of Part VI of this document, which seeks to preserve the independence of the Board from interference by controlling shareholders, and this would extend to any successors in title to ROGL and REEL. In the context of the litigation, it is to be noted that Ramco has been required to "turn over" to the court in Texas, the share certificates representing its interests in ROGL and REEL, the controlling shareholders in the Company. The Directors have been advised that the effect of the "turn over" order is to prevent assets of a defendant from being dissipated during the litigation process and that it does not give any rights to claim ownership of the shares or to exercise any rights relating to the shares being subject of the share certificates "turned-over". There is a risk that if Ramco loses its appeal in Texas, and if the Texas judgement becomes enforceable in Scotland and if an insolvency event occurred in relation to Ramco, ROGL or REEL control of ROGL and REEL could change and that the claimant could seek to realise the cash value of the underlying investments, namely the holdings of ROGL and REEL in the Company. Further, the Directors have been advised that the appeals process is likely to be protracted with any resolution, unless there is a prior settlement, being deferred possibly until the end of 2007.

The Company might have difficulty obtaining additional capital, which could prevent it from achieving its business objectives. If the Company is successful in raising additional capital, it may have a dilutive effect on its shareholders.

The Company is likely to need to raise additional capital in the future to fund expansion and marketing of its products, or to acquire or invest in complementary businesses, technologies or services. If additional financing is not available, or available only on terms that are not acceptable to the Company, it may be unable to fund the development and expansion of its business, attract qualified personnel, take advantage of business opportunities or respond to competitive pressures. Any of these events may harm the Group's business. Also, if the Company raises funds by issuing additional Ordinary Shares or debt securities convertible into Ordinary Shares, its Shareholders will experience dilution, which may be significant, to their ownership interest in the Company. If the Company raises funds by issuing shares of a different class or by issuing debt, the holders of such different classes of shares or debt securities may have rights senior to the rights of Shareholders.

The Company has discretion as to the use of the net proceeds from the Placing and may not use these funds in a manner Shareholders would prefer.

The Company has not identified specific uses for all of the net proceeds from the Placing, and its management will have broad discretion in how it uses them. In addition, the Company is unable to determine how much of the net proceeds will be used for any identified purpose because circumstances regarding its planned use of the proceeds may change. Investors will not have the opportunity to evaluate the economic, financial or other information on which the Company bases its decisions on how to use the net proceeds. The failure of the Company's management to apply these funds effectively could harm investor confidence and cause the price of the Ordinary Shares to decline.

General

Potential investors should be aware that the value of shares can rise or fall and that there may not be proper information available for determining the market value of an investment in the Company at all times. An investment in a share which is traded on AIM, such as the Ordinary Shares, may be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his/her investment in the Company and he/she may lose all his/her investment.

AIM is not the Official List of the London Stock Exchange. Consequently, it may be more difficult for an investor to sell his or her Ordinary Shares and he or she may receive less than the amount paid.

The market for shares in smaller public companies is less liquid than for larger public companies. Consequently the Company's share price may be subject to greater fluctuation and the shares may be difficult to buy and sell.

PART III

Financial information on the Group

Section A: Financial information on Lansdowne

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

The Directors,
Lansdowne Oil & Gas plc
49 Albemarle Street
London W1S 4JR

10 April, 2006

Dear Sirs

Lansdowne Oil & Gas plc
("Lansdowne")

We report on the financial information set out in sections A and B of this Part III A. This financial information has been prepared for inclusion in the AIM admission document dated 10 April, 2006 of Lansdowne Oil & Gas plc ("AIM Admission Document") on the basis of the accounting policies set out in section B. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with Schedule Two and for no other purpose.

Responsibilities

The Directors of Lansdowne are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with United Kingdom Generally Accepted Accounting Practice.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document, a true and fair view of the state of affairs of Lansdowne as at the date stated in accordance with the basis of preparation set out in note 1 and in accordance with United Kingdom Generally Accepted Accounting Practice as described in note 1.

Emphasis of matter – going concern

In forming our opinion, which is not qualified, we have considered the adequacy of disclosures set out in the Statement of Accounting Policies in note 10 concerning the contingent matter involving litigation in the Texas State Court. Neither Lansdowne, nor its controlling shareholders, Ramco Eastern Europe Limited ("REEL") and Ramco Oil & Gas Limited ("ROGL") are party to the litigation.

If Ramco Energy plc and certain other defendants were to lose their appeal in the Texas State Court, and if the claimant were able to demonstrate that the acquisition of the assets transferred from REEL and ROGL to Lansdowne was not on an arms' length basis for a consideration which was adequate and obtained a court order for the return of Lansdowne assets to REEL and ROGL, or payment of a sum representing the value of the assets transferred, then the going concern basis might no longer be applicable.

If the going concern basis were no longer applicable then adjustments to the profit and loss account and balance sheet would be required to record additional liabilities and write down assets to their recoverable amounts.

Declaration

We are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Ernst & Young LLP

Set out below are the financial information extracted from the unaudited trial balance in respect of Lansdowne for the period from the date of incorporation on 23 December 2005 to 31 December 2005.

A. Balance Sheet

	Note	As at 31 December 2005 STG£
Current assets		
Debtors	4	0.10
Net current assets		0.10
Net assets		0.10
Capital and reserves		
Called up share capital	6	0.10
Profit and loss account		–
Equity shareholders' funds	7	0.10

Lansdowne did not trade from the date of incorporation to 31 December 2005.

The accompanying notes in section B form an integral part of the financial information.

B. Notes to the financial information

1 Statement of accounting policies

This financial information for Lansdowne has been prepared under the historical cost convention and the accounting policies set out below and in accordance with UK Generally Accepted Accounting Practice and the Statement of Recommended Practice "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities".

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Lansdowne's financial information.

Basis of preparation – going concern

This financial information has been prepared on the going concern basis which assumes that Lansdowne will continue in operational existence for the foreseeable future. This is dependent on raising £1.1 million of funds, after expenses, from the proposed Initial Public Offering ("IPO").

On 16 February 2006 Lansdowne, obtained approximately £750,000 gross, £665,000 net of expenses, of pre-IPO funding from the issue of 900,267 preference shares, primarily to institutional investors, in order to provide short-term working capital for Lansdowne and its subsidiaries.

Lansdowne is seeking to raise £1.6 million, £1.1 million net of expenses, from the IPO of ordinary shares on AIM during April 2006, which is not underwritten, and on the basis that they succeed, the Directors are of the opinion that it is appropriate to use the going concern basis.

In the event that Lansdowne does not raise the £1.6 million, the fund raising and AIM admission will not take place and Lansdowne will need to seek alternative sources of finance to enable Lansdowne to provide continuing support to its subsidiaries, otherwise the going concern basis might no longer be applicable.

Turnover

Turnover, which excludes value added tax and sales between group companies, represents the invoiced sales value of goods and services supplied for the development and production of hydrocarbons.

Exploration, appraisal and development costs

Exploration, appraisal and development costs are accounted for under the successful efforts method.

All costs incurred prior to the acquisition of licences are written off to the profit and loss account when incurred.

Licence acquisition costs, geological and geophysical costs and other direct costs of exploration and appraisal are initially capitalised as intangible fixed assets, pending determination of the existence of commercial reserves in the licence area. If commercial reserves are believed to exist, then these costs are transferred to tangible assets, otherwise the costs are written off to the profit and loss account in the period in which the evaluation is made.

Development expenditure comprises all costs incurred in bringing a field to commercial production, including financing costs and exploration and appraisal expenditure. All development costs are capitalised as tangible fixed assets.

Once commercial production commences, tangible fixed assets are depleted field by field using the unit-of-production method, based on commercial proven and probable reserves. The carrying amount of fixed assets is reviewed for possible impairment whenever events or changes in circumstances indicate.

Reporting currency

The financial information is presented in pounds Sterling (STG£). The majority of costs are paid in pounds Sterling and not the local currency of operations, therefore the reporting and functional currency is pounds Sterling.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Taxation

Corporation tax payable is provided on taxable profits at the current rate of taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between Lansdowne's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis.

Consolidated financial statements

Lansdowne has not prepared consolidated financial information for the period to 31 December 2005 as Lansdowne did not acquire the entire issued share capital of Donegal Exploration and Lansdowne Celtic until January 2006. Lansdowne will prepare consolidated financial information for the period ended 31 December 2006.

Share options and share-based payment transactions

It is anticipated that employees (including directors) of Lansdowne will receive remuneration in the form of share-based payment transactions in exchange for shares or rights over shares ('equity settled transactions').

Equity-settled transactions

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised, together with a corresponding increase in equity over the period in which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of Lansdowne at that date, will ultimately vest.

2 Segmental reporting

Lansdowne is engaged in oil and gas exploration in the Irish Continental Shelf with a view to bringing commercial discoveries into production.

3 Directors and staff

Directors, secretary and their interests

Lansdowne did not have any employees in the period ending 31 December 2005. None of the Directors who served during the period received remuneration from Lansdowne.

None of the Directors have any beneficial interests in the shares of Lansdowne.

4 Debtors

	As at 31 December 2005 STG£
Amounts owed by fellow group undertakings:	
REEL	0.05
ROGL	0.05
	0.10

5 Earnings per share

	Period ended 31 December 2005 Number
Basic and diluted average number of ordinary shares	2

	Period ended 31 December 2005 STG£
Profit/(loss) for period	–
Basic and diluted earnings/(loss) per share	–

6 Called up share capital

	As at 31 December 2005 STG£
Authorised:	
50,000,000 ordinary shares of £0.05 each	2,500,000.00
Allotted, called up and fully paid:	
2 ordinary shares of £0.05 each	0.10

7 Reconciliation of shareholders' funds and movements on reserves

	Share Capital STG£	Profit & Loss Account STG£	Total STG£
At 23 December 2005	0.10	–	0.10
Profit/(Loss) for the financial period	–	–	–
At 31 December 2005	0.10	–	0.10

8 Related party transactions

Transactions with related parties during the period ended 31 December 2005 are disclosed in note 4. Interest has not been charged on these balances.

9 Derivatives and other financial instruments

Lansdowne's financial instruments comprise balances with group undertakings.

Borrowing facilities

Lansdowne has no borrowing facilities and is dependent on funding provided by its ultimate parent undertaking, Ramco.

Interest rate risk

Lansdowne's has no financial liabilities. Lansdowne has no fixed rate or floating rate financial assets.

Foreign currency risk

In future a portion of Lansdowne's costs may be denominated in US Dollars or Euros which would therefore expose Lansdowne to volatility in exchange rates. Lansdowne does not engage in any foreign currency hedging to minimise exchange rate risk, but may do so in the future.

10 Post balance sheet events

Acquisition of Donegal Exploration

On 5 January 2006 Lansdowne allotted and issued 5,713,043 ordinary shares of £0.05 each in its capital to REEL to satisfy the £365,000 consideration for the entire issued share capital of Ramco Donegal Limited which had net liabilities of £(61,621) at 31 December 2005. On 18 January 2006, Ramco Donegal Limited changed its name to Donegal Exploration Limited.

Acquisition of Lansdowne Celtic Sea Limited

On 5 January 2006 Lansdowne acquired the entire issued share capital of Lansdowne Celtic Sea Limited from Ramco Dormant Subsidiary Limited for £100 which had net assets of £1 at 31 December 2005.

Preference shares

On 1 February 2006, 6,000,000 authorised ordinary shares of £0.05 each in the capital of the Company were converted into 1,200,000 preference shares of £0.25 each.

Pre-IPO funding

On 16 February 2006 Lansdowne, obtained approximately £750,000 of pre-IPO funding from the issue of 900,267 preference shares to institutional investors in order to provide short-term working capital for Lansdowne and its subsidiaries.

Acquisition of certain assets

On 13 February 2006 Lansdowne allotted and issued 12,286,957 ordinary shares of £0.05 each in its capital to ROGL to satisfy the £785,000 consideration for the acquisition by Lansdowne Celtic Sea Limited of certain assets and ROGL's interests in the East Kinsale, Midleton, Rosscarbery and Seven Heads Oil Licensing Options.

Services Agreement

On 10 April 2006 Lansdowne entered into a contract with Ramco for the provision of accounting, administration, IT, insurance and investor relations support services to Lansdowne and its subsidiaries effective from 1 January 2006.

Contingent matter

Following a jury verdict in October 2003, the Texas State Court issued a final judgement against Ramco, Ramco Oil Limited, a subsidiary of Ramco, and certain other defendants in a case alleging breach of contract arising from confidentiality and non-circumvention obligations. This judgement included an award against Ramco for past and future damages of \$6.4 million plus interest and legal fees of \$9.8 million. The appeal and related proceedings arising from the judgement awarded to Anglo-Dutch (Tenge) L.L.C. and Anglo-Dutch Petroleum International, Inc. in the Texas State Court continues.

Neither the Company, nor ROGL or REEL, its controlling shareholders, are party to the litigation. There is a risk to the Company that if the transfer in February 2006 of certain assets and licensing options in the Celtic Sea from ROGL to Lansdowne Celtic and the acquisition by the Company in January 2006 of the entire issued share capital of Donegal Exploration are not deemed to be on arms' length terms for a consideration which is adequate, the transfer of such assets and licensing options to Lansdowne Celtic and the acquisition of Donegal Exploration could be challenged and possibly set aside or an order made for payment of a sum representing the value of the assets transferred, and therefore the going concern basis might no longer be applicable. The Directors consider that the Company has paid fair value for the assets and licensing options transferred to Lansdowne Celtic and that there is little chance of any such challenge succeeding.

ROGL, REEL and Ramco have entered into a Relationship Agreement, details of which are set out in paragraph 8.4 of Part VI of this document, which seeks to preserve the independence of the Board from interference by controlling shareholders, and this would extend to any successors in title to ROGL and REEL. In the context of the litigation, it is to be noted that Ramco has been required to "turn over" to the court in Texas, the share certificates representing its interests in ROGL and REEL, the controlling shareholders in the Company. The Directors have been advised that the effect of the "turn over" order is to prevent assets of a defendant from being dissipated during the litigation process and that it does not give any rights to claim ownership of the shares being subject of the share certificate "turned-over". There is a risk that if Ramco loses its appeal in Texas, and if the Texas judgement becomes enforceable in Scotland, and if an insolvency event occurred in relation to Ramco, ROGL or REEL, control of ROGL and REEL could change and that the claimant could seek to realise the cash value of the underlying investments, namely the holdings of ROGL and REEL in the Company. Further, the Directors have been advised that the appeals process is likely to be protracted with any resolution, unless there is a prior settlement, being deferred possibly until the end of 2007.

11 Commitments

Amounts contracted but not provided for in the financial information at 31 December 2005 totalled STG£ nil.

Under the terms of a farm-out agreement dated 28 January 2005 with subsidiaries of Island Oil and Gas plc and Petroceltic International PLC, costs associated with Lansdowne subsidiary Donegal Exploration's Licence commitment to drilling an exploration well on the Inishbeg prospect are to be carried by its partners.

12 Ultimate parent undertaking

The ultimate parent undertaking of Lansdowne is Ramco, which is the parent of the smallest and largest group that will consolidate these financial statements. Ramco is incorporated in Scotland. Copies of Ramco Energy plc consolidated financial statements may be obtained from, The Secretary, Ramco Energy plc, 62 Queen's Road, Aberdeen, AB15 4YE.

Section B: Financial information on Donegal Exploration

ERNST & YOUNG

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

The Directors,
Lansdowne Oil & Gas plc
49 Albemarle Street
London W1S 4JR

10 April 2006

Dear Sirs

Donegal Exploration Limited

("Donegal Exploration")

We report on the financial information set out in sections A to D of this Part III B. This financial information has been prepared for inclusion in the AIM admission document dated 10 April 2006 of Lansdowne Oil & Gas plc ("AIM Admission Document") on the basis of the accounting policies set out in section D. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with Schedule Two and for no other purpose.

Responsibilities

The Directors of Lansdowne Oil & Gas plc ("Lansdowne") are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with United Kingdom Generally Accepted Accounting Practice.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document, a true and fair view of the state of affairs of Donegal Exploration as at the dates stated and of its losses, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with United Kingdom Generally Accepted Accounting Practice as described in note 1.

Emphasis of matter – going concern

In forming our opinion, which is not qualified, we have considered the adequacy of disclosures set out in the Statement of Accounting Policies in note 16 concerning the contingent matter involving litigation in the Texas State Court. Neither Donegal Exploration, or Lansdowne, its parent undertaking, or Lansdowne's controlling shareholders, Ramco Eastern Europe Limited ("REEL") and Ramco Oil & Gas Limited ("ROGL") are party to the litigation.

If Ramco Energy plc and certain other defendants were to lose their appeal in the Texas State Court, and if the claimant were able to demonstrate that the acquisition of the assets transferred from REEL and ROGL to Lansdowne was not on an arms' length basis for a consideration which was adequate and obtained a court order for the return of Lansdowne assets to REEL and ROGL, or payment of a sum representing the value of the assets transferred, then the going concern basis might no longer be applicable.

If the going concern basis were no longer applicable then adjustments to the profit and loss account and balance sheet would be required to record additional liabilities and write down assets to their recoverable amounts.

Declaration

We are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Ernst & Young LLP

Set out below is the financial information extracted from the audited financial statements in respect of Donegal Exploration Limited, formerly Ramco Donegal Limited, for the two years ended 31 December 2004. The figures for 2005 are extracted from the audited financial statements, adjusted for certain transactions.

A. Profit and loss accounts

	Note	Year ended 31 December 2005 STG£	2004 STG£	2003 STG£
Sales		–	–	–
Cost of Sales		–	–	–
Gross loss		–	–	–
Administrative expenses		(33,980)	(14,797)	(12,786)
Loss on ordinary activities before taxation	3	(33,980)	(14,797)	(12,786)
Tax on loss on ordinary activities	5	–	–	7,942
Loss for the financial year		(33,980)	(14,797)	(4,844)

All of Donegal Exploration's activities relate to continuing operations.

Donegal Exploration has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

The accompanying notes in section D form an integral part of the financial information.

B. Balance sheets

	Note	As at 31 December 2005 STG£	2004 STG£	2003 STG£
Fixed assets				
Intangible assets	6	65,021	–	–
Fixed asset investments	7	–	–	–
		65,021	–	–
Current assets				
Debtors	8	–	18,082	14,345
Creditors: amounts falling due within one year	9	(126,642)	(45,723)	(27,189)
Net current liabilities		(126,642)	(27,641)	(12,844)
Net liabilities		(61,621)	(27,641)	(12,844)
Capital and reserves				
Called up share capital	10	2,482,850	2,482,850	2,482,850
Share premium account	11	9,109,411	9,109,411	9,109,411
Profit and loss account – deficit		(11,653,882)	(11,619,902)	(11,605,105)
Equity shareholders' funds – deficit	11	(61,621)	(27,641)	(12,844)

The accompanying notes in section D form an integral part of the financial information.

C. Cash flow statements

	Note	2005 STG£	2004 STG£	2003 STG£
		Year ended 31 December		
Net cash outflow from operating activities	15(a)	(12,727)	(11,147)	(12,786)
Financing				
Payments by related undertakings		12,727	14,884	12,786
Payments to related undertakings		–	(3,737)	–
Net increase/(decrease) in cash and cash equivalents		–	–	–

Donegal Exploration relied on its parent undertaking, REEL, its related undertaking, ROGL, and its ultimate parent company, Ramco, for support and consequently does not have a bank account. Amounts settled on behalf of Donegal Exploration were allocated to Donegal Exploration through inter-company accounts.

The accompanying notes in section D form an integral part of the financial information.

D. Notes to the financial information

1 Statement of accounting policies

This financial information for Donegal Exploration, has been prepared under the historical cost convention and the accounting policies set out below and in accordance with UK Generally Accepted Accounting Practice and the Statement of Recommended Practice "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities".

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Donegal Exploration's financial information.

Basis of preparation – going concern

This financial information has been prepared on the going concern basis which assumes that Donegal Exploration will continue in operational existence for the foreseeable future. This is dependent on Lansdowne, its parent undertaking, raising £1.1 million of funds, after expenses, from the proposed Initial Public Offering ("IPO").

On 16 February 2006 Lansdowne, obtained approximately £750,000 gross, £665,000 net of expenses, of pre-IPO funding from the issue of 900,267 preference shares, primarily to institutional investors, in order to provide short-term working capital for Lansdowne and its subsidiaries.

Lansdowne is seeking to raise £1.6 million, £1.1 million net of expenses, from the IPO of ordinary shares on AIM during March 2006, which is not underwritten, and on the basis that they succeed, the Directors are of the opinion that it is appropriate to use the going concern basis.

In the event that Lansdowne does not raise the £1.6 million, the fund raising and AIM admission will not take place and Lansdowne will need to seek alternative sources of finance to enable Lansdowne to provide continuing support to its subsidiaries, otherwise the going concern basis might no longer be applicable. Adjustments to Donegal Exploration's profit and loss account and balance sheet would be required to record additional liabilities and write down assets to their recoverable amounts.

Turnover

Turnover, which excludes value added tax, represents the invoices sales value of goods and services supplied for the development and production of hydrocarbons.

Exploration, appraisal and development costs
Exploration, appraisal and development costs are accounted for under the successful efforts method.

All costs incurred prior to the acquisition of licences are written off to the profit and loss account when incurred.

Licence acquisition costs, geological and geophysical costs and other direct costs of exploration and appraisal are initially capitalised as intangible fixed assets, pending determination of the existence of commercial reserves in the licence area. If commercial reserves are believed to exist, then these costs are transferred to tangible assets, otherwise the costs are written off to the profit and loss account in the period in which the evaluation is made.

Development expenditure comprises all costs incurred in bringing a field to commercial production, including financing costs and exploration and appraisal expenditure. All development costs are capitalised as tangible fixed assets.

Once commercial production commences, tangible fixed assets are depleted field by field using the unit-of-production method, based on commercial proven and probable reserves. The carrying amount of fixed assets is reviewed for possible impairment whenever events or changes in circumstances indicate.

Reporting currency
The financial information is presented in pounds Sterling (STG£). The majority of costs are paid in pounds Sterling and not the local currency of operations, therefore the reporting and functional currency is the pounds Sterling.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Called up share capital and share premium denominated in Euros are translated at the historic rate.

All differences are taken to the profit and loss account.

Taxation
Corporation tax payable is provided on taxable profits at current rate of taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis.

Consolidated financial statements
The financial statements present information about Donegal Exploration as an individual entity and not about Donegal Exploration's group.

Donegal Exploration has taken advantage of the FRS 2 exemption from preparing consolidated financial information for Donegal Exploration and its subsidiaries as Donegal Exploration's ultimate parent undertaking Ramco, consolidates these financial statements.

2 Segmental reporting

Donegal Exploration is engaged in oil and gas exploration in the Irish Continental Shelf with a view to bringing commercial reserves into production.

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging the following:

	Year ended 31 December		
	2005	**2004**	**2003**
	STG£	**STG£**	**STG£**
Provision against amounts owed by subsidiary undertaking	18,082	–	–
Auditor's remuneration – audit services	2,750	3,650	–
– non-audit services	500	–	

Fees for audit services for the year ended 31 December 2003 totalling £3,000 were borne by Ramco.

4 Directors and staff

Directors, secretary and their interests

Donegal Exploration did not have any employees in the three years ending 31 December 2005. None of the directors who served during the three years received remuneration from Donegal Exploration.

None of the Directors have any beneficial interests in the shares of Donegal Exploration.

5 Taxation

	Year ended 31 December		
	2005	**2004**	**2003**
	STG£	**STG£**	**STG£**
Irish corporation tax	–	–	(7,942)

A reconciliation of the current tax for the year to the computed tax arising from applying the standard rate of Irish corporation tax to the result for the year is set out below:

	Year ended 31 December		
	2005	**2004**	**2003**
	STG£	**STG£**	**STG£**
Loss on ordinary activities before tax	(33,980)	(14,797)	(12,786)
Loss on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5 per cent. (2004: 12.5 per cent., 2003: 12.5 per cent.)	(4,248)	(1,850)	(2,046
Effects of:			
Disallowable expenses and provisions	4,248	1,850	2,046
Adjustment in respect of prior years	–	–	(7,942)
Current tax credit for the year	–	–	(7,942)

The standard rate of corporation tax in Ireland for trading activities is 12.5 per cent., however if Donegal Exploration commences a petroliferous trade at a future date then any profits from that trade would be liable to Irish corporation tax at a rate that is currently 25 per cent.

6 Intangible fixed assets

Oil and gas costs pending determination:

	As at 31 December		
	2005 STG£	2004 STG£	2003 STG£
At 1 January	–	–	–
Additions	10,482	–	–
Transfer from group undertaking	54,539	–	–
At 31 December	65,021	–	–

The Donegal Basin licence (Blocks 13/7, Part of 13/11 (NE) and 13/12 (N)) was first acquired by ROGL on 1 March 2000 with a share of 70 per cent.. This licence was allowed to lapse on 28 February 2002 and costs incurred to date were written off. Following agreement with Lundin Exploration BV to pay Ramco Donegal Limited £125,000 to cover past costs incurred on the expired licence, Ramco Donegal Limited (together with Lundin and Sunningdale) applied for a new licence in January 2005, with Ramco Donegal Limited applying for a 55 per cent. interest. The past costs incurred on the expired licence were capitalised into ROGL and then transferred into Donegal Exploration when the new licence was approved. Pursuant to a Farm-Out Agreement, Ramco reduced its interest in the licence in exchange for the costs on its retained interest to be carried. This left Donegal Exploration with an interest of 19.25 per cent.

The current partners in the licence are as follows:

Lundin Exploration BV (Operator)	35.00 per cent.
Island Donegal Limited	26.00 per cent.
Donegal Exploration	19.25 per cent.
Petroceltic Erris Limited	16.25 per cent.
Sunningdale Donegal Basin Limited	3.50 per cent.

7. Fixed asset investments

	As at 31 December		
	2005 STG£	2004 STG£	2003 STG£
Interest in group undertakings			
At cost			
At 1 January	1,875,409	1,883,931	1,883,931
Disposals	(471,667)	(8,522)	–
At 31 December	1,403,742	1,875,409	1,883,931
Amounts written off			
At 1 January	1,875,409	1,883,931	1,883,931
Relates to Disposals	(471,667)	(8,522)	–
At 31 December	1,403,742	1,875,409	1,883,931
Net book value			
At 31 December	–	–	–

The details of Donegal Exploration's wholly owned direct and indirect subsidiary undertakings at 31 December are set out below:

Company	Registered Office	Issued Share Capital	Nature of business	Proportion of shares held
MMS Exploration Limited	Elma Building 10 Mnasiadou Street Nicosia, Cyprus	1,000,000 Ordinary Shares of Cyprus £1 per share	Dormant	100 per cent.

At 31 December 2005 MMS Exploration Limited's current assets totalled £16,153, its estimated accrued liabilities totalled £9,982 and amounts owed to Donegal Exploration totalled £18,082.

8 Debtors

	2005 STG£	2004 STG£	2003 STG£
Amounts owed by group undertakings	18,082	18,082	14,345
Provision for doubtful debt	(18,082)	–	–
	–	18,082	14,345

9. Creditors: Amounts falling due within one year

		As at 31 December	
	2005 STG£	2004 STG£	2003 STG£
Trade creditors	3,121	–	–
Amounts owed to group undertakings:			
REEL	42,073	42,073	27,189
ROGL	74,806	–	–
Ramco	2,942	–	–
Accruals	3,700	3,650	–
	126,642	45,723	27,189

10 Called up share capital

		As at 31 December	
	2005	2004	2003
Authorised:			
16,762,100 ordinary shares of €0.253947 each	€4,256,685	€4,256,685	€4,256,685
Allotted, called up and fully paid:			
12,202,292 ordinary shares of €0.253947	STG£2,482,850	STG£2,482,850	STG£2,482,850

Following the introduction of the Euro on 1 January 2001 the authorised share capital has been translated into Euros using the official exchange rate of €1.269738: IR£1.

11 Reconciliation of shareholders' funds and movements on reserves

	Share Capital STG£	Share Premium Account STG£	Profit & Loss Account STG£	Total STG£
At 1 January 2003	2,482,850	9,109,411	(11,600,261)	(8,000)
Loss for the financial year	–	–	(4,844)	(4,844)
At 31 December 2003	2,482,850	9,109,411	(11,605,105)	(12,844)
Loss for the financial year	–	–	(14,797)	(14,797)
At 31 December 2004	2,482,850	9,109,411	(11,619,902)	(27,641)
Loss for the financial year	–	–	(33,980)	(33,980)
At 31 December 2005	2,482,850	9,109,411	(11,653,882)	(61,621)

12 Related party transactions

Transactions with related parties are disclosed in notes 8 and 9.

During 2005 ROGL, a group undertaking, transferred costs associated with its interest in the Donegal licence to Donegal Exploration. The costs included timewriting, legal fees and other costs associated with the licence. There was no profit element included in the costs transferred.

During the three years ended 31 December 2005 Donegal Exploration received inter-company funding from its immediate parent undertaking REEL, and its fellow undertaking, ROGL, for legal and professional fees, and from its ultimate parent undertaking Ramco for overhead charges. During the three years ended 31 December 2005 Donegal Exploration provided inter-company funding to its subsidiary MMS Exploration Limited. Interest has not been charged on these balances.

13 Derivatives and other financial instruments

Donegal Exploration's financial instruments comprise balances with group undertakings and other debtors or creditors that arise in the ordinary course of business. In accordance with FRS 13 Donegal Exploration has taken advantage of the exemptions permitting the exclusion of short-term debtors and creditors from the following disclosures.

Borrowing facilities

The company has no borrowing facilities and is dependent on funding provided by its group undertakings, Ramco, REEL and ROGL.

Interest rate risk

The company has no fixed rate financial liabilities. The company has no fixed rate or floating rate financial assets. The company's financial liabilities on which no interest is paid are all due within one year or on demand.

Foreign currency risk

The company's costs have historically been denominated in pound Sterling. In future a portion of its costs may be denominated in US Dollars or Euros which may therefore expose the company to volatility in exchange rates. The company does not engage in any foreign currency hedging to minimise exchange rate risk.

14 Commitments

Amounts contracted but not provided for in the financial information totalled STG£ nil (2004 -STG£ nil, 2003 STG£ nil). Under the terms of a farm-out agreement dated 28 January 2005 with subsidiaries of Island Oil & Gas plc and Petroceltic International PLC, Donegal Exploration's costs associated with the Donegal Licence commitment to drilling an exploration well on the Inishbeg prospect are to be carried by its partners.

15 Notes to the statement of cash flows

(a) ***Reconciliation of operating loss to net cash flow from continuing operating activities***

	Year ended 31 December		
	2005	**2004**	**2003**
	STG£	**STG£**	**STG£**
Operating loss	(33,980)	(14,797)	(12,786)
Increase in creditors and provisions	21,253	3,650	–
Net cash flow from continuing operating activities	(12,727)	(11,147)	(12,786)

(b) ***Analysis of net debt***

	Year ended 31 December		
	2005	**2004**	**2003**
	STG£	**STG£**	**STG£**
At 1 January	(42,073)	(27,189)	(14,403)
Cash flow transactions	(12,727)	(14,884)	(12,786)
Non-cash flow transactions	(65,021)	–	–
At 31 December	(119,821)	(42,073)	(27,189)

16 Post balance sheet events

Disposal of MMS Exploration Limited

On 1 March 2006, Donegal Exploration's dormant subsidiary, MMS Exploration Limited, was sold to a subsidiary of Ramco, ROGL, for a consideration of £1.

Contingent matter

Following a jury verdict in October 2003, the Texas State Court issued a final judgement against Ramco, Ramco Oil Limited, a subsidiary of Ramco, and certain other defendants in a case alleging breach of contract arising from confidentiality and non-circumvention obligations. This judgement included an award against Ramco for past and future damages of $6.4 million plus interest and legal fees of $9.8 million. The appeal and related proceedings arising from the judgement awarded to Dutch (Tenge) L.L.C. and Anglo-Dutch Petroleum International, Inc. in the Texas State Court continues.

Neither Donegal Exploration, nor Lansdowne, its parent undertaking, or ROGL or REEL, Lansdowne's controlling shareholders, are party to the litigation. There is a risk to Donegal Exploration that if the transfer in February 2006 of certain assets and licensing options in the Celtic Sea from ROGL to Lansdowne Celtic and acquisition by Lansdowne in January 2006 of the entire issued share capital of Donegal Exploration are not deemed to be on arms' length terms, for a consideration which is adequate, the transfer of such assets and licensing options to Lansdowne Celtic and the acquisition of Donegal Exploration could be challenged and possibly set aside or an order made for payment of a sum representing the value of the assets transferred, and therefore the going concern basis might no longer be applicable. The Directors consider that Lansdowne has paid fair value for the assets and licensing options transferred to Lansdowne Celtic and that there is little chance of any such challenge succeeding.

ROGL, REEL and Ramco have entered into a Relationship Agreement, details of which are set out in paragraph 8.4 of Part VI of this document, which seeks to preserve the independence of the Board of Donegal Exploration from interference by controlling shareholders, and this would extend to any successors in title to ROGL and REEL. In the context of the litigation, it is to be noted that Ramco has been required to "turn over" to the court in Texas, the share certificates representing its interests in ROGL and REEL, the controlling shareholders in Donegal Exploration's parent company. The Directors have been advised that the effect of the "turn over" order is to prevent assets of a defendant from being dissipated during the litigation process and that it does not give any rights to claim ownership of the shares being subject of the share certificate "turned-over". There is a risk that if Ramco loses its appeal in Texas, and if the Texas judgement becomes enforceable in Scotland, and if an insolvency event occurred in relation to Ramco, ROGL or REEL, control of ROGL and REEL could change and that the claimant could seek to realise the cash value of the underlying investments, namely the holdings of ROGL and REEL in Lansdowne. Further, the Directors have been advised that the appeals process is likely to be protracted with any resolution, unless there is a prior settlement, being deferred possibly until the end of 2007.

17 Ultimate parent undertaking

Donegal Exploration's immediate parent undertaking at 31 December 2005 was REEL. On 5 January 2006 REEL transferred its interest in Donegal Exploration to a fellow subsidiary undertaking, Lansdowne, a company incorporated in England and Wales. On 18 January 2006 Donegal Exploration changed its name from Ramco Donegal Limited to Donegal Exploration Limited.

The ultimate parent undertaking is Ramco, which is the parent of the smallest and largest group to consolidate these financial statements. Ramco is incorporated in Scotland. Copies of Ramco's consolidated financial statements may be obtained from, The Secretary, Ramco Energy plc, 62 Queen's Road, Aberdeen, AB15 4YE.

Section C: Financial information on Lansdowne Celtic

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

The Directors,
Lansdowne Oil & Gas plc
49 Albemarle Street
London W1S 4JR

10 April 2006

Dear Sirs

Lansdowne Celtic Sea Limited

("Lansdowne Celtic")

We report on the financial information set out in sections A and B of this Part III C. This financial information has been prepared for inclusion in the AIM admission document dated 10 April 2006 of Lansdowne Oil & Gas plc ("AIM Admission Document") on the basis of the accounting policies set out in section B. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with Schedule Two and for no other purpose.

Responsibilities

The Directors of Lansdowne Oil & Gas plc ("Lansdowne") are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with United Kingdom Generally Accepted Accounting Practice.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM Amission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document, a true and fair view of the state of affairs of Lansdowne Celtic as at the date stated in accordance with the basis of preparation set out in note 1 and in accordance with United Kingdom Generally Accepted Accounting Practice as described in note 1.

Emphasis of matter – going concern

In forming our opinion, which is not qualified, we have considered the adequacy of disclosures set out in the Statement of Accounting Policies in note 9 concerning the contingent matter involving litigation in the Texas State Court. Neither Lansdowne Celtic, nor Lansdowne, its parent undertaking, or Lansdowne's controlling shareholders, Ramco Eastern Europe Limited ("REEL") and Ramco Oil & Gas Limited ("ROGL") are party to the litigation.

If Ramco Energy plc and certain other defendants were to lose their appeal in the Texas State Court, and if the claimant were able to demonstrate that the acquisition of the assets transferred from REEL and ROGL to Lansdowne was not on an arms' length basis for a consideration which was adequate and obtained a court order for the return of Lansdowne assets to REEL and ROGL, or payment of a sum representing the value of the assets transferred, then the going concern basis might no longer be applicable.

If the going concern basis were no longer applicable then adjustments to the profit and loss account and balance sheet would be required to record additional liabilities and write down assets to their recoverable amounts.

Declaration

We are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Ernst & Young LLP

Set out below are the financial information extracted from the unaudited trial balance in respect of Lansdowne Celtic for the period from the date of incorporation on 19 September 2005 to 31 December 2005.

A. Balance Sheet

	Note	As at 31 December 2005 STG£
Current assets		
Debtors	4	1
Net current assets		1
Net assets		1
Capital and reserves		
Called up share capital	5	1
Profit and loss account		–
Equity shareholders' funds	6	1

Lansdowne Celtic did not trade from the date of incorporation to 31 December 2005.

The accompanying notes in section B form an integral part of the financial information.

B. Notes to the financial information

1 Statement of accounting policies

This financial information for Lansdowne Celtic has been prepared under the historical cost convention and the accounting policies set out below and in accordance with UK Generally Accepted Accounting Practice and the Statement of Recommended Practice "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities".

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Lansdowne Celtic's financial information.

Basis of preparation – going concern

This financial information has been prepared on the going concern basis which assumes that Lansdowne Celtic will continue in operational existence for the foreseeable future. This is dependent on Lansdowne, its parent undertaking, raising £1.1 million of funds, after expenses, from the proposed Initial Public Offering ("IPO").

On 16 February 2006 Lansdowne, obtained approximately £750,000 gross, £665,000 net of expenses, of pre-IPO funding from the issue of 900,267 preference shares, primarily to institutional investors, in order to provide short-term working capital for Lansdowne and its subsidiaries.

Lansdowne is seeking to raise £1.6 million, £1.1 million net of expenses, from the IPO of ordinary shares on AIM during March 2006, which is not underwritten, and on the basis that they succeed, the Directors are of the opinion that it is appropriate to use the going concern basis.

In the event that Lansdowne does not raise the £1.6 million, the fund raising and AIM admission will not take place and Lansdowne will need to seek alternative sources of finance to enable Lansdowne to provide continuing support to its subsidiaries, otherwise the going concern basis might no longer be applicable.

Turnover

Turnover, which excludes value added tax, and sales between group companies, represents the invoiced sales value of goods and services supplied for the development and production of hydrocarbons.

Exploration, appraisal and development costs

Exploration, appraisal and development costs are accounted for under the successful efforts method.

All costs incurred prior to the acquisition of licences are written off to the profit and loss account when incurred.

Licence acquisition costs, geological and geophysical costs and other direct costs of exploration and appraisal are initially capitalised as intangible fixed assets, pending determination of the existence of commercial reserves in the licence area. If commercial reserves are believed to exist, then these costs are transferred to tangible assets, otherwise the costs are written off to the profit and loss account in the period in which the evaluation is made.

Development expenditure comprises all costs incurred in bringing a field to commercial production, including financing costs and exploration and appraisal expenditure. All development costs are capitalised as tangible fixed assets.

Once commercial production commences, tangible fixed assets are depleted field by field using the unit-of-production method, based on commercial proven and probable reserves. The carrying amount of fixed assets is reviewed for possible impairment whenever events or changes in circumstances indicate.

Reporting currency

The financial information is presented in pounds Sterling (STG£). The majority of costs are paid in pounds Sterling and not the local currency of operations, therefore the reporting and functional currency is pounds Sterling.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Taxation

Corporation tax payable is provided on taxable profits at the current rate of taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between Lansdowne Celtic's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis.

2 Segmental reporting

Lansdowne Celtic will be engaged in oil and gas exploration in the Irish Continental Shelf with a view to bringing commercial discoveries into production.

3 Directors and staff

Directors, secretary and their interests

Lansdowne Celtic did not have any employees in the period ending 31 December 2005. None of the directors who served during the period received remuneration from Lansdowne Celtic.

None of the Directors have any beneficial interests in the shares of Lansdowne Celtic.

4. Debtors

	As at 31 December 2005 STG£
Amounts owed by parent undertaking:	
Ramco Dormant Subsidiary Limited	1
	1

5 Called up share capital

	As at 31 December 2005 STG£
Authorised:	
1,000 ordinary shares of £1 each	1,000
Allotted, called up and fully paid:	
1 ordinary share of £1 each	1

6 Reconciliation of shareholders' funds and movements on reserves

	Share Capital STG£	Profit & Loss Account STG£	Total STG£
At 19 September 2005	1	–	1
Profit/(Loss) for the financial period	–	–	–
At 31 December 2005	1	–	1

7 Related party transactions

Transactions with related parties during the period ended 31 December 2005 are disclosed in note 4. Interest as not been charged on these balances.

8 Derivatives and other financial instruments

Lansdowne Celtic's financial instruments comprise balances with group undertakings.

Borrowing facilities

Lansdowne Celtic has no borrowing facilities and will be dependent on funding provided by its ultimate parent undertaking, Ramco.

Interest rate risk

Lansdowne Celtic's has no financial liabilities. Lansdowne Celtic has no fixed rate or floating rate financial assets.

Foreign currency risk

In future a portion of Lansdowne Celtic's costs may be denominated in US Dollars or Euros which would therefore expose Lansdowne Celtic to volatility in exchange rates. Lansdowne Celtic does not engage in any foreign currency hedging to minimise exchange rate risk, but may do so in the future.

9 Post balance sheet events

Acquisition of Lansdowne Celtic

On 5 January 2006 the entire issued share capital of Lansdowne Celtic was sold by Ramco Dormant Subsidiary Limited, a subsidiary of Ramco, to Lansdowne Oil & Gas plc for £100.

Acquisition of interests

On 13 February 2006, Lansdowne Celtic acquired ROGL's interests in the East Kinsale, Midleton, Rosscarbery and Seven Heads Oil Licensing Options with the consideration for such assets being satisfied by the issue of 12,286,957 ordinary shares of 5 pence each in the capital of Lansdowne Oil & Gas plc.

Contingent matter

Following a jury verdict in October 2003, the Texas State Court issued a final judgement against Ramco, Ramco Oil Limited, a subsidiary of Ramco, and certain other defendants in a case alleging breach of contract arising from confidentiality and non-circumvention obligations. This judgement included an award against Ramco for past and future damages of $6.4 million plus interest and legal fees of $9.8 million. The appeal and related proceedings arising from the judgement awarded to Anglo-Dutch (Tenge) L.L.C. and Anglo-Dutch Petroleum International, Inc. in the Texas State Court continues.

Neither Lansdowne Celtic, nor Lansdowne, its parent undertaking, or ROGL or REEL, Lansdowne's controlling shareholders, are party to the litigation. There is a risk to Lansdowne Celtic that if the transfer in February 2006 of certain assets and licensing options in the Celtic Sea from ROGL to Lansdowne Celtic and the acquisition by Lansdowne in January 2006 of the entire issued share capital of Donegal Exploration are not deemed to be on arms' length terms for a consideration which is adequate, the transfer of such assets and licensing options to Lansdowne Celtic and the acquisition of Donegal Exploration could be challenged and possibly set aside or an order made for payment of a sum representing the value of the assets transferred, and therefore the going concern basis might no longer be applicable. The Directors consider that Lansdowne has paid fair value for the assets and licensing options transferred to Lansdowne Celtic and that there is little chance of any such challenge succeeding.

ROGL, REEL and Ramco have entered into a Relationship Agreement, details of which are set out in paragraph 8.4 of Part VI of this document, which seeks to preserve the independence of the Board of Lansdowne Celtic from interference by controlling shareholders, and this would extend to any successors in title to ROGL and REEL. In the context of the litigation, it is to be noted that Ramco has been required to "turn over" to the court in Texas, the share certificates representing its interests in ROGL and REEL, the controlling shareholders in Lansdowne Celtic's parent company. The Directors have been advised that the effect of the "turn over" order is to prevent assets of a defendant from being dissipated during the litigation process and that it does not give any rights to claim ownership of the shares being subject of the share certificate "turned-over". There is a risk that if Ramco loses its appeal in Texas, and if the Texas judgement becomes enforceable in Scotland, and if an insolvency event occurred in relation to Ramco, ROGL or REEL, control of ROGL and REEL could change and that the claimant could seek to realise the cash value of the underlying investments, namely the holdings of ROGL and REEL in Lansdowne. Further, the Directors have been advised that the appeals process is likely to be protracted with any resolution, unless there is a prior settlement, being deferred possibly until the end of 2007.

10 Ultimate parent undertaking

Lansdowne Celtic's immediate parent undertaking at 31 December 2005 was Ramco Dormant Subsidiary Limited.

The ultimate parent undertaking is Ramco, which is the parent of the smallest and largest group that will consolidate these financial statements. Ramco is incorporated in Scotland. Copies of Ramco Energy plc consolidated financial statements may be obtained from, The Secretary, Ramco Energy plc, 62 Queen's Road, Aberdeen, AB15 4YE.

PART IV

Valuation Report from Scott Pickford

The Directors
Lansdowne Oil & Gas plc
49 Albemarle Street
London W1S 4JR

The Directors
John East & Partners Limited
Crystal Gate
28-30 Worship Street
London EC2A 2AH

10 April 2006

Dear Sirs,

Competent Persons Report on Lansdowne Oil & Gas plc's offshore Ireland Assets

The following report by Scott Pickford Ltd ("Scott Pickford") on the interests of Lansdowne Oil & Gas plc ("Lansdowne" or "the Company") located offshore Ireland has been prepared for inclusion in the admission document dated 10 April 2006 of the company in connection with its admission to the AIM Market of London Stock Exchange plc.

In response to your request we have reviewed and given indicative volumes and values for the Lansdowne interests in the Donegal Basin and the Celtic Sea Basin offshore the Republic of Ireland.

In our statements and calculations the license interests quoted are those presented to us by Lansdowne. We have not checked the title to these interests, although the current status of ownership is described in the executive summary. This report has been undertaken based upon data supplied to us by Ramco Energy plc and Lansdowne.

The guidelines laid out in the 2001 SPE/WPC/AAPG publication have been adopted for our definition of Low, Best and High Contingent or Prospective Resources. Our calculations of recoverable hydrocarbon volumes from the prospects have been performed in a probabilistic manner with Low, Best and High Prospective Resources equating to the corresponding P90, P50 and P10 confidence levels.

For the various assets we have evaluated development scenarios that have been optimised to exploit the hydrocarbons with minimal technical risk whilst at the same time are economically attractive. These scenarios reflect the ready availability of a market for the gas and oil found in these assets.

This report relates specifically and solely to the subject assets and is conditional upon various assumptions. This report must, therefore be read in its entirety. This report may be used in its entirety without prior permission from Scott Pickford Ltd. However should excerpts from this report be used by Lansdowne (or its affiliates) then express permission must be obtained from Scott Pickford. Any such excerpts should specifically draw the reader's attention to the need to read the entire report. It is an express condition of permission of such use that Lansdowne (or its affiliates) shall grant access to the report if such notice is acted upon. This procedure is to ensure that all use of information and views expressed in the report are represented in a true and fair manner. A glossary of all the technical abbreviations used in this report is included as Appendix A.

Yours faithfully,

Andy Kirchin
Managing Director

Scott Pickford Ltd

A Valuation of the

Offshore Irish Assets

of

Lansdowne Oil & Gas plc

This report relates specifically and solely to the subject assets and is conditional upon various assumptions that are described herein. This report must, therefore, be read in its entirety.

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Our estimates of potential resources, unrisked and risked values are based on data provided by Ramco. We have accepted, without independent verification, the accuracy and completeness of these data.

All interpretations and conclusions presented herein are opinions based on inferences from geological, geophysical, engineering or other data. The report represents Scott Pickford Ltd's best professional judgement and should not be considered a guarantee or prediction of results. Our liability is limited solely to Lansdowne.

April 2006

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1. Executive Summary

Donegal Basin

Lansdowne hold frontier exploration license 05/01 in the Donegal Basin in which they have a 19.25% carried interest. No wells have been drilled within the Donegal Basin proper although there has been some exploration activity in surrounding areas. The nearest wells are 13/13-1 some 20km to the northeast and located on the fringes of the Donegal and Malin Basin and 12/13-1A, some 50km to the west in the Erris Trough. The closest discoveries are the Dooish 12/2-1 well some 70km to the north-west and the Corrib Field some 200km to the southwest in the Slyne Trough.

Ramco have conducted regional geological and geophysical studies including seismic interpretation, gravity, magnetics and seep detection, before acquisition of the licenses by Lansdowne.

Direct seismic ties from existing wells are difficult to carry into the Licence area. By analogy with the Slyne and Erris troughs, the Donegal Basin is expected to contain thick Upper Carboniferous sediments (source and reservoir) beneath Triassic sands of reservoir quality. The seal is provided by Mercia Mudstones or salt of late Triassic age. The presence of Lower Jurassic shales, acting as a source, is also possible. The most likely hydrocarbon type is gas, but oil may also have been generated from the Carboniferous and/or Lias.

Two prospects, named Inishbeg and Inishtrahull, and an unnamed lead have been mapped at the Triassic Sherwood Sandstone level. Secondary targets may also exist at Upper Triassic and Carboniferous levels. The size, chance of success, the prospective resources, net present value and expected monetary value of the Inishbeg and Inishtrahull prospects is given on Table 1:

Prospect	GIIP (Bcf) Full Field	CoS (%)	Prospective Resources (Bcf) Net to Lansdowne	NPV[15] (US$ MM) Net to Lansdowne	EMV[15] (US$ MM) Net to Lansdowne
Inishbeg	1535	12.5	168	92.7	11.6
Inishtrahull	791	12.5	68.5	25.9	1.6
Totals	**2326**		**236.5**	**118.6**	**13.2**

Table 1 – Summary of the size, chance of success and value of the Inishbeg and Inishtahull Prospects.

Based on the current interpretation total, unrisked P50 in place volumes within the Licence area are estimated to be 2497Bcf (gas case only) or 1706Bcf and 996 MMstb (gas and oil case).

Celtic Sea

The location of the Lansdowne licence interests in the Celtic Sea are shown in Figure 1 and the licenses are summarised on Table 2.

Licence Option	Name	Blocks	Lansdowne WI (%)
03/02	Midleton	49/11 (part), 49/12 (part)	100
03/05	Seven Heads Oil	48/22 (part), 48/23 (part), 48/24 (part), 48/27 (part), 48/28 (part), 48/29 (part)	74
03/06	Rosscarbery	48/17 (part), 48/18 (part), 48/22 (part), 48/23 (part), 48/24 (part)	77
03/10	East Kinsale	49/17 (part), 49/18, 49/23 (part)	95

Table 2 – Summary of Lansdowne Exploration Licenses in the Celtic Sea

The Lansdowne interests currently have the status of licence options which entitle the licensee to conduct seismic surveys and perform other studies on the subject areas but do not allow for the drilling of wells.

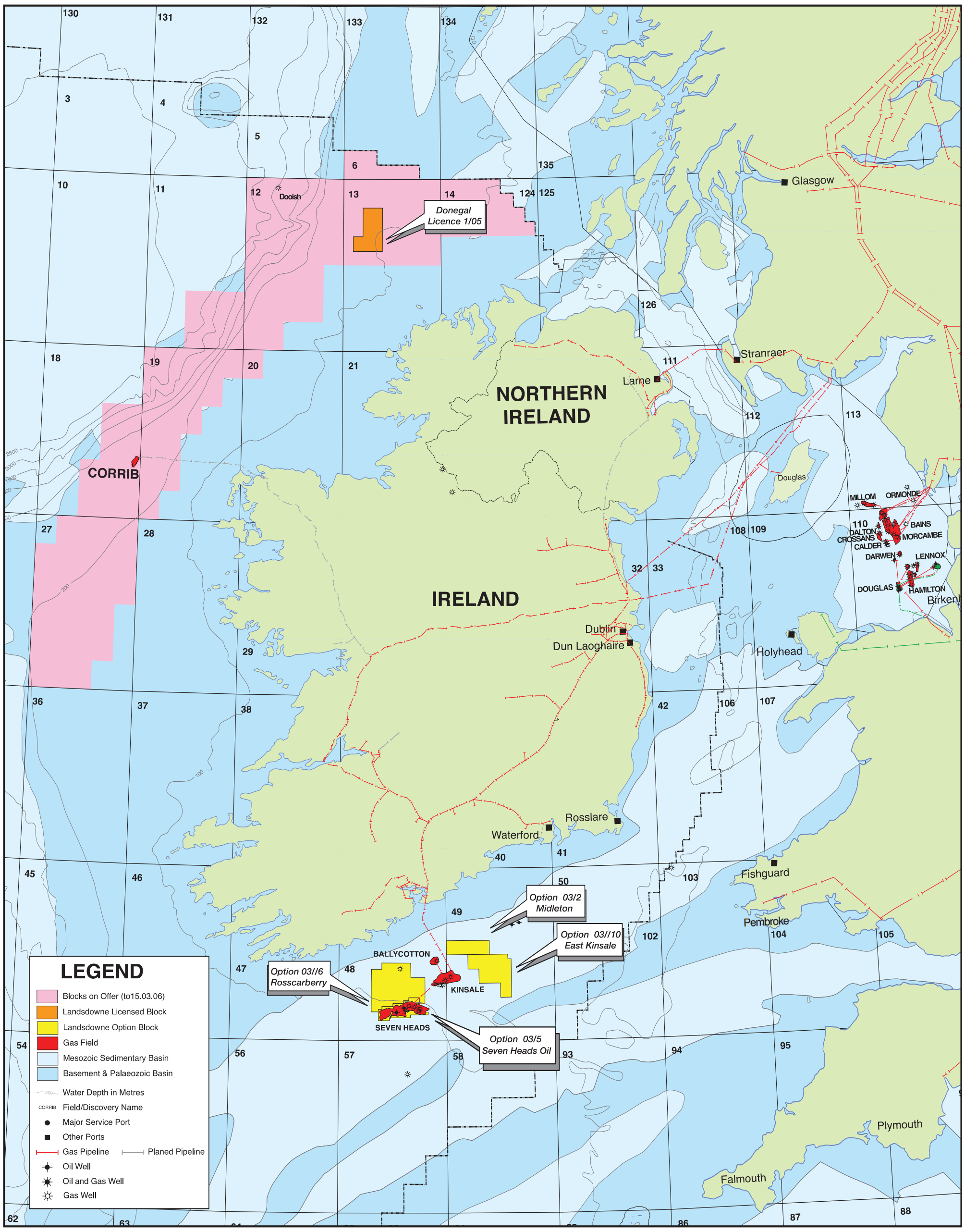

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Figure 1 – Location of Lansdowne licences, offshore Ireland

Gas

Scott Pickford has reviewed the technical data for license options 03/02, 03/06 and 03/10 and has assessed the potential range of resources and the Chance of Success (CoS) for each of the prospects and leads currently identified in the licence areas. From these prospects and leads Scott Pickford has selected one from each licence and has devised a development scenario, estimated production profiles and calculated success case values using a variety of economic assumptions with regard to product price and CAPEX and OPEX variations.

In Licence Option 03/02 despite the presence of two wells the exploration status is still relatively immature. Neither well appears to have tested a valid closure. Improved structural definition should result from the acquisition of new seismic data, processed with up-to-date techniques including attribute analysis. Nevertheless the current interpretation has identified an important structural trend extending from the Ballycotton field into the Licence area. One prospect (Midleton) and two leads have identified along this tend.

In licence Option 03/06 which contains the Galley Head and Carrigaline discoveries three other prospects and one lead have been identified. The existence of these discoveries confirms the presence of effective reservoirs and moveable hydrocarbons in the immediate vicinity. The prospect size range is quite large and additional seismic coverage and a more sophisticated depth conversion technique are required to better define their extent. Additional studies need to be performed to investigate the predicted behaviour of the existing reservoirs.

The East Kinsale area (Licence Option 03/10) is at an early stage of exploration. However, several interesting leads have been identified. The seismic coverage is sparse and of poor quality and therefore additional coverage must be acquired or if possible purchased. Structural definition will also be improved by the application of a more detailed depth conversion technique.

Indicative values for key prospects from each Licence Option are presented on Table 3:

Licence Option	Prospect Name	Prospective Resources (Bcf)		NPV[15] (US$ MM) Net to Lansdowne	EMV[15] (US$ MM) Net to Lansdowne
		Full Field	Net to Lansdowne		
03/02	Midleton	44	44	56.1	9.8
03/06	Rosscarbery	263	203	76.2*	20.9*
03/10	49/17W	21.6	20.5	23.0	0
Totals		**328.5**	**267.5**	**155.3**	**30.7**

On block volumes only
Positive EMVs only
*Value for the Wealden reservoir only

Table 3 – Summary of indicative values for key prospects, Celtic Sea.

Oil

Seven Heads Oil Licensing Option (03/05)

Scott Pickford has reviewed potential hydrocarbon volumes, recoverable resources and estimated a value for the Seven Heads Oil Licensing Option. The Seven Heads Oil Licensing Option (Lansdowne 74%, but potentially reducing to 29.6% in the event of Lansdowne being carried through an appraisal well by Island Oil and Gas) covers part of blocks 48/22, 48/23, 48/24, 48/27, 48/28, 48/29 & 48/30 in the Celtic Sea and the location is shown on Figure 1. The Seven Heads Oil Licensing Option area underlies the Seven Heads gas lease, with the boundary between the two concessions lying at 4000 ft subsea. A sequence of thin sandstones, interbedded with claystones, some 4500ft thick, of Lower Cretaceous (Wealden) age hosts the Seven Heads Field. The upper limit of the oil lease is near the top of the Middle Wealden. Lower and Middle Wealden sandstones contain oil and associated gas volumes.

The Seven Heads field is covered by 2D seismic data. Generally, confidence in the interpretation is high, particularly where the data has been reprocessed. Depth maps have been generated for the top Middle Wealden and top Lower Wealden, even though the top Middle Wealden is not directly resolvable as a seismic pick. A total of five exploration wells and two appraisal wells have penetrated the area of the oil lease. Porosities of Middle Wealden sandstones vary from 18-22% whereas porosites in Lower Wealden sandstones are <18%. The Middle and Lower Wealden formations consist of a sequence of fluvial channel sandstones and lacustrine floodbasin siltstones which are subdivided into ten megasequences. A channel sandstone occurs at the base of each meagasequence that can be correlated across the field. However, the lateral extent and connectivity of individual sandbodies remains uncertain. Stacked channel sands are only observed in the Lower Wealden in one well, which suggests that vertical connectivity of the channel sands is likely to be limited.

Oil was successfully tested from three of the exploration wells (48/24-1, 48/28-1 and 48/24-3). The reservoired oils in the Middle Wealden were reported to be between 39 and 42°API, with relatively high wax contents ranging from 12-22% and pour points ranging from 80-100°F. Gas to oil ratios of the sands were variable, with some sands possessing a gas cap. Indeed, it is suspected that the test from 48/24-3 straddled a gas-oil contact.

The volume of oil in place has been calculated using a deterministic methodology. Because of uncertainties concerning the connectivity of sandbodies a minimum case was calculated which involved minimising all of the parameters. This resulted in a lower volume of oil in place than would have been computed as a P90 volume by Monte Carlo simulation. Volumes of oil in place (and associated gas in place) are summarised on Table 4:

	Minimum	Most Likely	Maximum
STOIIP (MMbbl)	**48.9**	**513.4**	**1164.7**
GIIP (Bcf)	**42.5**	**346.8**	**780.6**

Table 4 – Volume of oil and gas in place in the Seven Heads Oil Licensing Option (full field interest)

All the estimated recoverable oil and gas volumes from the Seven Heads oil lease are considered to be in the contingent resources category as there is currently no firm development plan. Because of uncertainties involving sand body connectivity it is not considered feasible to develop the oil by water injection. Recovery factors used in the calculation of contingent resources therefore assume natural depletion drive. Recoverable contingent resources are summarised on Table 5:

	Low	Best	High
Recoverable Oil (MMstb)	**7.2**	**78.9**	**179.1**
Recoverable Gas (Bcf)	**5.7**	**49.7**	**112.0**

Table 5 – Summary of contingent resources for the Seven Heads Oil Licensing Option (full field interest)

The low case (proved) contingent resources are too small to be economic. This evaluation has therefore concentrated on the best contingent resources and value of the field.

The two main problems with the Seven Heads oil development are the reservoir continuity risk and the high pour point of the oil. The base case development plan aims to alleviate the reservoir continuity risk through the development of the field in two phases:

Phase 1 involves the drilling of an appraisal well, followed by the pre-drilling of eight high angle producers into the Middle Wealden in the area around and between wells 48/24-1 and 48/28-1. These wells will be tied back to a well head production platform (WHPP) with minimum facilities and the oil transferred to a leased FPSO, with heated storage tanks.

Phase 2 will be initiated after eight years of production and involves the drilling of a further eight wells through another drilling template in the eastern part of the field. Six of the wells will be drilled into the Middle Wealden and two into the Lower Wealden. The two Lower Wealden producers will be drilled around 48/24-2 and 48/24-3. A second WHPP will be installed and the FPSO moved to that area.

It has been assumed that the produced gas will be used as a fuel and during the latter years of each phase some of the produced oil will be used to supplement the declining gas rate to satisfy the fuel requirement of the facilities.

Major items capital cost are the well head production platform and the drilling of wells. It is estimated that the well head production platform will cost US$ 120MM and that the cost of an appraisal well is US$ 10MM, while the cost of a production well is US$ 7MM. The main operating cost is associated with the lease of the FPSO and is US$130,000 per day for an initial five year period, reducing to US$90,000 per day thereafter. Other major operating costs are the costs of operating wells and the shore base. The net present value of the Seven Heads Oil Licensing Option has been calculated as **US$ 243MM** for a full field interest (Lansdowne share **US$ 180MM**, based on 74%) when discounting future cashflows by 15%, whilst the total capital investment in the project is US$ 365MM (Lansdowne share US$ 270MM).

A summary of the current Lansdowne interests are given on Table 6

Gas

Prospect	Lansdowne interest	Chance of success	Prospective Resources Gross field (Bcf)	Net to Lansdowne (Bcf)	Lansdowne NPV[15] $MM	Lansdowne EMV[15] $MM
Inishbeg	19.25 per cent.	12.5 per cent.	873	168	93	11.6
Inishtrahull	19.25 per cent.	12.5 per cent.	356	68	26	1.6
Donegal total			**1,229**	**236**	**119**	**13.2**
Rosscarbery (Wealden)	77 per cent.	35 per cent.	86	66	76	20.9
Midleton	100 per cent.	32 per cent.	44	44	56	9.8
East Kinsale	100 per cent.	20 per cent.	22	21	23	0
Celtic Sea total			**152**	**131**	**155**	**30.7**
Total			**1,381**	**367***	**274**	**43.9**

Oil

Prospect	Lansdowne interest	Gross (MMstb)	Net to Lansdowne (MMstb)	Lansdowne NPV[15] $MM
Seven Heads Oil	29.6 per cent. (currently 74 per cent. reducing to 29.6 per cent. if farm-out programme including drilling well completed)	**79**	**23**	**72**
Total Gas and Oil				**346**

*this is equivalent to approximately 61 MMboe

Table 6 – Summary of Lansdowne's assets

2. Donegal Basin

2.1 License Description

Frontier Exploration License 05/1 awarded on January 20th 2005 lies some 70km northwest of the Donegal coast. Water depths across the License area are less than 125m (see Figure 2). A farm-out agreement has been executed between Ramco (Lansdowne) and Island and Petroceltic. Ramco (Lansdowne) will be carried through the first exploration well will retain an equity of 19.25%. Under the terms of the Frontier Exploration License and the Farm Out Agreement, this exploration well will be drilled on the Inishbeg Prospect.

2.2 Introduction

No wells have been drilled within the Donegal Basin proper although there has been some exploration activity in surrounding areas. The nearest wells are 13/13-1, drilled by Texaco in 1978, some 20km to the northeast and located on the fringes of the Donegal and Malin Basin and 12/13-1A, drilled by Amoco in 1979, some 50km to the west in the Erris Trough. The closest discoveries are the Dooish 12/2-1 well some 70km to the north-west and the Corrib Field some 200km to the southwest in the Slyne Trough (see Figure 3).

The seismic database available to Lansdowne is shown in Figure 4. The data was interpreted on paper sections, digitised and transferred onto a workstation. Ramco have previously conducted regional geological and geophysical studies including gravity, magnetics and seep detection.

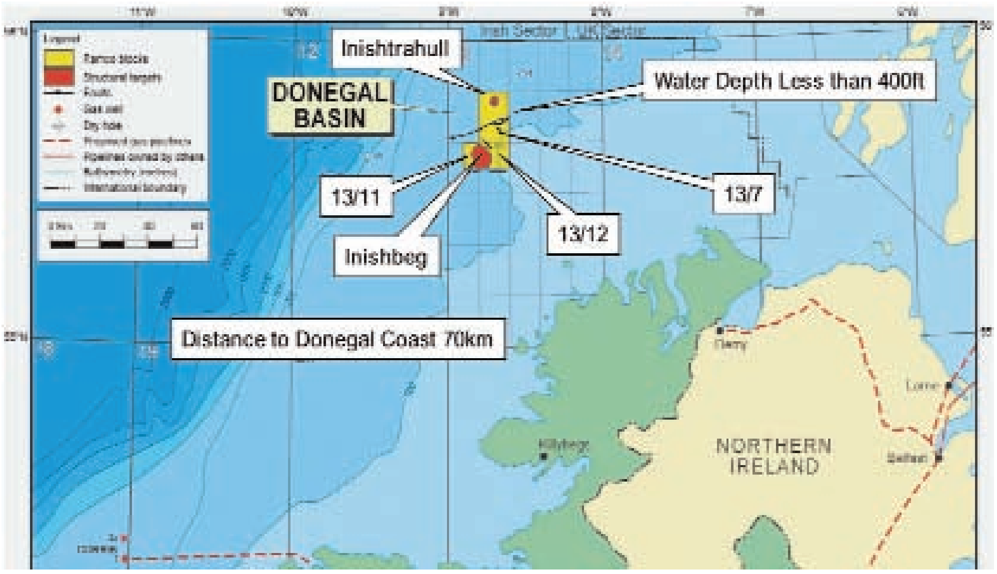

Figure 2 – Location of Frontier Exploration Licence in the Donegal Basin

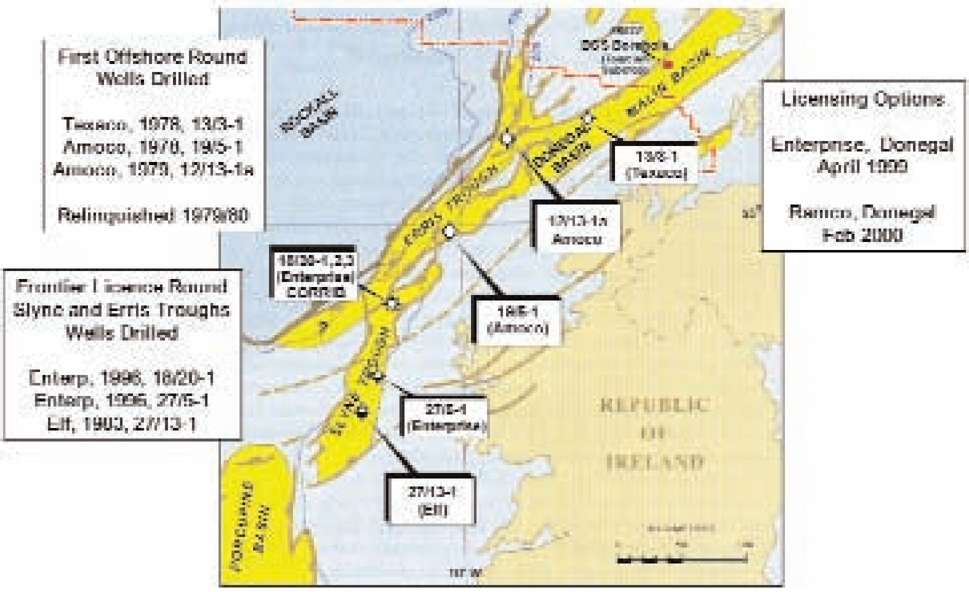

Figure 3 – Map showing location of major basins and location of wells offshore NW Ireland

Direct seismic ties from existing wells are difficult to carry into the Licence area. By analogy with the Slyne and Erris troughs, the Donegal Basin is expected to contain thick Upper Carboniferous sediments (source and reservoir) beneath Triassic sands of reservoir quality. The seal is provided by Mercia Mudstones, or salt, of late Triassic age. The presence of Lower Jurassic shales, acting as a source, is also possible. The most likely hydrocarbon type is gas, but oil may also have been generated from the Carboniferous and/or the Lias (see Figure 5).

Two prospects, named Inishbeg and Inishtrahull, and an unnamed lead have been mapped at the Triassic Sherwood Sandstone level. Secondary targets may also exist at Upper Triassic and Carboniferous levels.

Based on the current interpretation total, unrisked P50 in place volumes within the Licence area are estimated to be 2497Bcf (gas case only) or 1706Bcf and 996 MMbbl (gas and oil case).

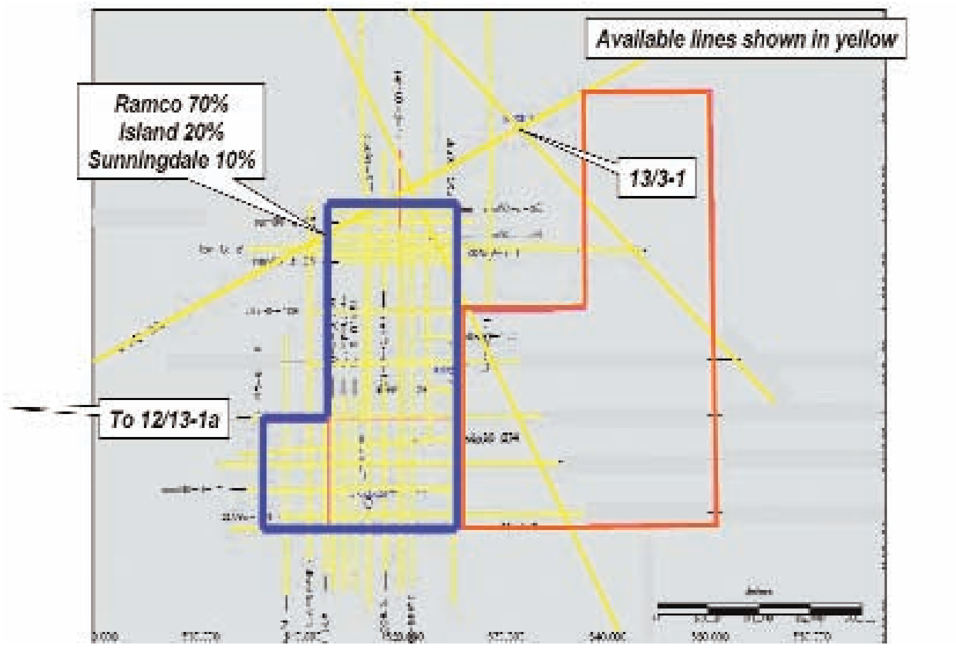

Figure 4 – Seismic database available to Lansdowne

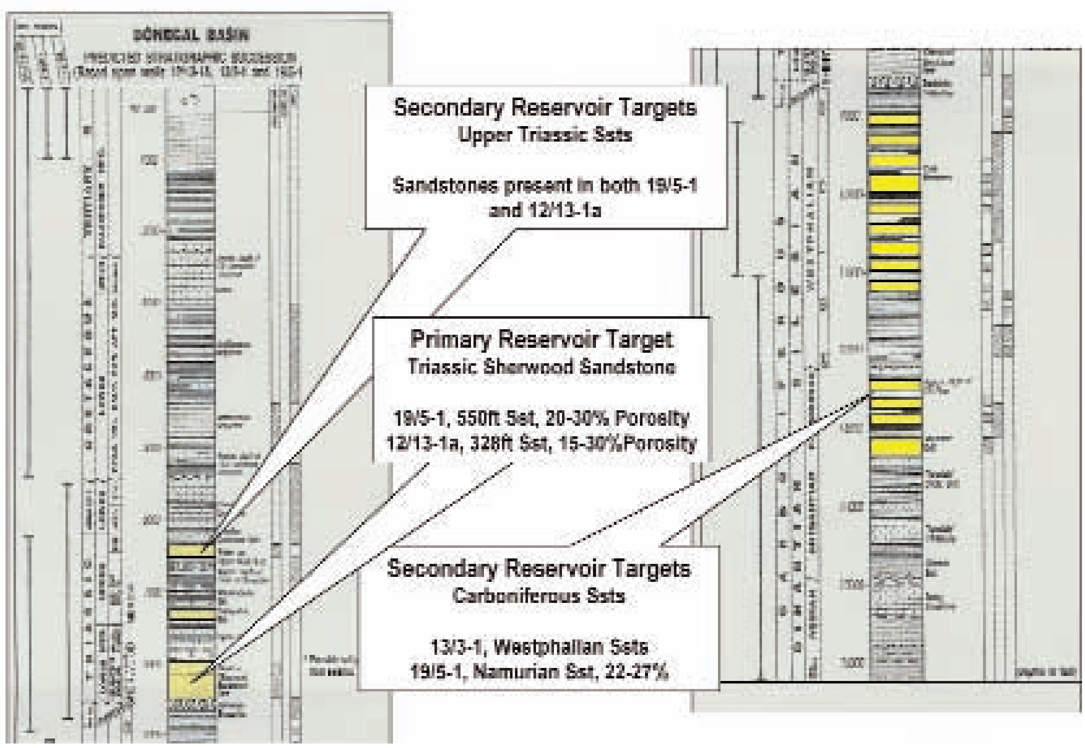

Figure 5 – Expected Stratigraphy and Reservoir Potential

2.3 Inishbeg Prospect

2.3.1 Inishbeg Prospect GIIP

Current mapping has identified a large, four-way dip closed anticline at Top Sherwood Sandstone level named Inishbeg (see Figure 6). The dome like structure, with near crestal faulting, was most probably generated by late Jurassic compression/inversion. The structure is mapped with a crest at 975m TVDSS and a structural spill at 1340m TVDSS. Seismic data quality is generally fair down to primary target level but deteriorates at depth (Figure 7). An analogy can be drawn, in terms of structure, reservoir and target depth to the South Morecambe gas field, which has multi Tcf reserves.

Based on the current status and using a simple depth conversion to top reservoir the potential GIIP is outlined on Table 7 (P50 case 90% on block).

	P90	P50	P10
Depth to crest (m)		975	
Closing contour (m)		1340	
GIIP (Bcf)	**486**	**1706**	**4222**
GIIP (Bcf 90% on block)		**1535**	
GIIP (Bcf) Lansdowne		**295**	

Table 7 – Summary of GIIP for the Inishbeg Prospect

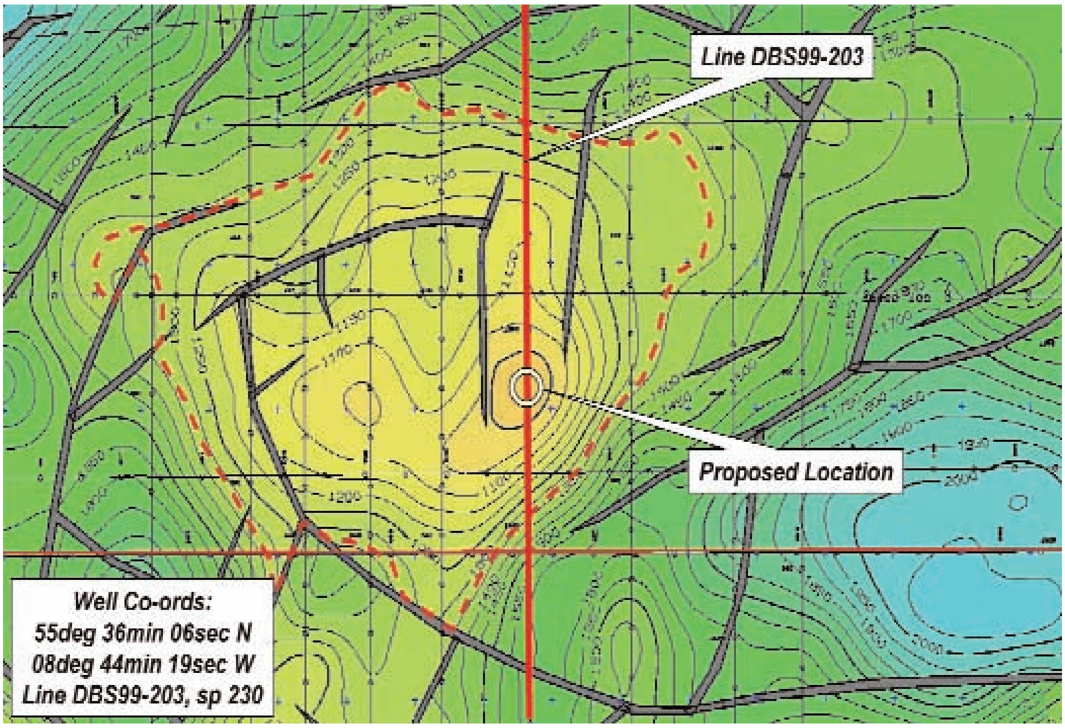

Figure 6 – Depth Structure Map for the Inishbeg Prospect showing the most likely closure case

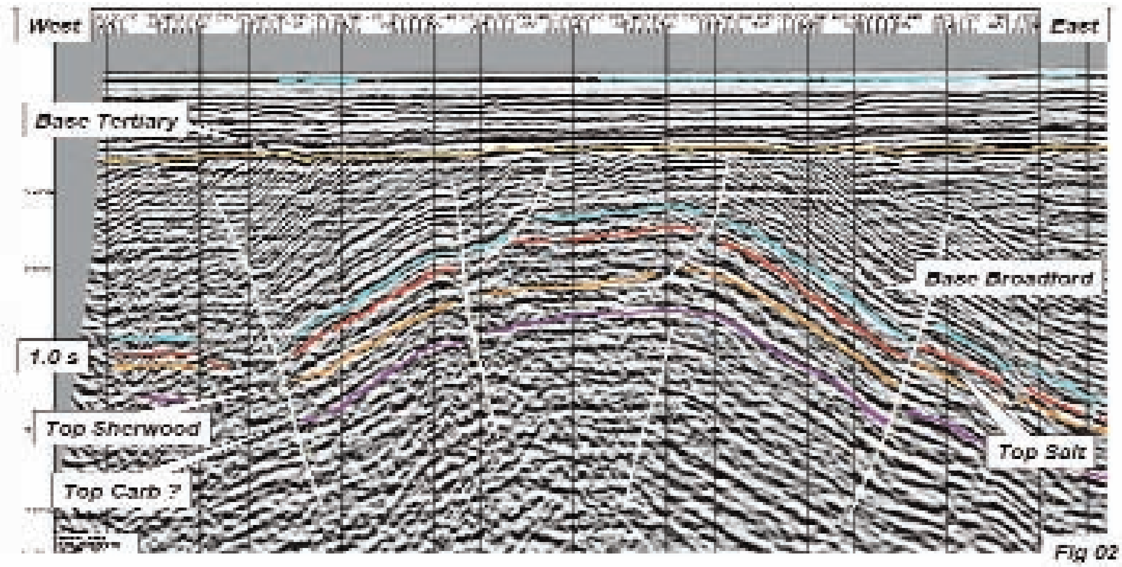

Figure 7 – Seismic Line DBS99-01 across the Inishbeg Prospect

2.3.2 Inishbeg Prospect Risks

There are no nearby wells. The nearest discoveries are the Dooish 12/2-1 well, some 70km to the northwest and the Corrib Field, some 200km to the southwest in the Slyne Trough. No direct seismic ties from wells have been made into the Donegal Basin. Stratigraphy is by analogy and jump correlation. Although structural definition is good and gravity and magnetic data indicate a thick sedimentary sequence the potential for source, seal and reservoir are uncertain. Given the current status of the interpretation the risks outlined on Table 8 would apply.

Trap risk	1.00
Reservoir risk	0.50
Source risk	0.50
Seal risk	0.50
Overall risk (chance of success)	**0.125 or 12.5%**

Table 8 – Analysis of risk for the Inishbeg Prospect

2.3.3 Reservoir Engineering

The predicted production profiles for the Inishbeg prospect are given in Appendix B. These profiles are based on the assumption that the field will be produced by depletion drive and that a technical recovery factor of 75% may be achieved. However, economic criteria mean that the tail of the production profile will be curtailed and the actual recovery factor is less than 75%. The development strategy proposed is to have a single wellhead platform tied back to the main platform. Each platform will have 12 production wells. From the main platform the gas will be piped ashore (a distance of approximately 130km) to a landing point close to the new power station. Onshore compression will be used from production start-up. It has been assumed that the initial exploration well will be drilled in summer 2006 and will be followed by 2 appraisal wells in 2007. The first phase of development drilling will start in spring 2009 and the second phase of development drilling will start in spring 2011. First gas will be 1st January 2011 at which time 12 wells will be available for production with the other wells coming onstream 1st January 2013. The production wells will be vertical with dry trees, this will enable easy well interventions and workovers. It has been assumed that it will take 30 days to drill each production well. The initial well production potential is estimated at 30mmcf/d and a decline rate of 20% per annum has been assigned to calculate the production profile. The production profiles also assume 5% average downtime due to facilities maintenance or for well intervention/workovers. The field abandonment rate used as an economic cut-off is 10mmcf/d.

2.3.4 Production Facilities and Economics

It has been assumed that this prospect will be developed using simple wellhead platforms and a pipeline to shore. There will be an onshore production station and a compression station, with the gas exported to the Northern Ireland gas pipeline system at Londonderry, some 65 km from the production station.

Wells

It has been assumed that the field will be discovered in 2006, followed by two appraisal wells in 2007 and that development drilling will commence in 2009.

The estimated cost of the forthcoming exploration well on Inishbeg is approximately US$ 10MM, including mobilisation/demobilisation. This cost has been employed as the exploration /appraisal well cost in this study.

It has been assumed that 24 wells will be required to develop the field. These wells will be drilled in two phases through two 12 well templates, prior to the arrival of two well head platforms.

Phase 1 wells will be drilled during 2009 prior to the arrival of the wellhead platform jacket during 2010, and phase 2 wells will be drilled during 2011 prior to the arrival of the wellhead platform jacket during 2012.

Production wells are estimated to cost US$ 7MM each including mobilisation/demobilisation.

Production Platforms

The two wellhead platforms will be simple minimum facilities platforms with a helideck, work over hoist and manifold area, with facilities for remote operation.

The wellhead platforms will be installed during 2010 and 2012 and they are estimated to cost US$120MM each.

Pipeline to Shore

Based on an arrival pressure of approximately 200psig at the onshore terminal the pipeline diameter is estimated at 24”.

The estimated cost of the pipeline is US$ 140MM, including an allowance for a beach crossing of US$ 20MM.

Onshore Production Station

The onshore production station will have a slug catcher, gas liquid separator, water disposal facilities and gas dehydration and metering facilities.

The onshore production facilities are estimated to cost US$ 45MM.

Gas Compression Station

The gas compressors are designed to compress the production station gas from production station pressure to the pressure required to deliver the gas to the Northern Island high pressure gas pipeline at Londonderry.

The estimated cost of the compressor station, including 50% spare capacity (two operating one spare) is US$ 85MM.

The compression station is estimated to consume approximately 10% of the produced gas.

Onshore Pipeline

The onshore pipeline delivers the produced gas to the Northern Ireland high pressure gas pipeline system at Londonderry some 65 km from the production station.

Based on a 200psi pressure drop over the pipeline, the pipeline diameter is estimated at 20” with an estimated cost of US$ 40MM.

Operating Costs

Wells

The well operating cost has been estimated at 5 days intervention per well per year at a rate of US$ 70,000 per day, making a total of US$ 4.2MM per annum for each platform.

Platform

An allowance of US$ 6MM/annum has been included for each platform making a total of US$ 12MM for the two platforms.

Offshore pipeline

An allowance of 2% of the installed capital cost of the pipeline has been included for pipeline inspection and maintenance, making an annual total of US$ 3.5MM per annum.

Onshore Production and Compression Station

An allowance of US$ 6.50MM per annum has been included for operation of the onshore production and compression stations and for control of the offshore platforms.

Onshore Pipeline

An allowance of US$ 2MM per annum has been included for the inspection and maintenance of the onshore pipeline.

Economics
Taxes
It has been assumed that Corporation Tax will be levied at a rate of 25%, on taxable income, payable in the year after the year in which the liability arises. Depreciation has been calculated at 20% per annum, straight line over a five year period.

Abandonment
It has been assumed that fields will be abandoned in the year after their pre tax cash flow becomes negative. No allowance has been included for abandonment costs.

Gas Price
For the purposes of this evaluation we have assumed a 30p/therm price, at the point of entry into the Northern Ireland high pressure pipeline system. It is further assumed that no additional transportation tariffs will be levied.

The Inishbeg prospect will require a capital investment of US$ 738 MM and have a net present value of **US$ 472 MM** (Lansdowne share **US$ 92.7 MM**) when discounting future cash flows at 15%. Lansdowne is carried through the cost of an exploration well on the Inishbeg prospect as part of the farm-in agreememt, so a conventional expected monetary value is inappropriate. However, the chance of success of the Inishbeg prospect is estimated at 12.5%, so a risked net present value is **US$ 59.0 MM** (Lansdowne share **US$ 11.6 MM**) when discounting future cash flows at 15%.

A summary of the Inishbeg cash flows is shown in Appendix C.

Sensitivities
The sensitivity of the project value to a number of factors is shown on Table 9:

Gas Price p/therm	25	30	35
NPV@15% (US$ MM)	317.4	471.9	626.8
CAPEX % Change	–30	0	+30
NPV@15% (US$ MM)	585.9	471.9	357.8
OPEX % Change	–30	0	+30
NPV@15% (US$ MM)	495.1	471.9	449.3

Table 9 – Sensitivity analysis of the economics of the Inishbeg Prospect

2.4 Inishtrahull Prospect

2.4.1 Inishtrahull Prospect GIIP

Current mapping has identified a large, tilted fault block at Top Sherwood Sandstone level named Inishtrahull (see Figure 8). The structure was most probably generated by late Jurassic compression/inversion. Seismic data quality is generally fair down to primary target level but deteriorates at depth (Figure 9). The structure is mapped with a crest at 1067m TVDSS and a structural spill at 1280m TVDSS. Liassic shales may be present in the deeper parts of the Donegal Basin although they are probably immature. An oil case has also been generated for Inishtrahull. Based on the current status and using a simple depth conversion to top reservoir the potential volumes on Table 10 were generated.

	P90	**P50**	**P10**
Depth to crest (m)		1067	
Closing contour (m)		1280	
GIIP (Bcf)	**239**	**791**	**1930**
GIIP (Bcf) Lansdowne	**47**	**152**	**372**
OIIP (MMbbl)	**299**	**996**	**2454**
OIIP (MMbbl) Lansdowne	**58**	**192**	**472**

Table 10 – Summary of GIIP in the Inishtrahull Prospect

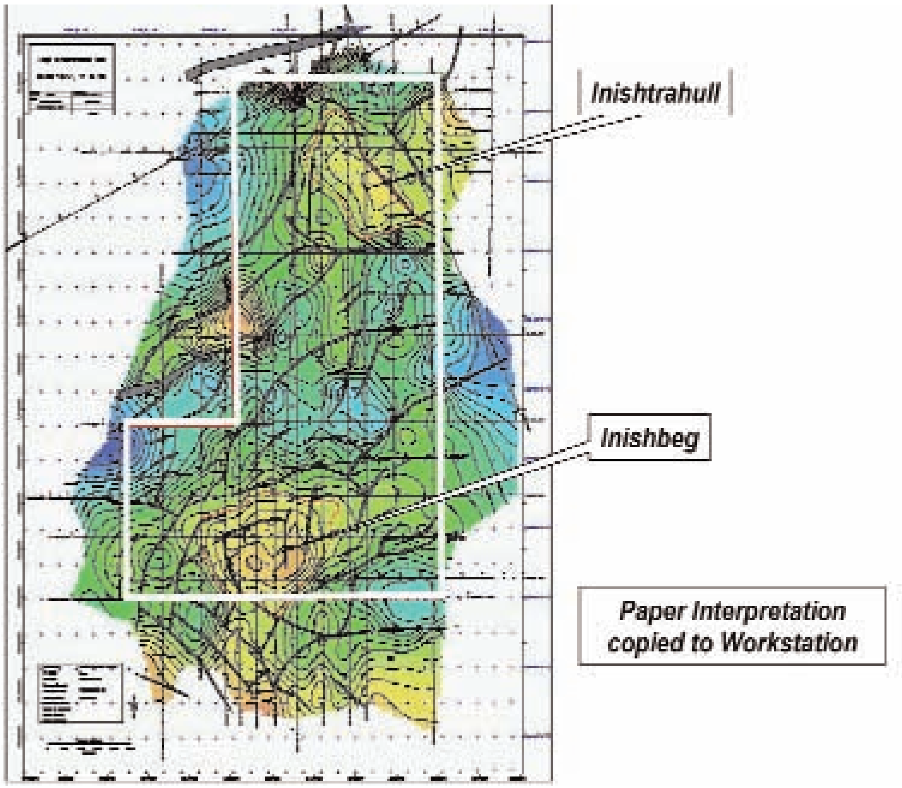

Figure 8 – Top Sherwood sandstone TWT structure Map Inishtrahull Prospect

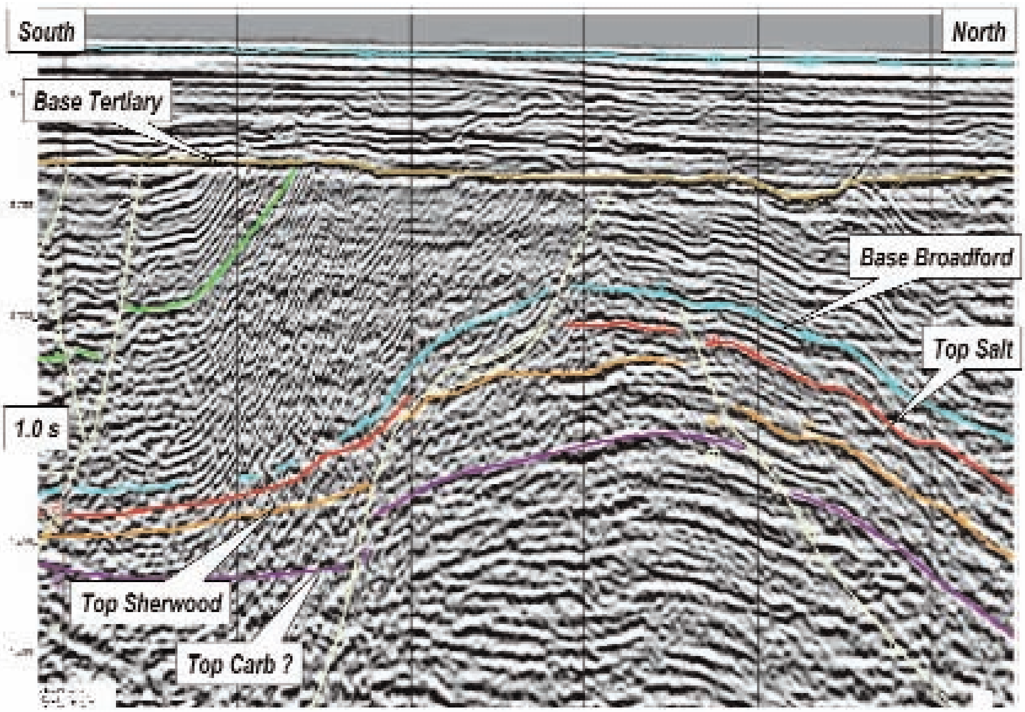

Figure 9 – Seismic Line DBS99-204 across the Inishtrahull Prospect

2.4.2 Inishtrahull Prospect Risks

There are no nearby wells. The closest discover discoveries are the Dooish 12/2-1 well some 70 km to the northwest and the Corrib Field some 200km to the southwest. No direct seismic ties from wells have been made into the Donegal Basin. Stratigraphy is by analogy and jump correlation. Although structural definition is good and gravity and magnetic data indicate a thick sedimentary sequence the potential for source, seal and reservoir are uncertain. Given the current status of the interpretation the risks outlined on Table 11 would apply.

Gas Case	
Trap risk	1.0
Reservoir risk	0.5
Source risk	0.5
Seal risk	0.5
Overall risk (chance of success)	**0.125 or 12.5%**
Oil Case	
Trap risk	1.0
Reservoir risk	0.5
Source risk	0.25
Seal risk	0.4
Overall risk (chance of success)	**0.05 or 5%**

Table 11 – Risk analysis for the Inishtrahull Prospect

2.4.3 Reservoir Engineering

The predicted production profiles for the Inishtrahull prospect are given in Appendix B. These profiles are based on the assumption that the field will be produced by depletion drive and that a technical recovery factor of 75% may be achieved. However, economic criteria mean that the tail of the production profile will be curtailed and that the actual recovery factor will be less than 75%. The development strategy proposed is to have a single platform for drilling, production and off-loading, the platform will have 12 production wells. From the platform the gas will be piped ashore (a distance of approximately 130km) to a landing point close to the new power station. Onshore compression will be used from production start-up. It has been assumed that the initial exploration well will be drilled in spring 2007 followed by two appraisal wells in 2008. Development drilling will start in spring 2010. First gas will be 1st January 2012. The production wells will be vertical with dry trees this will enable easy well interventions and workovers. It has been assumed that it will take 30 days to drill each production well. The initial well production potential is estimated at 20mmcf/d and a decline rate of 20% per annum has been assigned to calculate the production profile. The production profiles also assume 5% average downtime due to facilities maintenance or for well intervention/workovers. The field abandonment rate used as an economic cut-off is 5mmcf/d.

2.4.4 Production Facilities and Economics

At this stage Scott Pickford has treated the Inishtrahull Prospect as a standalone development. There is, of course, a strong possibility that Inishtrahull would be developed as an ‘add-on’ to Inishbeg and therefore the overall development costs could be considerably reduced by the synergies achieved if this was to be the case. As a consequence the economic value quoted for Inishtrahull would be significantly improved in the joint development case. Additionally, the value for Inishbeg would also improve due to the extended field life that a joint development case would add (essentially the field abandonment rate will be lowered).

Capital Costs

Wells

It has been assumed that the field will be discovered in 2007 followed by two appraisal wells in 2008.

Exploration and appraisal wells are estimated to cost US$ 10MM each including mobilisation/demobilisation.

It has been assumed that 12 wells will be required to develop the field. These wells will be drilled through a 12 slot template, prior to the arrival of the wellhead platform.

The wells will be drilled during 2009 prior to the arrival of the wellhead platform jacket during 2010 with production starting in 2011.

Production wells are estimated to cost US$ 7MM each including mobilisation/demobilisation.

Production Platform
The wellhead platform will be a simple minimum facilities platform with a helideck, work over hoist and manifold area, with facilities for remote operation.

The wellhead platform will be installed during 2010 and is estimated to cost US$120MM.

Pipeline to Shore
Based on an arrival pressure of approximately 200psig at the onshore terminal the pipeline diameter is estimated at 24”.

The estimated cost of the pipeline is US$ 160MM, including an allowance for a beach crossing of US$ 20MM.

Onshore Production Station
The onshore production station will have a slug catcher, gas liquid separator, water disposal facilities and gas dehydration and metering facilities.

The onshore production facilities are estimated to cost US$ 45MM.

Gas Compression Station
The gas compressors are designed to compress the production station gas from production station pressure to the pressure required to deliver the gas to the Northern Island high pressure gas pipeline at Londonderry.

The estimated cost of the compressor station, including 50% spare capacity (two operating one spare) is US$ 50MM.

The compression station is estimated to consume approximately 10% of the produced gas.

Onshore Pipeline
The onshore pipeline delivers the produced gas to the Northern Ireland high pressure gas pipeline system at Londonderry some 40 miles from the production station.

Based on a 200psi pressure drop over the pipeline the pipeline diameter is estimated at 16” with an estimated cost of US$ 30MM.

Operating Costs
Wells
The well operating cost has been estimated at 5 days intervention per well per year at a rate of US$ 70,000 per day, making a total of US$ 4.2MM per annum for the field.

Platform
An allowance of US$ 6MM/annum has been included for the platform.

Offshore pipeline
An allowance of 2% of the installed capital cost of the pipeline has been included for pipeline inspection and maintenance, making an annual total of US$ 4MM per annum.

Onshore Production and Compression Station
An allowance of US$ 4.75 MM per annum has been included for operation of the onshore production and compression stations and for control of the offshore platform.

Onshore Pipeline
An allowance of 2% per annum has been included for inspection and maintenance of the onshore pipeline making a total of US$ 750,000 per annum.

Economics
The taxes, abandonment criteria and gas price assumptions are as per the Inishbeg prospect.

The Inishtrahull prospect will require a capital investment of US$ 513 MM and has a net present value of **US$ 134 MM** (Lansdowne share **US$ 27.6 MM**) when discounting future cash flows at 15%. The chance of success of the Inishtrahull prospect is estimated as 0.125 and the cost of drilling an exploration well is estimated at US$ 10 MM. The expected monetary value of the Inishtrahull prospect is **US$ 8.1 MM** (Lansdowne share **US$ 1.6 MM**) when discounting future cash flows at 15%.

Sensitivities

The sensitivity of the project value to a number of factors is shown on Table 12:

Gas Price p/therm	25	30	35
NPV@15% (US$ MM)	67.7	134.4	201.0
CAPEX % Change	–30	0	+30
NPV@15% (US$ MM)	216.1	134.4	52.8
OPEX % Change	–30	0	+30
NPV@15% (US$ MM)	143.7	134.4	125.4

Table 12 – Sensitivity analysis of cashflows from the Inishtrahull Prospect

2.4.5 Conclusions

The Donegal Basin is unexplored and the stratigraphy is unknown except by analogy. Geophysical studies indicate the presence of a thick sedimentary section. Two large structures have been mapped which potentially may contain very large reserves. It is expected that the Inishbeg prospect will be drilled in 2006 (Lansdowne 19.25% carried interest) and the anticipated stratigraphy is shown in Figure 10. These plays can be classified as high risk high reward.

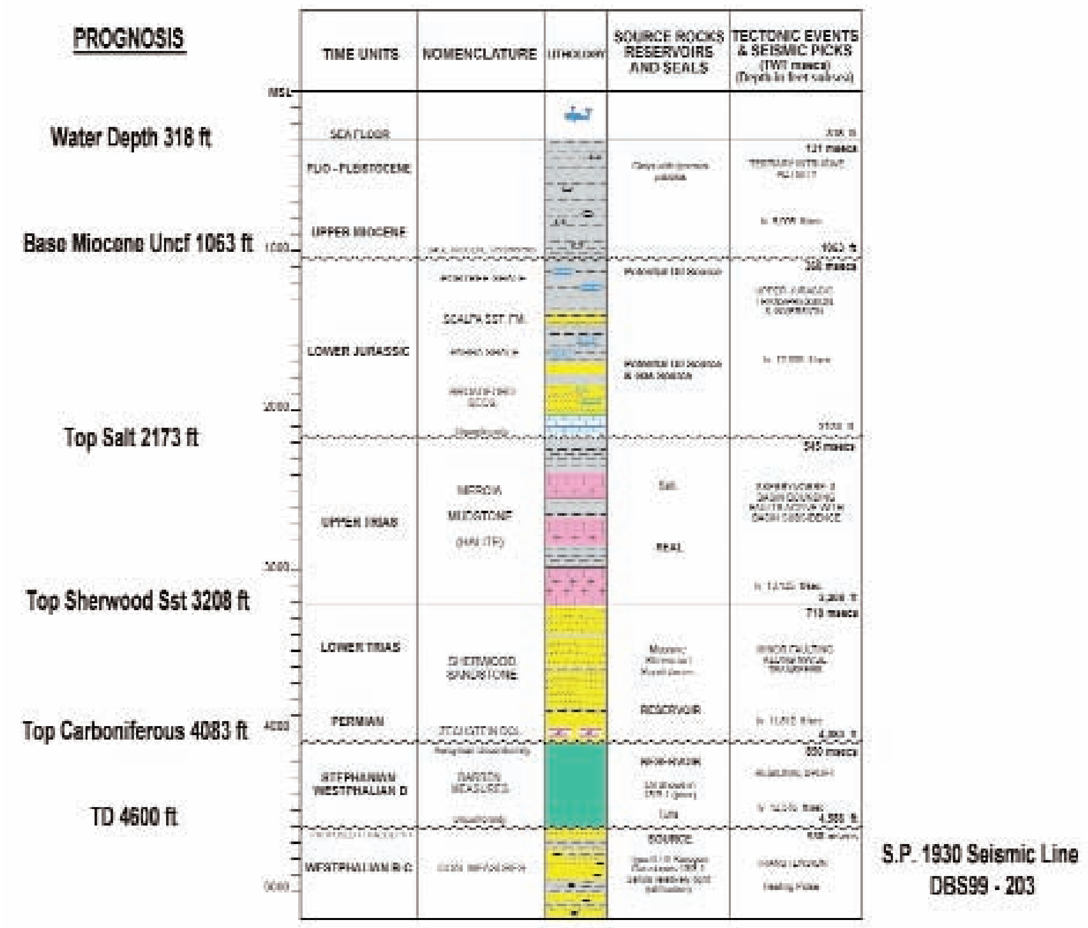

Figure 10 – Anticipated Stratigraphy for the Inishbeg Well

3. Celtic Sea Gas Licence Option Areas

The three Celtic Sea gas license option areas (03/02, 03/06 and 03/10) are reviewed in turn. Firstly, the main prospects are described and the risks associated with each prospect are analysed, other leads are then briefly described. Reservoir engineering criteria used to construct a conceptual production profile are discussed and the economic analysis of the major prospects reviewed. Following discussion of the license options, economic criteria pertinent to the whole of the Celtic Sea are summarised.

3.1 Licence Option 03/02 (Midleton)

Licence 03/2 (Lansdowne 100%) lies some 20km northeast of the Kinsale Head and Ballycotton gas fields and approximately 60km to the southeast of Cork on the southern Irish coast. Water depths across the Licence Option area are less than 100 m (see Figure 1).

The Licence is covered by a reasonably dense grid of 2D seismic data acquired by Marathon from 1988 to 1994. Ramco have reprocessed some of this data and in 2002 acquired two test lines over the main prospect. There are two wells within the Licence Option area, 49/11-1 drilled in 1972/3 and 49/11-2 drilled in 1995 (see Figure 12).

Marathon had previously mapped a large closure at lower Cretaceous Greensand 'A' sand level named Ballymadog (see Figure 11). Subsequent re-mapping of the Licence and surrounding areas, incorporating the new and reprocessed data, has subdivided the original closure and identified a series of prospects on trend with the Ballycotton Field (85 Bcf) some 20km to the southwest. The main prospect that lies within the Licence Option area has been renamed Midleton. A number of other prospects and leads have been identified along the Ballycotton to Midleton trend, but these are all smaller than Midleton and some of them lie outside of the current Licence Option and will not be considered in any detail in this evaluation (see Figure 12). The unrisked P50 GIIP for Midleton is calculated at 77 Bcf.

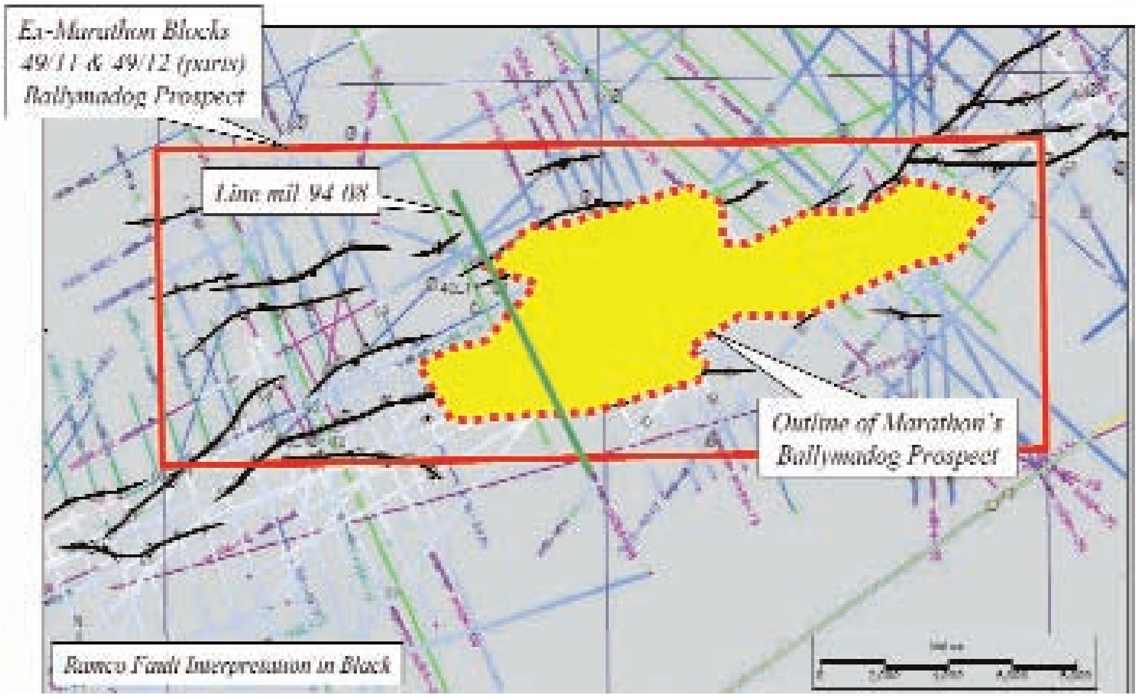

Figure 11 – The Ballymadog Prospect as mapped by Marathon

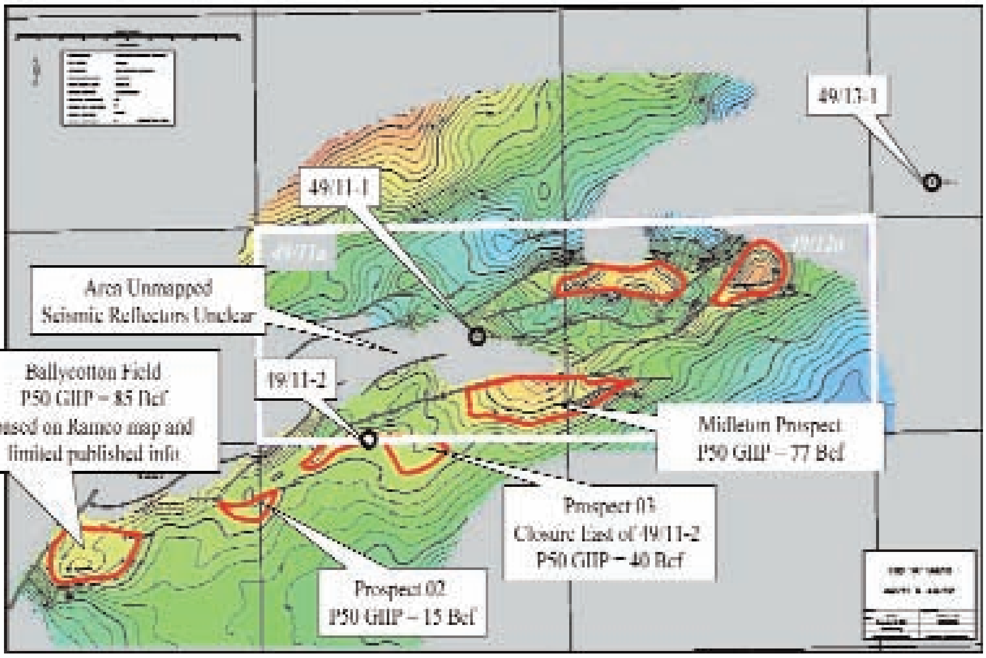

Figure 12 – Top 'A' Sand Depth Map showing location of discoveries and identified prospects and leads

3.1.1 Midleton Prospect

Provisional mapping incorporating new and reprocessed seismic data has led to a re-evaluation of the old Marathon Ballymadog prospect, which has been re-named Midleton. Seismic data quality in this area, particularly at the main target level, is relatively poor due to a hard sea-bed and steeply dipping Chalk reflectors that generate multiple energy that can mask the real seismic reflectors. The new seismic data acquired in 2002 identified several previously unseen faults that cut across the original mapped structure creating a central downthrown area that considerably reduces the size of the closure. However, two additional, unnamed leads (for which as yet no volumes are available) have also been recognised. The mapping has confirmed a distinct trend of structural 'highs' adjacent to the main Basin Shoulder Fault (BSF). These highs include the Ballycotton Field and the Midleton prospect. The Ballycotton field is estimated to contain P50 GIIP of 85Bcf in the Lower Cretaceous Greensand 'A' sand and is therefore of a similar size to Midleton. The structures along this trend have been generated by Tertiary inversion and appear, on the seismic data, to be separated from the BSF by a series of antithetic faults that provide closure to the north (see Figures 13 and 14).

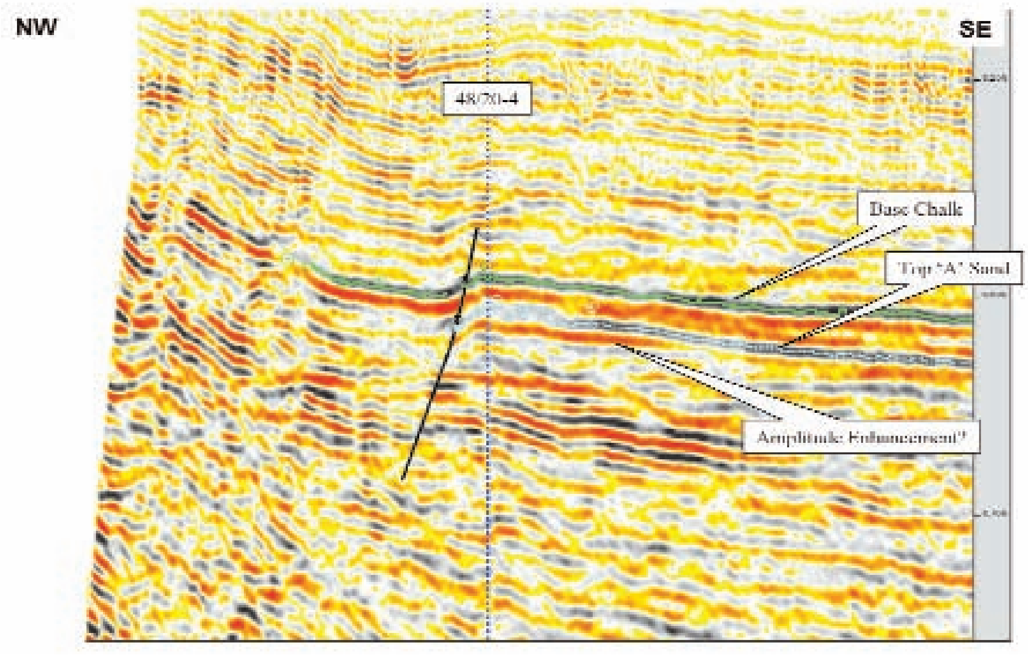

Figure 13 – Seismic Line M88-5 through the Ballycotton field

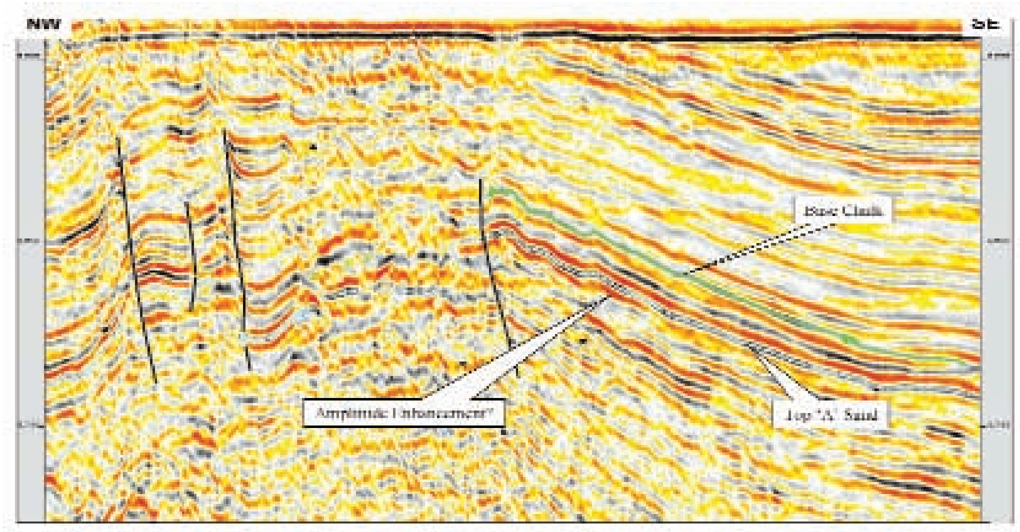

Figure 14 – Seismic Line Mil90-034 across the Midleton Prospect

Despite the similarities in structural form there are some potentially critical differences between the Ballycotton and Midleton structures. The throw on the antithetic fault that closes Midleton to the north is much greater than that at Ballycotton. The fault also appears to be slightly reversed although data quality in this graben area is poor. The larger throw on the fault, at least in some areas, would juxtapose the Greensand 'A' reservoir sand against the oldest Chalk as opposed to the Gault Clay as at Ballycotton. The Chalk is less likely to act as a good seal for the reservoir sands. However, a possible analogy is provided by the so called pop-up block in Seven Heads where Wealden 'B' sands are known to be sealed against Chalk. The mapping of the Seven Heads field indicates more than 150m and 300m of throw on the northern and southern bounding faults respectively that define the pop-up block. It seems certain that here there is a cross fault seal of Wealden against Chalk along these faults. Another important factor is the difference in amplitude enhancement observed over the Midleton prospect as opposed to Ballycotton. Figure 6 clearly shows a brighter event sitting below the top 'A' sand at Ballycotton than is seen at the corresponding position at Midleton. Structural dips on the two-way time maps are steeper at Midleton than Ballycotton although this may be somewhat compensated by depth conversion to take account of the fast, steeply dipping Chalk section. Based on the current status and using a simplistic depth conversion of 4000m/sec to top reservoir the following parameters were used to calculate GIIP (Table 13).

	P90	**P50**	**P10**
GRV (MMm^3)	60.75	124.88	219
Area of closure (km^2)	6.7	9.3	12.6
Depth to crest (m)	900	900	900
Closing contour (m)	1020	1040	1060
Reservoir thickness (m)	10	15	20
Waste zone (m)	0	0	0
Net/gross (%)	1.00	1.00	1.00
Porosity (%)	0.18	0.22	0.24
Hydrocarbon Saturation (%)	0.6	0.7	0.8
1/Bg	100	110	120
GIIP (Bcf)	**53**	**77**	**106**

Table 13 – Calculation of GIIP for the Midleton Prospect

3.1.2 Midleton Prospect Risk Analysis

Detailed seismic mapping is still at a relatively early stage and to date no comprehensive depth conversion has been carried out. As previously discussed there are some potentially important differences between Midleton and Ballycotton. Given the current status of the interpretation the following risks would apply (Table 14).

Trap risk	0.8
Reservoir risk	0.9
Source risk	0.9
Seal risk	0.5
Overall risk (chance of success)	**0.324 or 32%**

Table 14 – Risk analysis for the Midleton Prospect

3.1.3 Other Leads

There are two additional leads mapped within the Licence Option area. They lie to the north of Midleton and are separate, fault and dip closed features. No volumetric estimates have been made but P50 GIIP is unlikely to be greater than 50 Bcf.

Two other leads, designated 02 (East Ballycotton?) and 03 (West Midleton), have been mapped along the same structural trend and although they are currently outside of the License Option area they may be important for any future Field development plans. Lead 02 is a small closure less than 10km from Ballycotton and straddles the block boundary between 48/20 and 49/16 (see Figure 12). A seismic line across the structure shows it to be an almost exact look alike to Ballycotton however the P50 GIIP is estimated at only 15 Bcf. Lead 03 lies immediately south of the Licence Option area, indeed the closing fault appears to run almost along the block boundary. Well 49/11-2 drilled in 1995 was targeted at this structure but recent seismic shows that the well was almost certainly located off structure on the other side of a fault that was not recognised at the time. The P50 GIIP for lead 03 is estimated at 40 Bcf.

3.1.4 Reservoir Engineering

The predicted production profiles for the Midleton prospect are given in Appendix B. These profiles are based on the assumption that the field will be produced by depletion drive and that a technical recovery factor of 80% was assumed. However, the tail of the production profile will be curtailed due to economic criteria and the actual recovery factor achieved will be less than 80%. The development strategy proposed is to have a single vertical sub-sea producer tied back to the Ballycotton field a distance of around 20km. From Ballycotton the gas will be piped the 15km to the Kinsale Head field which has compression facilities. It has been assumed that the production well will be drilled in spring 2007 and that first gas will be 1st October 2008. The initial well production potential is estimated at 30mmcfd and a decline rate of 20% per annum has been assigned to calculate the production profile. The production profiles also assume 5% average downtime due to facilities maintenance or for well intervention/workovers. The field abandonment rate used as an economic cut-off is 2mmcf/d.

3.1.5 Midleton Prospect Value

It is assumed that the Midleton exploration well will be drilled during the spring of 2007. If exploration is successful, production is expected to start by 1st October 2008.

Because the Kinsale Head platform has no capacity to accept additional risers, it is expected that Midleton production will be evacuated to the Ballycotton field and thence to Kinsale Head, using the Ballycotton flowline. Since the Ballycotton production has now declined to less than 1mmcf/d it is expected that, by the time Midleton production comes on stream, Ballycotton will have ceased production.

The Midleton field is expected to contain 44 Bcf of economically recoverable resources (cumulative gas produced prior to reaching the economic cut-off of 2mmcf/d) and have a positive net present vale (NPV), at a discount rate of 15%, of **US$ 56MM**. The risk of the Midleton prospect has been estimated as 0.324 and the cost of drilling a dry exploration well is US$ 12 MM. The expected monetary value (EMV) of the Midleton prospect is **US$ 9.8MM**, when discounting future cashflows by 15%.

The Midleton economic calculations are given in Appendix: C.

Sensitivities

Sensitivities were run to evaluate the impact of increasing the CAPEX and OPEX by 30% and on gas prices of 25 and 35p/therm. The results of those sensitivities are summarised on Table 15:

Midleton Sensitivities			
Gas Price **Gas Price p/therm** **NPV@15% (US$ MM)**	 25 42.1	 30 56.1	 35 70.1
CAPEX **CAPEX % Change** **NPV@15% (US$ MM)**	 –30 60.0	 0 56.1	 +30 51.7
OPEX **OPEX % Change** **NPV@15% (US$ MM)**	 –30 60.7	 0 56.1	 +30 51.5

Table 15 – Value sensitivities for the Midleton prospect

3.1.6 Conclusions

Despite the presence of two wells within the Licence Option area, exploration is still at a relatively early stage. Neither well appears to have tested a valid closure. Modern acquisition and processing techniques along with attribute analysis are continually improving the quality of the seismic data and hence the structural understanding of the area. Current mapping has identified an important structural trend extending from Ballycotton Field into the Licence area with total estimated P50 GIIP of 217 Bcf (132 Bcf excluding Ballycotton).

3.2 Licence Option 03/06

Licence option 03/6 (Lansdowne 77%) lies some 30km west of the Kinsale Head and Ballycotton gas fields and approximately 70km to the south of Cork on the southern Irish coast. Water depths across the Licence Option area are less than 100m (see Figure 1).

The Licence is covered by a sparse grid of 2D seismic data acquired by BP and Marathon in 1987 and 1990 respectively. Ramco have reprocessed all of the BP data and in 2000 acquired approximately 200km of new data to infill the existing grid. There are three wells within the Licence Option area. Well 48/18-1 was drilled by BP in 1985 and tested gas at 13.7mmscf/d from Lower Cretaceous Greensand 'A' sands. Well 48/19-1 was drilled in 1984 and recorded good shows from Lower Cretaceous reservoirs but was not tested. Well 48/24-4 was drilled by Marathon in 1990 and found some gas in the 'A' sands and Upper Wealden but was not tested.

The 48/18-1 discovery is called Galley Head, and was thought to be a large, elongate closure against the Basin Shoulder Fault (BSF). Current mapping, based on new and reprocessed data, reveals that the 48/18-1 well was drilled on a small independent closure separated from the main body of the structure by previously unrecognised faulting. This un-drilled area is now referred to as the Western Upside. The 48/24-4 structure was named Carrigaline. One additional prospect was also recognised on the earlier mapping and this was named Sneem. This prospect has subsequently been remapped and renamed Rosscarbery (see Figure 15). Based on current mapping the total, unrisked P50 GIIP for all potential reservoirs in Licence Option 03/6 is calculated as 549 Bcf (Lansdowne 423 Bcf).

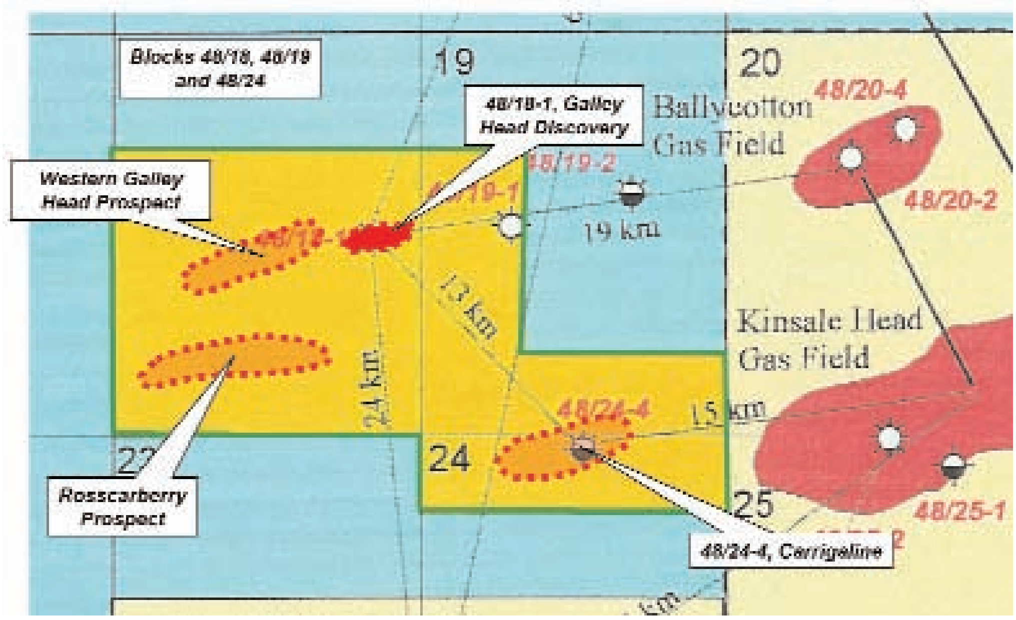

Figure 15 – Location of Discoveries and Prospects in Licence Option 03/06

3.2.1 Galley Head Discovery

In 1985, BP drilled the Galley Head discovery well 48/18-1 on what was then mapped as a large, elongate structure at Lower Cretaceous Greensand 'A' sand level, closed to the north by the Basin Shoulder Fault (BSF) (see Figure 16). The well entered the 'A' sand (phase 2) at 722m TVDSS and found 17m of good quality sand with a GWC approximately half way through the sand at 730m TVDSS giving a gas column of 8m. The well was tested and flowed gas at 13.7mmscf/d along with 27.1 bbl/d of water.

Re-mapping, using new and reprocessed seismic data, has shown that the well only tested a small, independently closed feature separated from the main body of the original structure by previously unrecognised faulting (see Figure 17). Seismic line RAM 0018 (Figure 18) clearly shows the fault separation.

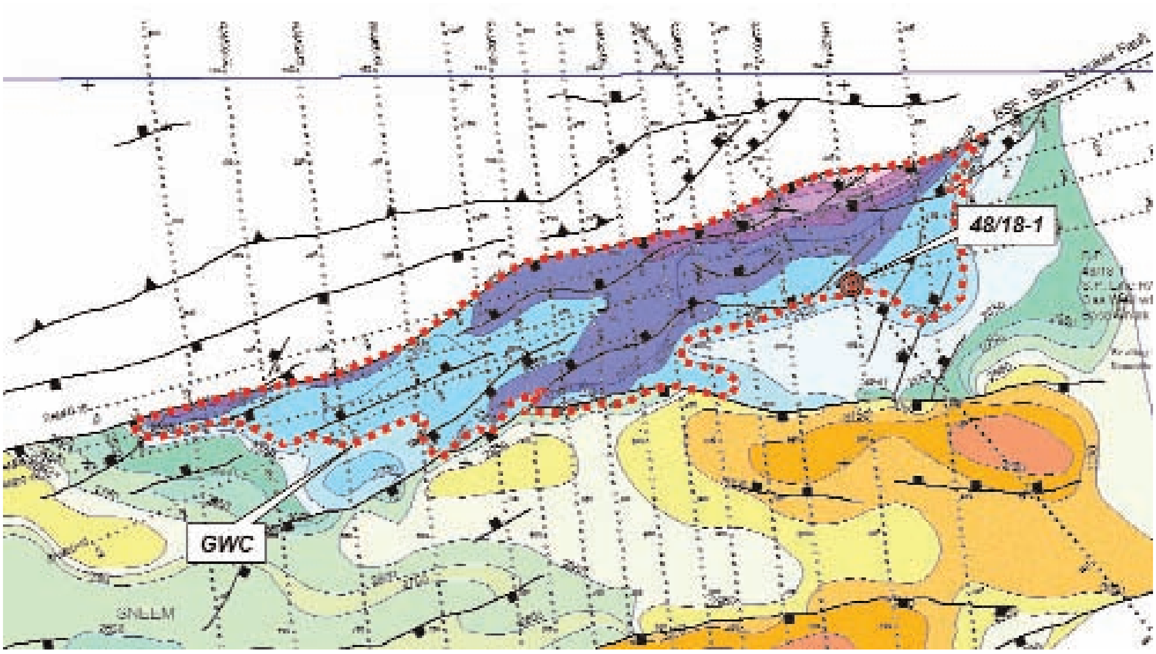

Figure 16 – Map of the Galley Head structure at time of drilling

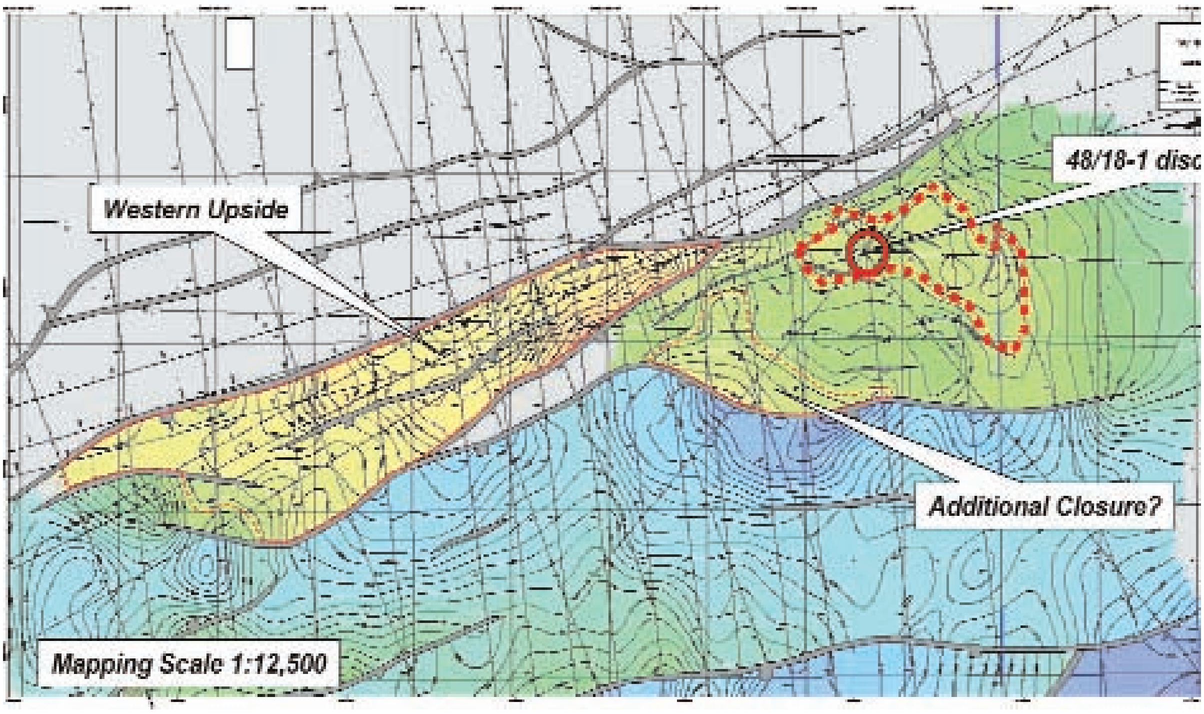

Figure 17 – Galley Head Depth Structure Map (revised version)

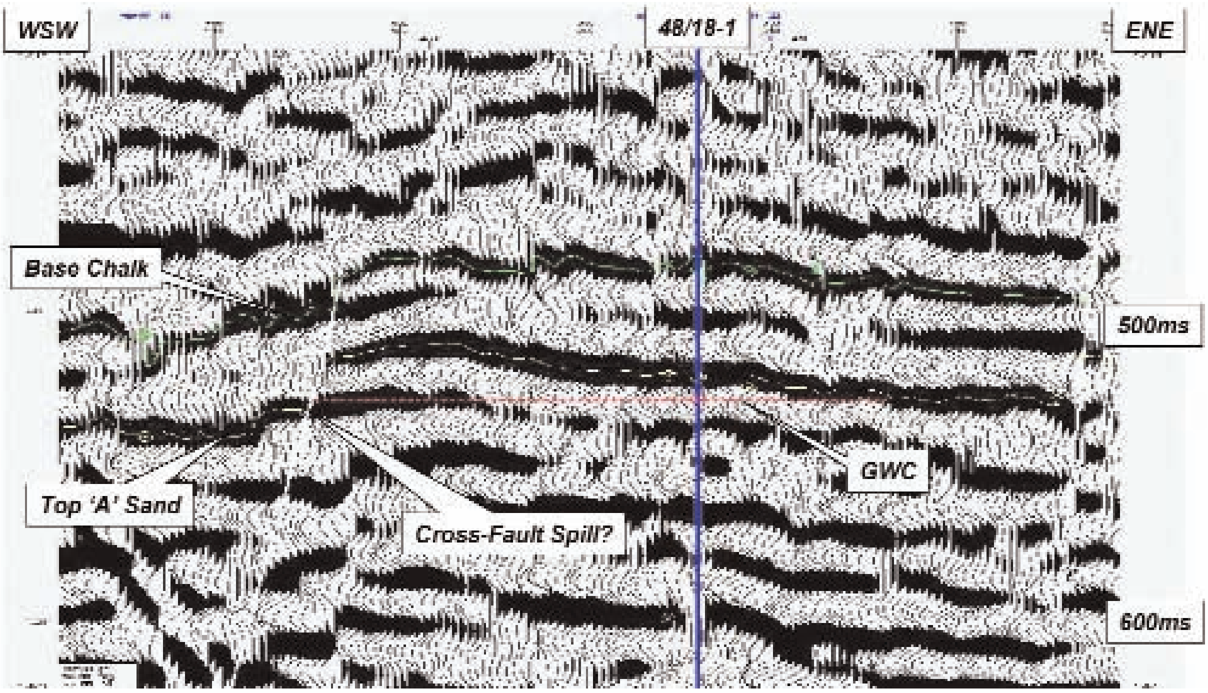

Figure 18 – Seismic Line RAM00-18 across the Galley Head discovery

Based on the current mapping and well results the following parameters were used to calculate GIIP for the Galley Head Discovery (Table 16).

	P90	P50	P10
GRV (MMm^3)	18.19	18.19	18.19
Area of closure (km^2)	2.22	2.22	2.22
Depth to crest (m)	669.5	669.5	669.5
Closing contour (m)	730	730	730
Reservoir thickness (m)	35	35	35
Waste zone (m)	0	0	0
Net/gross (%)	0.80	0.85	0.90
Porosity (%)	0.24	0.26	0.28
Hydrocarbon Saturation (%)	0.55	0.6	0.65
1/Bg	83	83	83
GIIP (Bcf)	**7**	**7**	**8**
GIIP (Bcf) net to Lansdowne	**5.4**	**5.4**	**6.2**

Table 16 – Calculation of GIIP for the Galley Head Discovery

Additional Lead Risk Analysis

Current mapping has identified an unnamed additional lead (see Figure 17) close to Galley Head. The GWC is only separated by a few metres and the structure has potential to contain GIIP similar to, or slightly greater than, Galley Head. The feature is well defined by seismic but the major risk is seal across the fault to the south where, because of the variable nature of the displacement on the fault, the 'A' sand is juxtaposed, in places, with chalk. Given the current status of the interpretation the following risks outlined on Table 17 would apply.

Trap risk	0.9
Reservoir risk	0.9
Source risk	0.9
Seal risk	0.3
Overall risk (chance of success)	**0.219 or 22%**

Table 17 – Analysis of risks for the Additional Lead

3.2.2 Western Upside

As previously stated, the current interpretation now has Galley Head separated from the main body of the old closure which is now called the Western Upside (see Figure 17). This structure is fairly well controlled by seismic data, but as can be seen on the composite seismic line (Figure 19) data quality is relatively poor. The structure is effectively a fault terrace set up by the main Basin Shoulder Fault and other faults with displacement down to the basin. Throws are large and cross fault correlation can be problematical. Cross fault seal may also be a major problem as there is potential for sand/chalk and sand/sand contact. There is little evidence of high amplitudes within the seismic data, unlike the Galley Head Discovery, that could indicate the presence of gas.

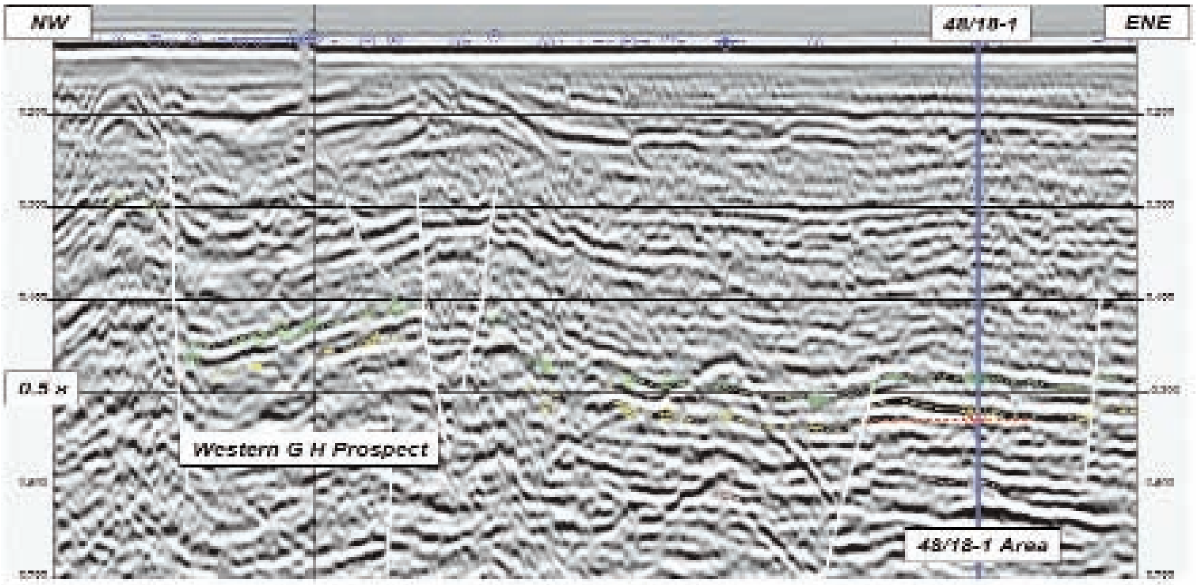

Figure 19 – Composite Seismic Line along the Western Upside Prospect and Galley Head discovery

Based on the current mapping the parameters outlined on Table 18 were used to calculate GIIP for the Western Upside.

	P90	P50	P10
GRV (MMm^3)	262.64	262.64	262.64
Area of closure (km^2)	7.91	7.91	7.91
Depth to crest (m)	585	585	585
Closing contour (m)	730	730	730
Reservoir thickness (m)	35	35	35
Waste zone (m)	0	0	0
Net/gross (%)	0.80	0.85	0.90
Porosity (%)	0.24	0.26	0.28
Hydrocarbon Saturation (%)	0.55	0.6	0.65
1/Bg	83	83	83
GIIP (Bcf)	**95**	**102**	**109**
GIIP (Bcf) Lansdowne	**73**	**79**	**84**

Table 18 – Calculation of GIIP for the Western Upside

Western Upside Prospect Risk Analysis

Current mapping has identified a fairly poorly defined fault controlled terrace with large cross fault displacements and no evidence of amplitude enhancement within the seismic data. Given the current status of the interpretation the following risks given on Table 19 would apply.

Trap risk	0.8
Reservoir risk	0.6
Source risk	0.9
Seal risk	0.3
Overall risk (chance of success)	**0.130 or 13%**

Table 19 – Analysis of risk for the Western Upside

3.2.3 Carrigaline

In 1990, Marathon drilled well 48/24-4 on the Carrigaline prospect. The well results are show in Figure 20 and the current depth map is shown in Figure 21.

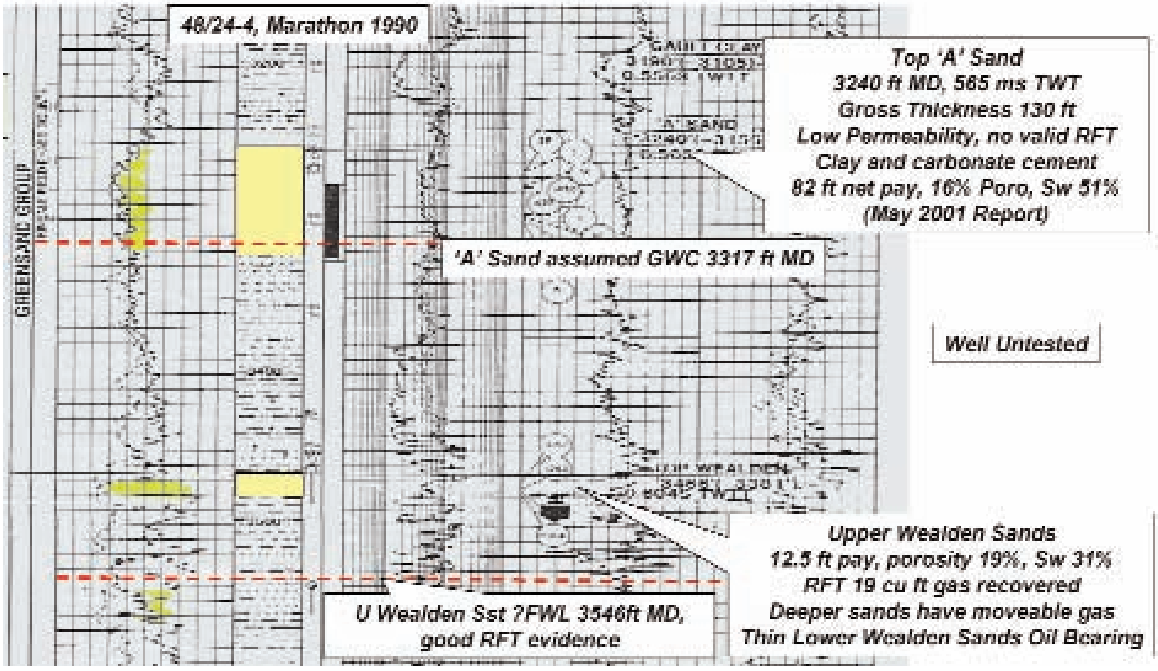

Figure 20 – Well 48/24-4 (Carrigaline) excerpt from composite log

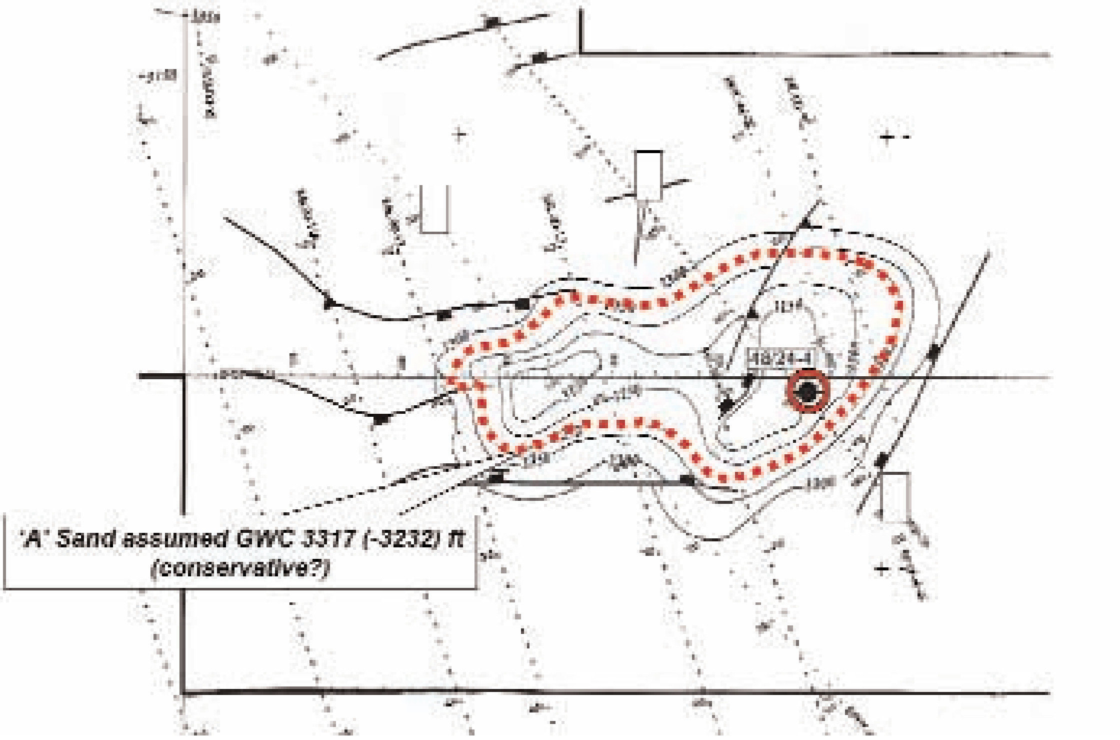

Figure 21 – Top 'A' Sand depth structure map, Carrigaline field

The well encountered 39.6m of Greensand ‘A’ sand (25m of net pay) with very low permeability, and had porosity estimated at 16% and a water saturation (Sw) at 51%. The well also found Upper Wealden sands with 3.8m of pay, with 19% porosity and Sw of 31%. The RFT recovered 19 cu ft of gas. Log analysis revealed a possible GWC in the ‘A’ sand at 985m TVDSS and a free water level (FWL) of 1055m TVDSS in the Upper Wealden. There were also indications that thin Lower Wealden sands contained oil. The well was not drill stem tested.

Despite the presence of a possible flat spot the structure is currently controlled by a sparse amount of poor quality seismic and will need more data to adequately define the closure at Greensand and deeper levels. The low permeability ‘A’ sands will require reservoir engineering and stimulation studies to assess their potential to produce.

Based on current mapping GIIP for the Carrigaline structure is estimated at (Table 20):

	P90	**P50**	**P10**
‘A’ sand (Bcf)	46	63.5	83
‘B’sand equivalent (Bcf)	14	18.3	25
Total GIIP (Bcf)	**60**	**81.8**	**108**
Total GIIP (Bcf) net to Lansd.	**46**	**63**	**83**

Lansd.= Lansdowne

Table 20 – Summary of GIIP for the Carrigaline Structure

Carrigaline Risk Analysis

Notwithstanding the presence of the well there are some risks associated with production. Given the current status of the interpretation and the potential reservoir problems the risks outlined on Table 21 would apply.

‘A’ Sand	
Trap risk	0.9
Reservoir risk	0.3
Source risk	1.0
Seal risk	1.0
Overall risk (chance of success)	**0.27 or 27%**
‘B’ Sand Equivalent	
Trap risk	0.5
Reservoir risk	0.8
Source risk	1.0
Seal risk	1.0
Overall risk (chance of success)	**0.40 or 40%**

Table 21 – Risk analysis for the Carrigaline Structure

3.2.4 Rosscarbery Prospect

The Rosscarbery prospect lies to the west of, and between, the Galley Head discovery and Carrigaline, and to the south of the Western Upside prospect (see Figure 22). The structure is well controlled by good quality seismic data. Current mapping utilises all the available seismic data and the structure now closes at the western end (see Figure 22). Attribute analysis of the seismic data has been carried out across the prospect and seismic processing using the Veritas ‘fluid factor’ indicates the presence of gas in the Wealden sands, but is less convincing in the Greensand ‘A’ Sand (see Figure 23).

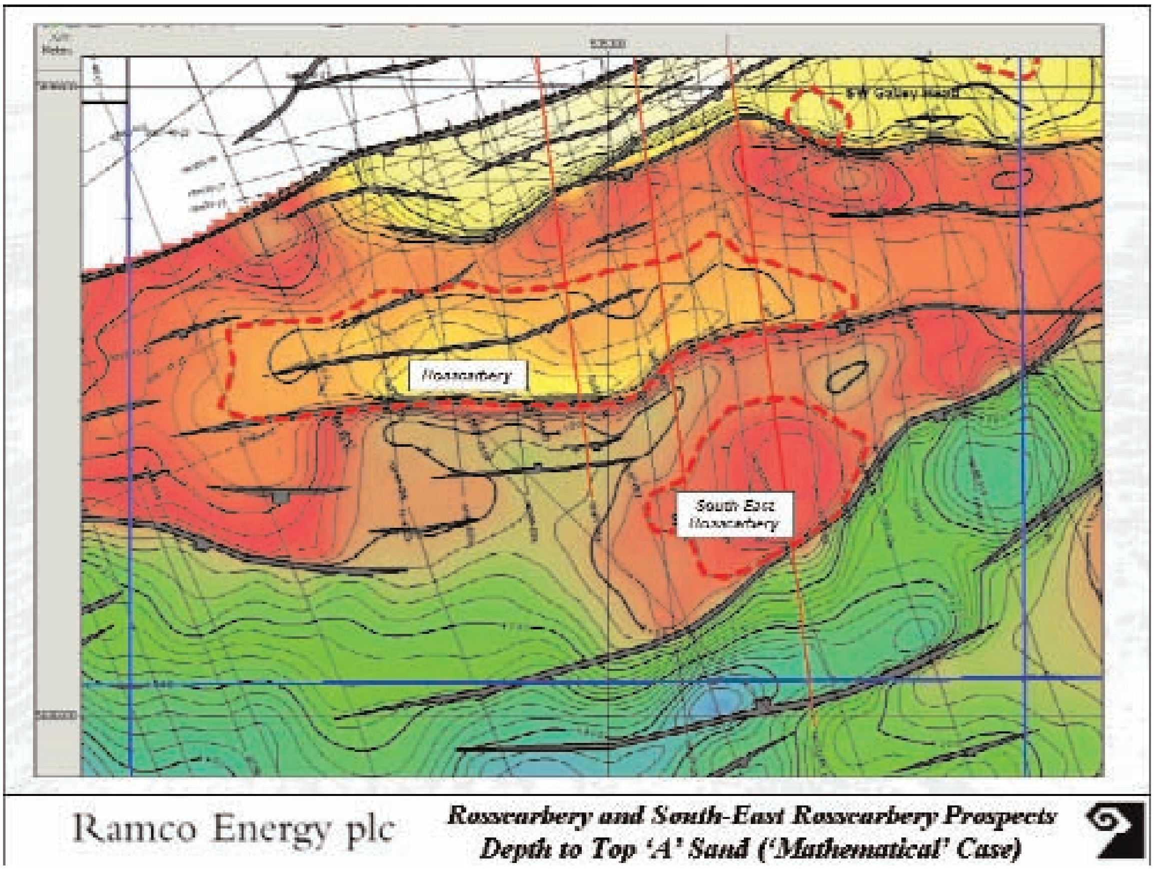

Figure 22 – Depth Structure Map of the Rosscarbery Prospect

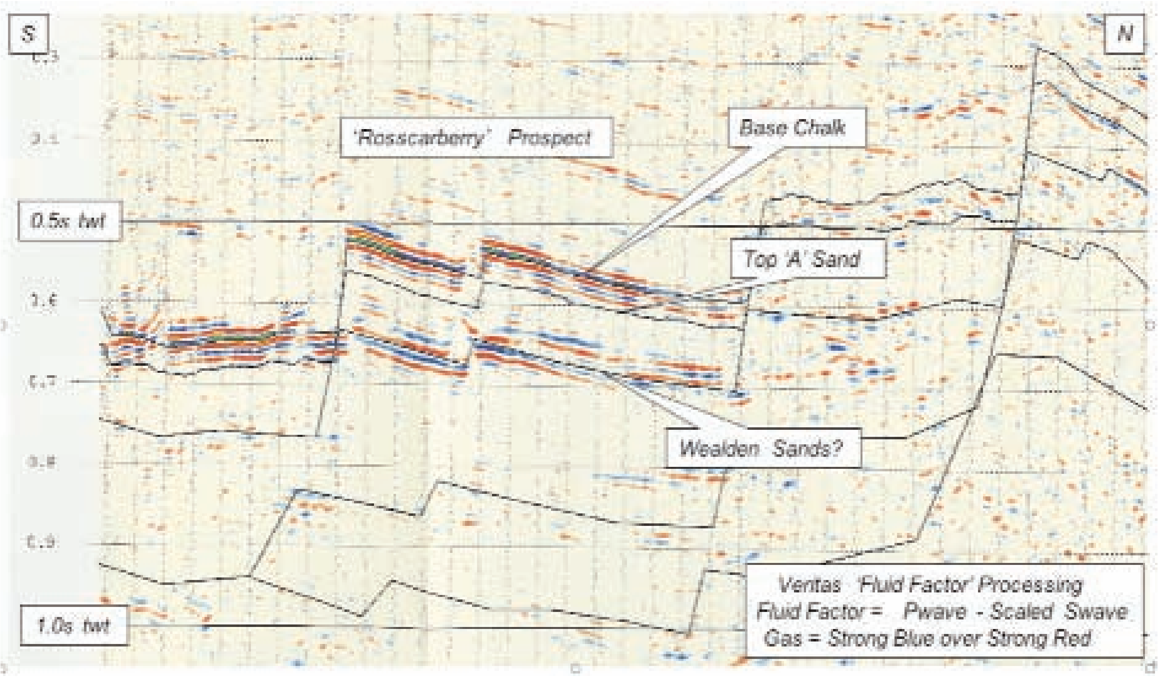

Figure 23 – Seismic Line RAM00-03A through the Rosscarbery Prospect

Based on current mapping, GIIP for the Rosscarbery structure is summarised on Table 22:

	P90	P50	P10
‘A’ sand (Bcf)	137	205	303
Wealden (Bcf)	113	154	204
Total GIIP (Bcf)	**250**	**359**	**507**
Total GIIP (Bcf) Lansdowne	193	276	390

Table 22 – Summary of GIIP for the Rosscarbery Prospect

The parameters used in calculating the P50 GIIP for the ‘A’ Sand reservoir Rosscarbery structure are as on Table 23:

	P50
GRV (MMm^3)	536.55
Area of closure (km^2)	15.33
Depth to crest (m)	825
Closing contour (m)	925
Reservoir thickness (m)	35
Net/gross (%)	0.85
Porosity (%)	26
Hydrocarbon Saturation (%)	60
1/Bg	83
GIIP (Bcf)	205

Table 23 – Calculation of GIIP for the ‘A’ Sand of the Rosscarbery Prospect

The parameters used in calculating the P50 GIIP for the Wealden reservoir Rosscarbery structure are as on Table 24:

	P50
GRV (MMm^3)	304.35
Area of closure (km^2)	20.29
Depth to crest (m)	900
Closing contour (m)	975
Reservoir thickness (m)	15
Net/gross (%)	1
Porosity (%)	22
Hydrocarbon Saturation (%)	60
1/Bg	110
GIIP (Bcf)	154

Table 24 – Calculation of GIIP for the Wealden reservoir of the Rosscarbery Prospect

Rosscarbery Risk Analysis

Rosscarbery is a well defined structure. Closure to the south is formed by a large down to the basin (south) fault that will juxtapose 'A' sands with chalk and dip closure is mapped to the west, north and east. Should the fault throw remain consistent then the Wealden Sands are more likely to be juxtaposed against the Gault Clay. Fluid factor processing indicates a better chance for gas in the Wealden than in the 'A' sand. The interval velocity gradient in the Chalk overburden makes depth conversion uncertain and prospect size and shape may change. Based on the current interpretation the risks outlined on Table 25 would apply:

'A' Sand	
Trap risk	0.8
Reservoir risk	0.9
Source risk	0.9
Seal risk	0.3
Overall risk (chance of success)	**0.194 or 19%**
Wealden Sands	
Trap risk	0.8
Reservoir risk	0.7
Source risk	0.9
Seal risk	0.7
Overall risk (chance of success)	**0.353 or 35%**

Table 25 – Analysis of risk for the Rosscarbery prospect

Reservoir Engineering

The development scenario modelled here involves just the Wealden reservoir, as this has the greatest chance of success. The predicted production profiles for the Rosscarbery prospect are given in Appendix B. These profiles are based on the assumption that the field will be produced by depletion drive and that a technical recovery factor of 75% may be achieved. However, the tail of the production profile will be curtailed due to economic criteria and the actual recovery factor achieved will be less than 75%. The development strategy proposed is to have three vertical sub-sea producer tied back to the Seven Heads field a distance of around 25km. From Seven Heads the gas will be piped to the Kinsale Head field which has compression facilities. It has been assumed that the first production well will be drilled in spring 2007 and two additional producers in spring 2008. First gas is projected to be 1st October 2008. The initial well production potential is estimated at 20mmcf/d and a decline rate of 20% per annum has been assigned to calculate the production profile. The production profiles also assume 5% average downtime due to facilities maintenance or for well intervention/workovers. The field abandonment rate used as an economic cut-off is 3mmcf/d.

Rosscarbery Prospect Value

The conceptual development scenario discussed in this study involves only the Wealden reservoir. It is assumed that the Rosscarbery exploration well will be drilled during the spring of 2007. If exploration is successful, two additional sub sea producers will be drilled during 2008 and production will start by 1st October 2008.

Only one single mobilisation has been included for the two wells drilled in 2008 reducing the total cost of the wells by US$ 2MM. It has been assumed that the three wells will be connected to a manifold with production to Seven Heads via a single flowline. The manifold and associated installation work is expected to cost some US$ 2.5MM.

Because the Kinsale Head platform has no capacity to accept additional risers, it is expected that Rosscarbery production will be evacuated to the Seven Heads field and thence to Kinsale Head, using the Seven Heads gas flowline. For pressure reasons, producing the Rosscarbery field through the Seven Heads gas manifold will require the temporary shut down of gas production from the Seven Heads field. After the East Kinsale pressure has dropped sufficiently, it will be possible to restart gas production from the Seven Heads field possibly with improved production characteristics.

The Rosscarbery field is expected to contain some 86 Bcf recoverable resources of gas from the Wealden reservoir and to have a positive net present value (NPV) when discounting future cashflows at 15% of **US$ 99MM** (Lansdowne share **US$ 76MM**). The risk of the Weladen reservoir of the Rosscarbery prospect has been estimated at 0.353 and the cost of drilling a single exploration well US$ 12 MM. The expected monetary value (EMV) is **US$ 27MM** (Lansdowne share **US$ 21 MM**).

The Rosscarbery economics are given in Appendix C.

Sensitivities

Sensitivities were run to evaluate the impact of varying the CAPEX and OPEX by + or -30% and on the gas prices of 25 to 35p/therm. The results of those sensitivities are shown on Table 26:

Rosscarbery Full Field Sensitivities			
Gas Price			
Gas Price p/therm	25	30	35
NPV@15% (US$ MM)	67.0	99.0	131.0
CAPEX			
CAPEX % Change	–30.00	0	+30
NPV@15% (US$ MM)	109.8	99.0	88.1
OPEX			
OPEX % Change	–30.00	0	+30
NPV@15% (US$ MM)	116.0	99.0	81.9

Table 26 – Sensitivity analysis of the cashflow from the Rosscarbery prospect

3.2.5 West Rosscarbery Lead

The West Rosscarbery Lead is located about 5.5km to the southwest of the Rosscarbery prospect, but is not shown on Figure 22. A maximum area of 6.5km^2 is currently mapped at top 'A' Sand level which relies on fault seal for closure. However, if the fault is not sealing then a smaller four-way dip closed structure is also mapped. The crest of the structure is at 925m. The P50 GIIP of the West Rosscarbery Lead is estimated as 88 Bcf from the maximum area currently mapped. This lead will become attractive should the Rosscarbery Prospect be found to contain commercial quantities of hydrocarbon.

3.2.6 Conclusions

Three prospects and two leads have been identified in addition to the Galley Head discovery. Wells have proved the presence of reservoirs and moveable hydrocarbons.

Prospect size and maturity varies considerably. More seismic data and more sophisticated depth conversion is required to refine some of the prospects and reservoir and simulation studies are required to model the predicted performance of existing reservoirs.

3.3 Licence Option 03/10 (East Kinsale)

Licence 03/10 (Lansdowne 100%) lies some 20km east of the Kinsale Head gas field and approximately 75km to the south east of Cork on the southern Irish coast and covers portions of blocks 49/17, 49/18 and 49/23. Water depth across the Licence Option area is generally less than 100m (see Figure 1).

The Licence is covered by a loose grid of 2D seismic, comprising Marathon 1990 and Texas Gas 1981 data (the latter having been recently scanned). There is one well within the Licence Option area, 49/17-1 that was drilled in 1979. Well 49/19-1 drilled in 1984 lies just to the east (see Figure 24).

Several leads have been identified at the Jurassic and Lower Cretaceous levels (see Figure 25) but it should be stressed that these are highly provisional due to the density and quality of the seismic data. Of these leads several lie outside of the current Licence Option and therefore will not be considered in this evaluation.

Hydrocarbon in-place volumes have been generated for the leads within the Licence Option area although these must be regarded at this stage as highly speculative. The total unrisked gas-in-place (GIIP) is calculated at 980 Bcf.

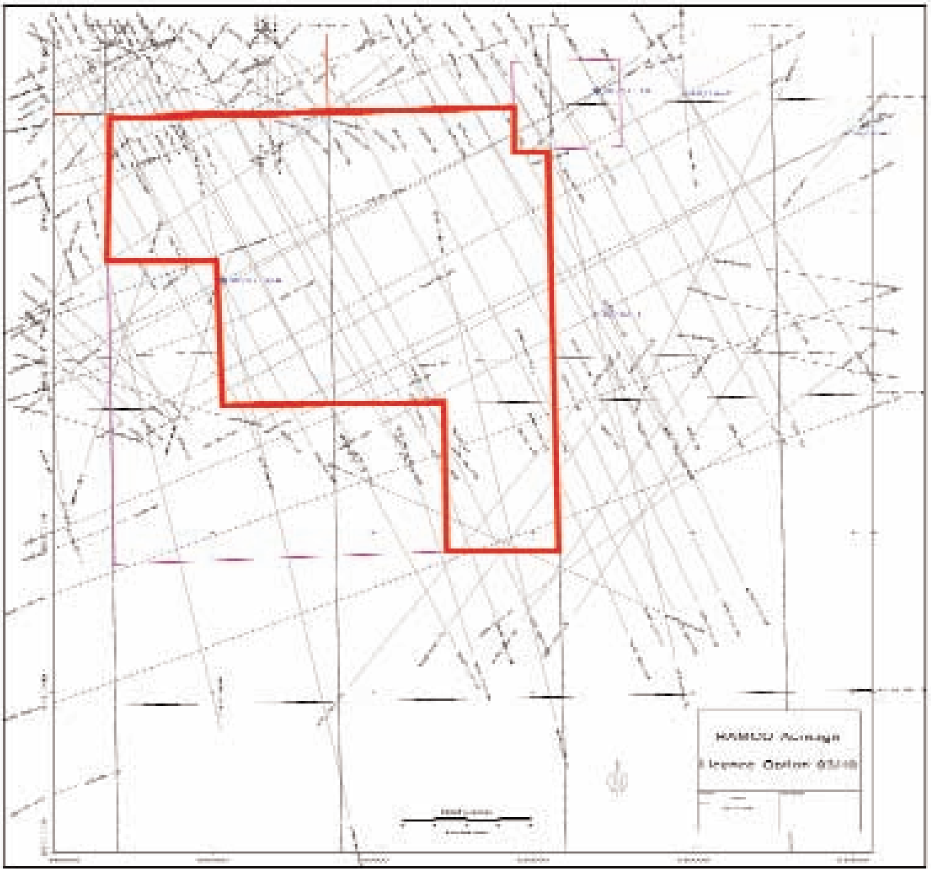

Figure 24 – Seismic and Well database for the East Kinsale Licence

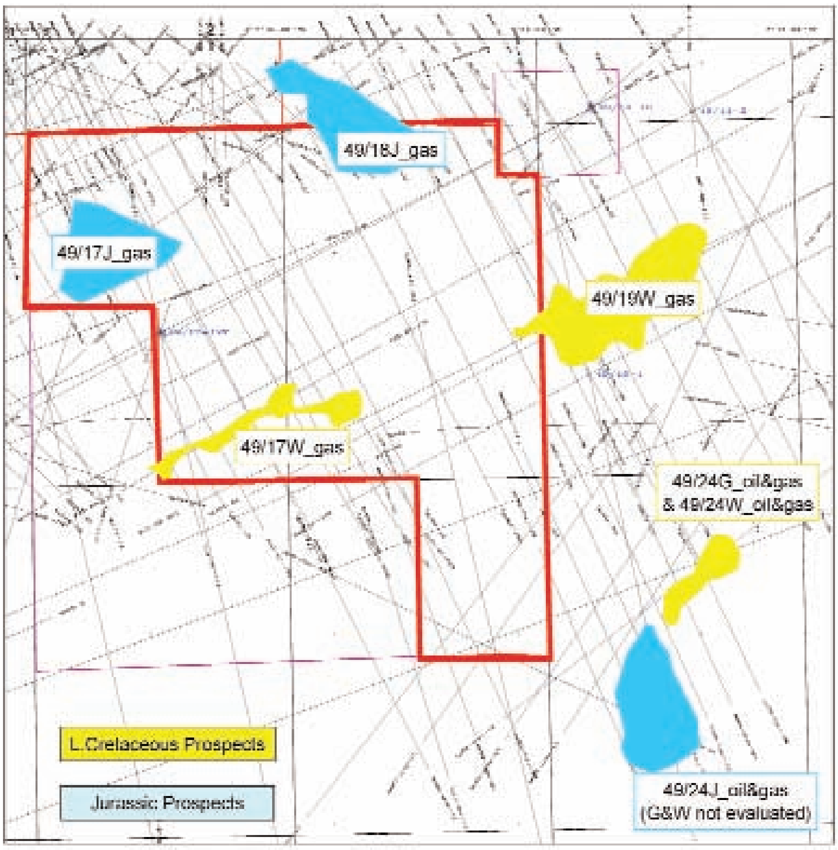

Figure 25 – Leads Identified in Licence Option 03/10

3.3.1 Jurassic Leads

Provisional two way time (TWT) mapping at the near Top Jurassic level has identified two leads designated 49/17J and 49/18J. The two-way time (TWT) structure map and an illustrative seismic cross section are shown as Figures 26 and 27 respectively.

Prospectivity at Jurassic level is not well understood in this area. The only well to penetrate Jurassic section was 48/25-1 in the Kinsale Head field. Wells 48/16-1 and 2 did not test Jurassic targets. Wells 49/17-1 and 49/19-1 did not reach early/mid Jurassic plays and are located on inversion related structures. Jurassic reservoir exploration potential is genetically related to the proximity to Liassic source rocks. A map showing Lower Jurassic pre-inversion hydrocarbon maturity is shown in Figure 28.

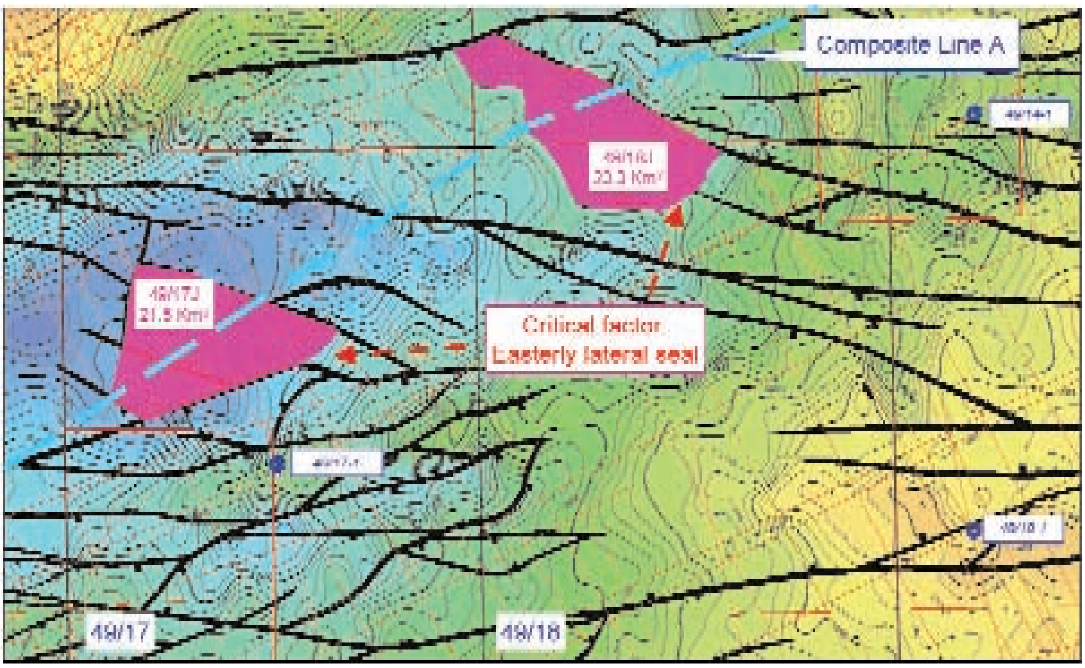

Figure 26 – TWT Structure Map of Licence Option 03/10 at the Top Jurassic level

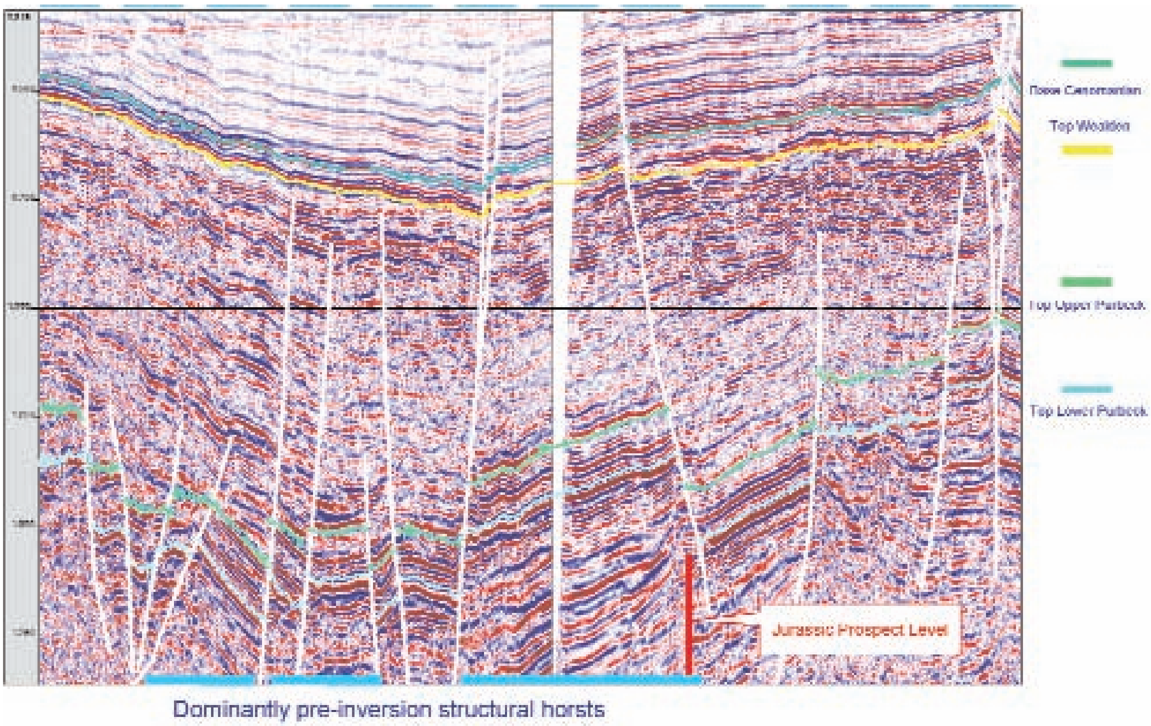

Figure 27 – Composite Seismic Line A across leads 49/17J and 49/18J

The 49/17J lead is reasonably well controlled by seismic data in a NW-SE direction. It is mapped as a pre-inversion structural horst block, fault closed to the north, south and west and dip closed to the east. The area of closure is 21.4 km^2 and a P50 GIIP is calculated as 609 Bcf (100% in block). These figures are based on the time map only. It is extremely important to note that depth conversion, given the complex burial history affecting the overburden velocity, is very likely to change the size and shape of the closure. Based on the current status the parameters outlined on Table 27 were used to calculate P50 GIIP.

Area of closure (km^2)	21.4
Depth to crest (m)	5040
Vertical relief (m)	215
Net/gross (%)	0.5
Average porosity (%)	0.15
Hydrocarbon Saturation (%)	0.7
1/Bg	290
GIIP (Bcf)	**609**

Table 27 – Calculation of GIIP for lead 49/17J

The 49/18J lead is very poorly controlled by seismic data. It is mapped as a pre-inversion tilted fault block, fault closed to the north and northeast, and dip closed to the south. The area of closure is 23.3 km^2 and a P50 GIIP is calculated as 670 Bcf (45% or 302 Bcf on block). As with the 49/17J lead this is based on the time map only and the same comments about the likely changes to be expected as a result of the depth conversion apply here. Based on the current status the parameters on Table 28 were used to calculate P50 GIIP.

Area of closure (km^2)	23.3
Depth to crest (m)	4280
Vertical relief (m)	160
Net/gross (%)	0.5
Average porosity (%)	0.15
Water Saturation (%)	0.3
1/Bg	280
GIIP (Bcf)	**670**
GIIP on Block	**302**

Table 28 – Calculation of GIIP for lead 49/18J

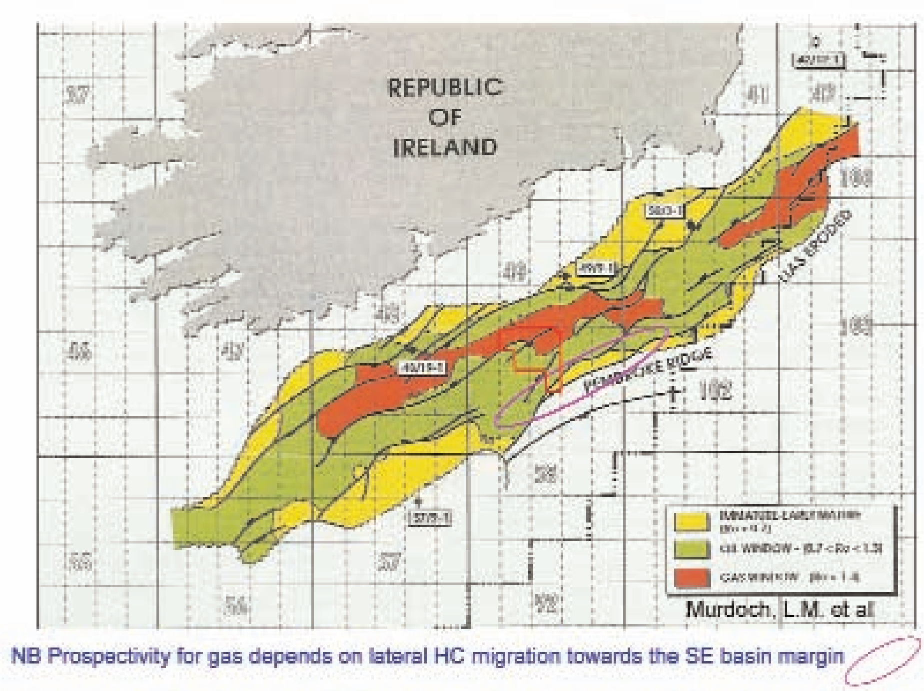

Figure 28 – Regional hydrocarbon maturity map

Jurassic Leads – Risk Analysis

Given the immature stage of exploration and lack of well and seismic data these mapped leads must be considered as speculative and consequently high risk. The risk outlined on Table 29 would apply to both leads.

Trap risk	0.3
Reservoir risk	0.5
Source risk	0.8
Seal risk	0.5
Overall risk (chance of success)	**0.06 or 6%**

Table 29 – Risk analysis for the Jurassic Leads

3.3.2 Lower Cretaceous Leads

Provisional two way time (TWT) mapping at Top Wealden level has identified two leads designated 49/17W and 49/19W. The TWT structure maps and associated seismic cross sections are shown as Figures 29 – 32.

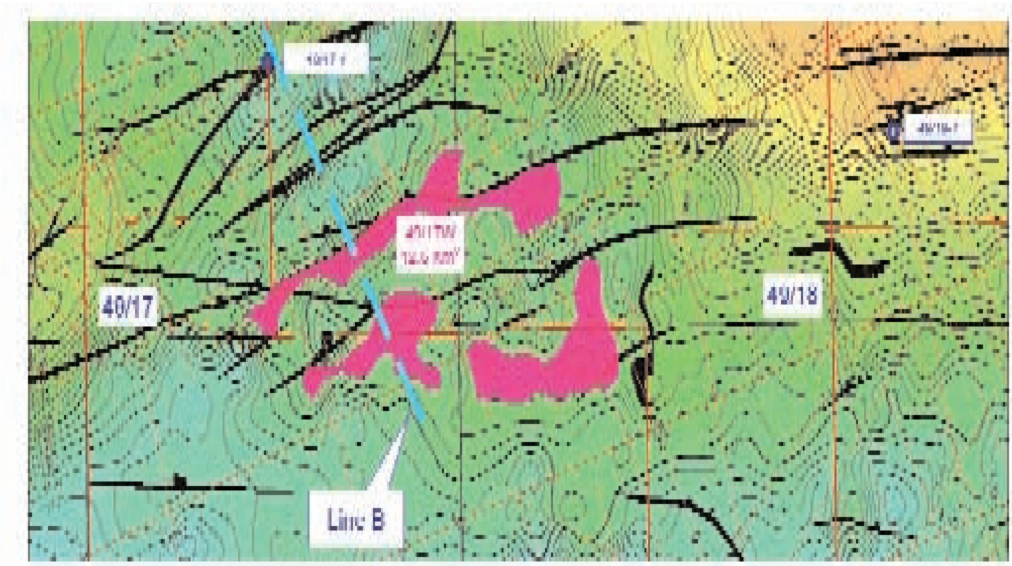

Figure 29 – TWT Structure Map at Top Wealden level of Lead 49/17W

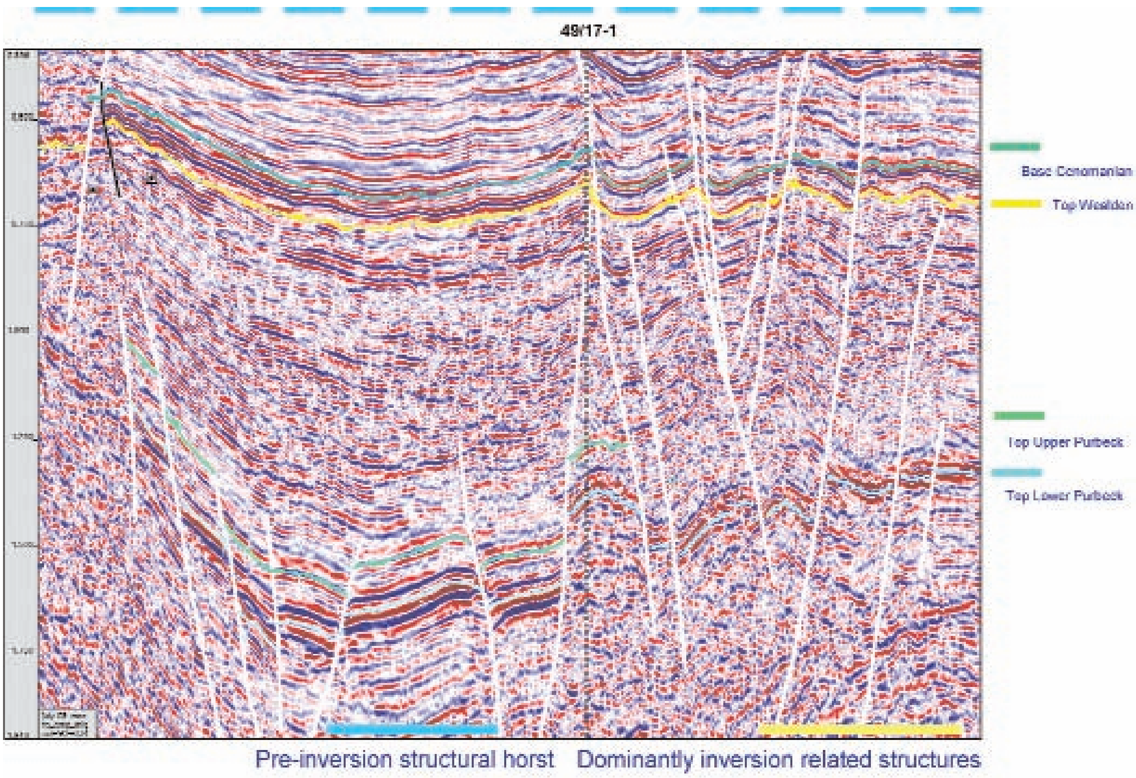

Figure 30 – Seismic Line B across the 49/17W Lead

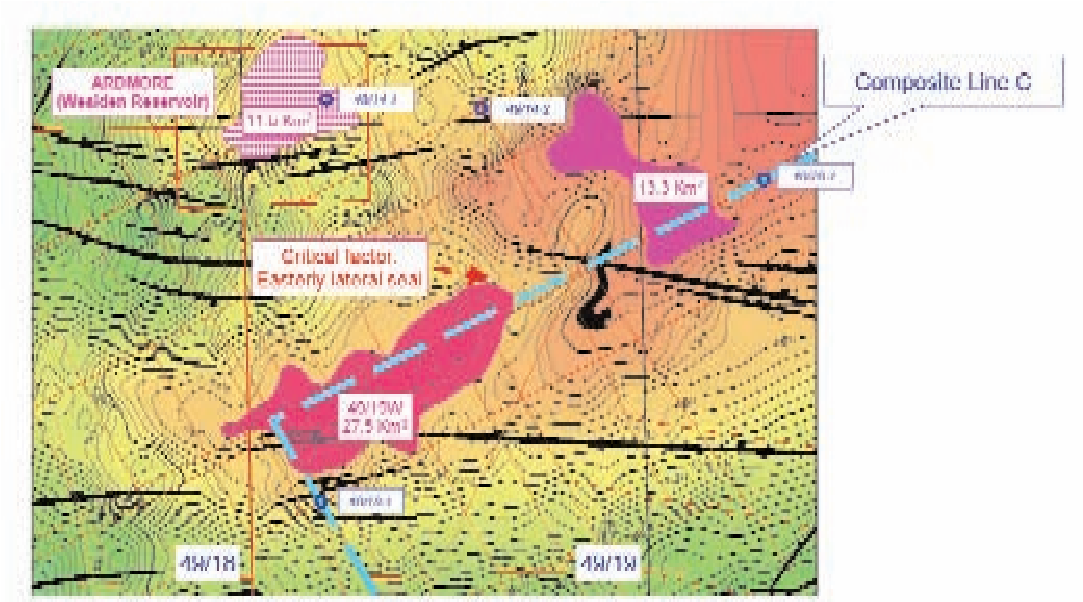

Figure 31 – TWT Structure Map at Top Wealden level for Lead 49/19W

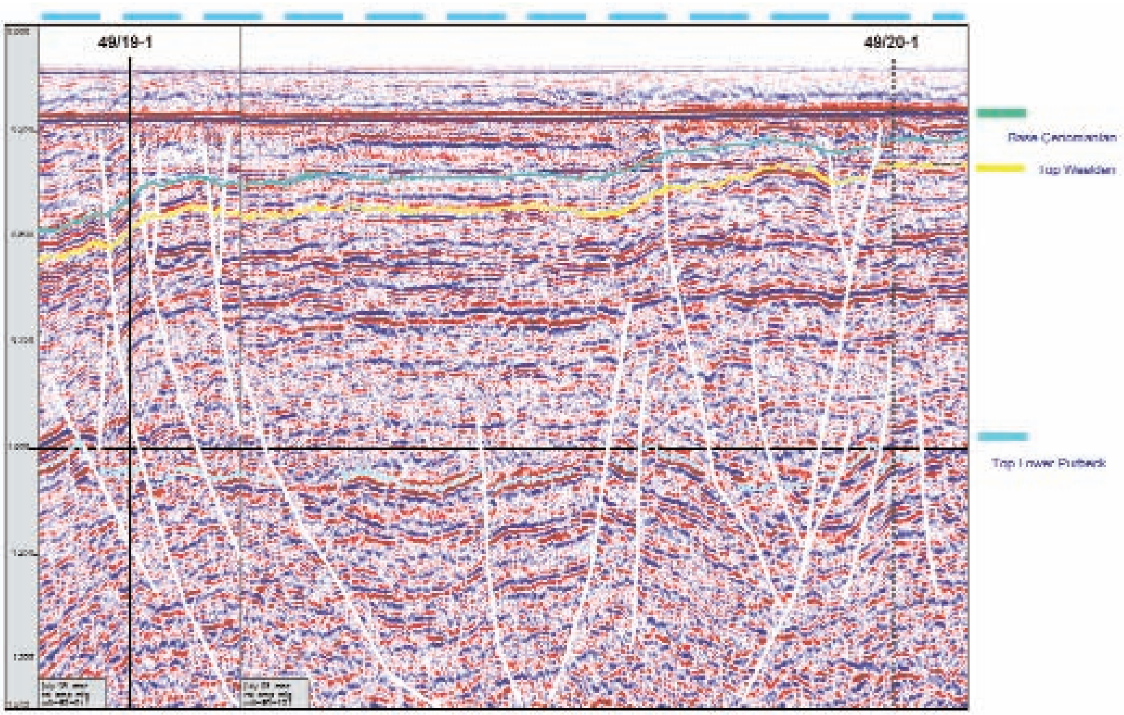

Figure 32 – Composite Seismic Line C across Lead 49/19W

The 49/17W lead is reasonably well controlled by seismic data in a NW-SE direction. It is mapped as a narrow, inversion related fault block, fault closed to the north, and dip closed to the south, east and west. The area of closure is 12.6 km^2. and a P50 GIIP is calculated as 38 Bcf (95% or 36 Bcf on block). This is based on provisional time mapping and simple depth conversion only. It is very likely that a more sophisticated depth conversion will change the size and shape of the closure. Based on the current status the parameters on Table 30 were used to calculate P50 GIIP.

Area of closure (km^2)	12.6
Depth to crest (m)	1115
Vertical relief (m)	25
Net/gross (%)	0.5
Average porosity (%)	0.15
Water Saturation (%)	0.4
1/Bg	130
GIIP (Bcf)	**38**
GIIP on Block	**36**

Table 30 – Calculation of GIIP for the 49/17W lead

The 49/19W lead is reasonably well controlled by seismic data. It is mapped as a large, low relief, four-way dip closed structure up-dip from the 49/19-1 well. The area of closure is 27.5 km^2 and a P50 GIIP is calculated as 660 Bcf (approx.5% or 33 Bcf on block). This is based on provisional time mapping and simple depth conversion only. It is very likely that a more sophisticated depth conversion will change the size and shape of the closure. Based on the current status the parameters on Table 31 were used to calculate P50 GIIP.

Area of closure (km^2)	27.5
Depth to crest (m)	690
Vertical relief (m)	16
Net/gross (%)	0.5
Average porosity (%)	0.15
Water Saturation (%)	0.4
1/Bg	60
GIIP (Bcf)	**660**
GIIP on Block	**33**

Table 31 – Calculation of GIIP for the 49/19W lead

Lower Cretaceous Leads Risk Analysis

The Lower Cretaceous reservoirs (Greensand and Wealden) are fairly well documented in this part of the North Celtic Sea Basin. However, mapping is still very provisional and based on relatively poor seismic data. In addition, the depth conversion is rudimentary. The leads must be considered as notional and consequently of medium/high risk. The risks outlined on Table 32 would apply to both leads.

Trap risk	0.4
Reservoir risk	0.7
Source risk	0.9
Seal risk	0.8
Overall risk (chance of success)	**0.20 or 20%**

Table 32 – Risk analysis for the Lower Cretaceous leads

3.3.3 Reservoir Engineering

The predicted production profiles for the lower Cretaceous lead 49/17W are given in Appendix B. These profiles are based on the assumption that the field will be produced by depletion drive and that a technical recovery factor of 75% may be achieved. However, the tail of the production profile will be curtailed due to economic criteria and the actual recovery factor achieved will be less than 75%. The development strategy proposed is to have a single vertical sub-sea producer completed in the Greensand 'A' sand reservoir. This well will be tied back to the Kinsale Head field a distance of around 20km. The field will utilise the Seven Heads gas processing facilities at Kinsale Head and compression will be applied from field start-up. It has been assumed that the production well will be drilled in spring 2007 and that first gas will be 1st October 2008. The initial well production potential is estimated at 15mmcf/d and a decline rate of 20% per annum has been assigned to calculate the production profile. The production profiles also assume 5% average downtime due to facilities maintenance or for well intervention/workovers. The field abandonment rate used as an economic cut-off is 1mmcf/d.

3.3.4 East Kinsale (49/17W) Prospect Value

It is assumed that the East Kinsale exploration well will be drilled during the spring of 2007. If exploration is successful, production is expected to start by 1st October 2008.

Because the Kinsale Head platform has no capacity to accept additional risers, it is expected that East Kinsale production will be evacuated to a blind flange at the bottom of one of the risers at Kinsale Head.

The East Kinsale field is expected to contain some 21.6 Bcf recoverable gas resources and to have a positive NPV when discounting future cashflows at 15% of **US$ 24.2MM** (Lansdowne share **US$ 23.0MM**). The chance of success of the East Kinsale prospect is 0.2 and the cost of drilling an exploration well US$ 12MM. Calculated expected monetary values for the East Kinsale field are negative, **US$ –4.7 MM** (Lansdowne share **US$ –4.5 MM**) when discounting future cashflows at 15%.

East Kinsale economic calculations are given in Appendix C.

Sensitivities

Sensitivities were run to evaluate the impact changing the CAPEX and OPEX by +/-30% and on gas prices of 25 and 35p/therm. The results of those sensitivities are shown on Table 33:

East Kinsale Full Field Sensitivities			
Gas Price			
Gas Price p/therm	25	30	35
NPV@15% (US$ MM)	16.0	23.0	32.4
CAPEX			
CAPEX % Change	–30	0	+30
NPV@15% (US$ MM)	29.3	23.0	19.1
OPEX			
OPEX % Change	–30	0	+30
NPV@15% (US$ MM)	25.1	23.0	21.0

Table 33 – Sensitivity analysis of cashflows from the East Kinsale (49/17W) prospect.

3.3.5 Conclusions

Exploration is still at an early stage on this license. Several interesting leads have been identified but seismic coverage is marginal and data quality relatively poor. More seismic will need to be purchased and/or acquired and this in conjunction with a more detailed depth conversion should better define the prospectivity.

3.4 Production Facilities and Economics – General Assumptions

We have evaluated the following exploration prospects:

- Midleton
- East Kinsale (49/17W)
- Rosscarbery

It has been assumed that production from these prospects will be evacuated via the Marathon Kinsale Head platform.

3.4.1 Capital Costs

The major capital costs for the Celtic Sea are the well drilling and completion costs plus flowlines and umbilicals costs.

The estimated mid 2005 cost of drilling an exploration well is as follows:

	Exploration/Appraisal Well US $ MM	Production Well US $ MM
Mobilisation/ Demobilisation	0.67	0.67
Drilling 30 days @ $175,000	5.25	5.25
Testing 15 days @ $175,000	2.63	
Sub Sea well head	0.25	0.25
Sub Sea Tree	2.50	2.50
Total	**11.30**	**8.67**

For the purposes of this evaluation the cost of an exploration/appraisal well has been taken as US$ 12MM and a production well US$ 9MM.

It has been assumed that the rig will be mobilised to the Celtic Sea for a three well drilling programme and that the mobilisation/demobilisation cost of US$ 2MM will be allocated equally to each well.

To this must be added the costs of flowlines and umbilicals. The cost of flowlines and umbilicals is estimated to cost some US$ 5MM per flowline for Midleton and East Kinsale to Seven Heads for onward transmission to Kinsale Head and US$ 7.5MM for Roscarberry for transmission direct to Kinsale Head.

3.4.2 Operating Costs

The major operating cost for each field is its share of the total Marathon Kinsale Head operating cost. This is allocated to each field based on its production on a pro rata basis.

Ramco advise that the current operating cost of Kinsale Head is €16MM per year (which, at current exchange rates, equates to some US$ 21MM per year). Since this is substantially a fixed cost, US$ 21MM per year has been assumed throughout the life of each field.

Ramco have advised that, on the basis of Ballycotton experience, well intervention by rig will not be required. Nevertheless, a nominal allowance of 2 days per well per year has been included at a rate of US$ 175,000 per day.

3.4.3 Gas Price

We understand that the gas price is related to the UK NBP gas price plus a small mark up at the Kinsale Head onshore terminal.

For the purposes of this evaluation we have assumed a 30p/therm price, at the terminal fence, and that no additional transportation tariffs will be levied.

Sensitivities were calculated on the basis of gas prices of 25p/therm and 35p/therm.

3.4.4 Taxes

It has been assumed that Corporation Tax will be levied at a rate of 25%, on taxable income, payable in the year after the year in which the liability arises. Depreciation has been calculated at 20% per annum, straight line, over a period of five years.

3.4.5 Abandonment

It has been assumed that fields will be abandoned in the year after their pre tax cashflow becomes negative. No allowance has been included for abandonment costs.

4. Seven Heads Oil Licensing Option (03/05)

4.1 Introduction

The Seven Heads Oil Licensing Option (Lansdowne 74% but potentially reducing to 29.6% in the event of Lansdowne being carried through an appraisal well by Island Oil and Gas) covers part of blocks 48/22, 48/23, 48/24, 48/27, 48/28, 48/29 & 48/30 and lies 32.5 km to the west-southwest of the Kinsale Heads gas field (Figure 1). The Seven Heads field is hosted by a 4500ft thick sequence of thin sandstones, interbedded with claystones, of Lower Cretaceous (Wealden) age, subdivided into Upper, Middle and Lower Wealden. The Seven Heads Oil Licensing Option underlies the Seven Heads gas lease area and the upper limit of the oil lease is at 4000ft subsea, near the top of the Middle Wealden. Sandstones of the Middle and Lower Wealden contain both oil and associated gas volumes. However, the Upper Wealden sands are gas bearing.

The Seven Heads Field consists of an east-west trending anticline covering an area of some 120km^2 and the anticline is cut by a series of east-west and northwest-southeast trending faults (Figure 33). Within the main anticline is a pop-up structure, penetrated by well 48/24-2 (Figure 33). Some 1764km of 2D seismic data have been acquired since the last exploration well was drilled in 1990. Seismic data quality is variable, with much of the seismic data suffering from excessive interference from seabed multiples (due to the presence of chalk at the seafloor) and generally high noise, but reflector continuity and resolution are quite good. By contrast, where the seismic data has been re-processed there is considerable improvement in reflector continuity and resolution such that confidence in interpretation is enhanced.

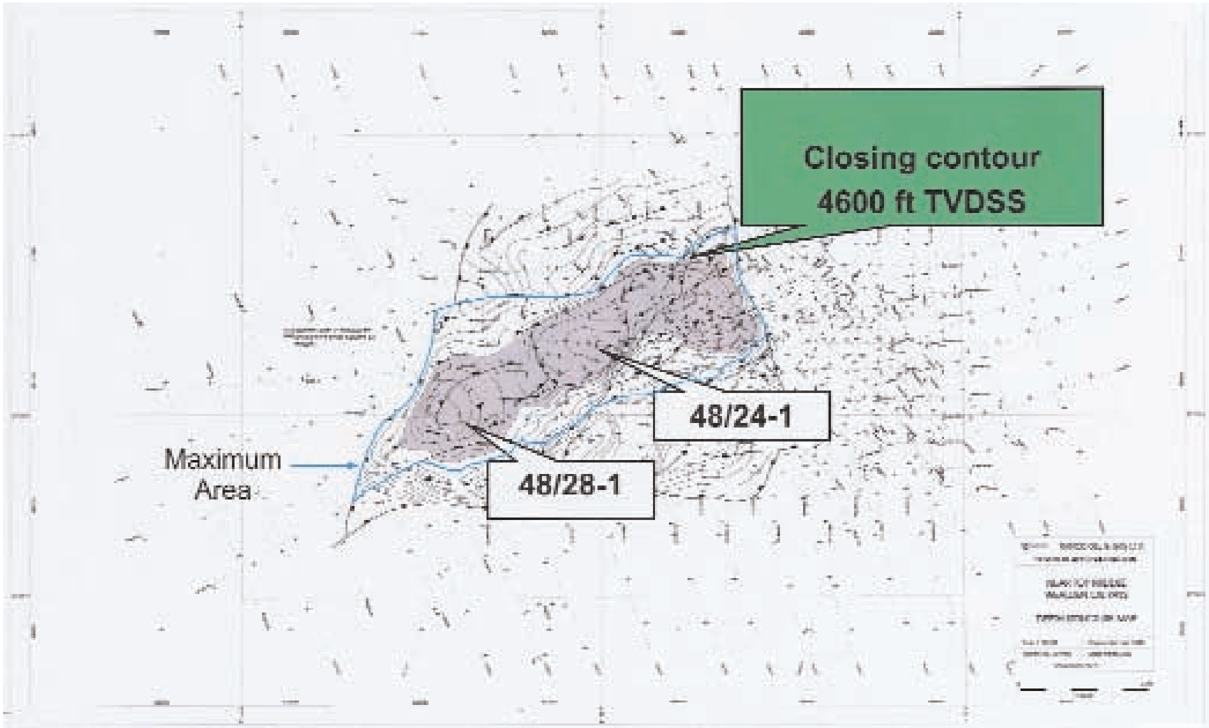

Figure 33 – Near top Middle Wealden depth structure

4.2 Geology and Petrophysics

The Middle and Lower Wealden sandstones have been penetrated by a total of seven wells (five exploration and two appraisal) and oil or gas have been tested from three wells. Reservoir quality in the Lower and Middle Wealden is generally poor to medium, although locally reservoir quality is good. Porosities in Middle Wealden sands vary from 18-22%, but porosities in Lower Wealden sands are generally less than 18%. Individual sandstones vary in thickness from a few feet to a maximum of 20ft. Permeability is very variable and locally can reach more than 1 Darcy. The Middle and Lower Wealden successions consist of a sequence of fluvial channel sandstones and lacustrine floodbasin siltstones and the limited core coverage suggests that this sequence is entirely continental in origin (PM Geos, 2005). This succession has been subdivided into ten megasequences which fine upwards. Low sinuosity channel sands occur at the base of each megasequence. Whilst the correlation of these sandstones across the field is good, the lateral extent of individual sand bodies is uncertain and remains a matter for debate. Some indication of the maximum lateral extent of individual sandbodies is provided by computation of channel belt widths. Low sinuosity channel sands are 3-5m thick and channel belt widths of 30-80m are estimated using the method proposed by Cowan (1991). By contrast, higher sinuosity fluvial channel sands from the lower part of the Middle Wealden are 2-3m thick and equate to channel belts 100-200m in width (PM Geos, 2005). Vertical connectivity of such channel sand bodies is also likely to be limited. The only stacked channel sands observed are in the Lower Wealden of 48/23-1 which are ca.70ft thick.

Petrophysical analyses have been undertaken on all of the wells which penetrate the Middle and Lower Wealden. It was necessary to re-run the petrophysical analyses because new water salinity data is available from samples collected from production from the Upper Wealden gas sands and the revised petrophysical averages are given on Table 34. In calculating net reservoir and pay the following cut offs were applied in the minimum case:

Vshale < 40%
Porosity > 11%
Sw < 60%

A porosity of 11% corresponds to a permeability of 1mD, which is a common permeability cut off for oil reservoirs. However, the Seven Heads oil is relatively viscous, hence a permeability cut off of 1mD is used in the minimum case. In the most likely and the maximum cases the porosity and permeability cut offs were varied. A porosity cut off of 13%, corresponding to a 5mD permeability, was employed in the most likely case whereas a 13.5% porosity cut off, corresponding to a permeability of 10mD, was employed in the maximum case.

						RESERVOIR		PAY	
WELL	Formation	GROSS	NET	PAY	NTG	PHIE	SWE	PHIE	SWE
48/28-1	M Wealden	2041	243	83.5	0.119	17.5	71.5	17.4	42.55
48/24-1	M Wealden	2107	171	111	0.081	16.89	55.6	17.06	41.79
48/24-1	L Wealden	2583	15.5	12.5	0.006	16.62	49.15	17.31	43.45
48/24-2	M Wealden	1806	53	53	0.029	16.6	42.27	16.61	42.2
48/24-2	L Wealden	1662	1	1	0.0006	11.9	34.21	11.9	34.2
48/24-3	L Wealden	2102	366	284	0.174	17.94	44.8	17.7	35.7
48/24-3	M Wealden	2486	179	172	0.072	18.06	21.74	17.8	21.06
48/24-5a	M Wealden	619	80.5	43	0.129	19.7	55.5	19.73	34.16
48/24-6	M Wealden	130	12	9	0.091	14.66	53.25	13.92	46.08

Minimum Petrophysical Parameters

						RESERVOIR		PAY	
WELL	Formation	GROSS	NET	PAY	NTG	PHIE	SWE	PHIE	SWE
48/28-1	M Wealden	2041	206.5	69.5	0.1	18.5	71.4	18.5	40.9
48/24-1	M Wealden	2107	133	85.5	0.06	18.3	54.6	18.68	40.09
48/24-1	L Wealden	2583	11	8.5	0.004	18.66	48.3	19.97	42.25
48/24-2	M Wealden	1806	40	40	0.022	18.15	40	18.15	40
48/24-2	L Wealden	1662	0	0	0	0	0	0	0
48/24-3	L Wealden	2102	303	233.5	0.144	18.93	44.4	18.63	34.71
48/24-3	M Wealden	2486	111	111.5	0.068	18.31	19	18.31	19.04
48/24-5a	M Wealden	619	66.5	35.5	0.107	21.31	53.5	21.36	31.06
48/24-6	M Wealden	130	8.5	6.5	0.065	21.71	29.2	21.82	28.8

Most Likely Petrophysical Parameters

						RESERVOIR		PAY	
WELL	Formation	GROSS	NET	PAY	NTG	PHIE	SWE	PHIE	SWE
48/28-1	M Wealden	2041	201	67	0.098	18.62	71.5	18.74	40.81
48/24-1	M Wealden	2107	125.5	80.5	0.059	18.61	54.4	18.91	39.89
48/24-1	L Wealden	2583	10.5	8.5	0.004	18.91	47.2	19.97	42.25
48/24-2	M Wealden	1806	37.3	37.5	0.0207	18.47	39.46	18.5	39.46
48/24-2	L Wealden	1662	0	0	0	0	0	0	0
48/24-3	L Wealden	2102	288.5	219.5	0.1373	19.23	44.5	18.98	34.54
48/24-3	M Wealden	2486	104	104	0.0639	18.67	18.56	18.67	18.56
48/24-5a	M Wealden	619	65	34.5	0.105	21.5	53.38	21.59	30.45
48/24-6	M Wealden	130	6.5	4.5	0.0498	16.44	55.07	15.18	45.4

Maximum Petrophysical Parameters

Table 34 – Petrophysical averages from the Middle and Lower Wealden

4.3 Drill Stems Tests

Drill stem test (DST) results are summarised on Table 35:

Well	Oil tests*	Comments
48/24-1 (1974)	1300 stb/d*	Rates of 408 and 889 bopd were obtained from two intervals at depths of between 4550 to 5200ft TVDSS
48/28-1 (1974)	1527 stb/d	Tested from a 5ft interval at about 4630ft TVDSS
48/23-1 (1976)	–	No hydrocarbon flow from tests
48/24-2 (1978)	–	Not tested – hydrocarbons indicated on logs and recovered from RFTs
48/24-3 (1990)	1619 stb/d*	Tested from an aggregate of 20ft of sands at over 7000ft depth.

*aggregate values from several intervals

Table 35 – Summary of drill stem test results to flow oil from the Seven Heads Field.

The reservoired oils in the Middle Wealden were reported to be between 39 and 42°API and are often viscous. Indeed, several tested intervals did not flow, particularly in well 48/23-1. Furthermore, while some sands had high gas:oil ratios (GOR), indicative of under saturation and the absence of a gas cap, others had a high reported GOR indicating that some free gas was probably sampled. It is suspected that the test from the Lower Wealden of well 48/24-3 straddled a gas-oil contact, with oil flowing from the lower sands and gas from the upper. The appraisal well 48/24-5A was targeted at the Upper Wealden. However, a 20ft sand of possible Middle Wealden age was tested. Although the rig was not equipped for oil testing some 5 litres of oil were recovered. It is encouraging that oil moved into the well bore in such circumstances. The oils are relatively waxy, with wax content ranging between 12 – 22%, and pour points ranging between 80 – 100°F. The relatively high pour point of the oils was given careful consideration in selecting the appropriate development option for this field.

4.4 Contingent Resources

All the estimated recoverable oil and gas volumes in the Middle and Lower Wealden sandstones are considered to be in the contingent category since an approved development plan is not available at this time. Contingent resources were calculated using volumetric analysis together with a recovery factor. The Middle and Lower Wealden formations have been treated separately because sandstones are thinner and more sparsely developed in the Lower Wealden interval. Parameters employed and the results of volumetric calculations on the Middle Wealden are given on Table 36 and for the Lower Wealden on Table 37, whilst the resulting contingent resources are summarised on Table 38.

The top of the Middle Wealden is not directly resolvable as a reflector on seismic sections, but Helix-RDS (2001) have constructed a near top Middle Wealden depth map (Figure 33) which has been used for volumetric analysis. Sandstones from the Middle Wealden interval of wells 48/24-1 and 48/24-2 have flowed oil at encouraging rates during testing.

Uncertainties concerning sandbody connectivity have lead to a minimum case involving small areas around the wells and only those sands that flowed during testing. An area around well 48/28-1 bounded to the north, south and east by faults was used, together with the area enclosed by the 4300ft contour around 48/24-1. Minimum case petrophysical parameters from Table 34 were used in the volumetric calculations, together with formation volume factors calculated from test results.

The most likely case was taken form the mapped closure at 4550ft shown as the grey shaded area on Figure 33. It is worthy of note that one of the sands from which oil was successfully tested (ca. 5200ft, well 48/24-1) is substantially below that depth. An average thickness of pay sands from 48/24-1 and 48/28-1 down to 4550ft were used in the volumetric calculations, together with the most likely case petrophysical parameters from Table 34. An average formation volume factor was calculated from the test results and used in volumetric calculations.

An area almost entirely bounded by faults is shown outlined in blue on Figure 33 and this was taken as the maximum case. A thickness of pay sands representative of the entire Middle Wealden section was also employed, together with petrophysical parameters from the maximum case outlined on Table 36. An average formation volume factor was calculated from the test results was used in volumetric calculations.

Parameter	Min. 48/24-1	Min. 48/28-1	Most Likely	Maximum
Area (km^2)	2.47	7.66	45.00	67.58
Net Pay Thickness (m)	10.4	4.1	16.8	27.7
Porosity (%)	18.9	18.7	18.4	17.3
Oil Saturation (%)	60.1	59.2	59.0	57.9
FVF	1.24	1.17	1.2	1.2

	Minimum	Most Likely	Maximum
STOIIP (MMbbl)	**33.53**	**431.2**	**982.8**
Associated GIIP (Bcf)	**15.33**	**201.4**	**459.0**

Table 36 – Middle Wealden STOIIP and GIIP (full field interest)

The top Lower Wealden depth map presented by Helix-RDS (2001) was used in the volumetric calculations and is reproduced here as Figure 34.

Only one successful test has been conducted on the Lower Wealden from well 48/24-3 where both gas and oil were recovered. This test proved an oil zone 10.5ft thick below a gas-water contact at 7342ft MD. The minimum case was taken as the area of the 7300ft contour around 48/24-3 and within the compartment bounded to the south and west by faults (Figure 34). The pay thickness for the minimum case was restricted to 10.5ft as this is the thickness of sand from which oil has been successfully tested. Minimum case petrophysical parameters from Table 34 were used in the volumetric calculations, together with formation volume factors calculated from the test results.

Figure 34 shows a closure around well 48/24-3 at 7400ft and this area was taken as the most likely case. This area includes well 48/24-2 and log analysis shows that the Lower Wealden is oil bearing. An area weighted average pay thickness from wells 48/24-3 and 48/24-2 was employed in the most likely case, together with the most likely petrophysical parameters obtained from Table 34. The formation volume factor obtained from test results was also used, as in the minimum case.

Log analysis of wells 48/23-1 and 48/24-1 suggests that the Lower Wealden sections of these wells are also oil bearing. A closure is also mapped around 48/23-1 at 7400ft (Figure 34). The maximum area was taken as the area enclosed by the 7400ft around wells 48/24-3, 48/23-1, 48/24-1 and 48/24-2. An area weighted average of wells 48/24-3 and 48/24-2 was used to define the maximum net pay thickness, together with the maximum petrophysical parameters from Table 34. The formation volume factor obtained from test results was also employed, as in the other cases.

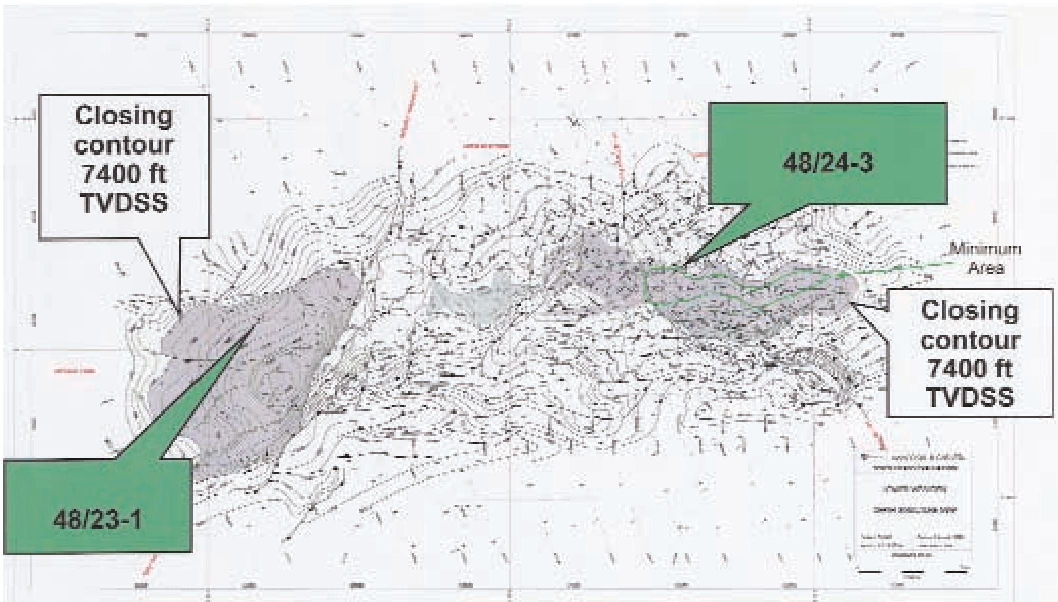

Figure 34 – Lower Wealden depth structure

Parameter	Min. 48/24-3	M.L. 48/24-3	Max 48/24-3	Max 48/23-1	Max 48/24-1
Area (km^2)	9.46	47.41	47.41	33.95	5.58
Net Pay Thickness (m)	3.3	3.7	6.1	2.1	3.8
Porosity (%)	19.0	18.6	18.0	18.0	17.3
Oil Saturation (%)	65.5	65.3	65.0	65.0	56.5
FVF	1.57	1.57	1.57	1.59	1.59

	Minimum	Most Likely	Maximum
STOIIP (MMbbl)	**15.37**	**82.2**	**181.9**
Associated GIIP (Bcf)	**27.17**	**145.4**	**321.6**

Table 37 – Lower Wealden STOIIP and GIIP (full field interest)

Because of the uncertainties involving sand body connectivity it is not considered feasible to develop the oil by water injection. Recovery factors used in the calculation of contingent resources therefore assume natural depletion drive and are based on reservoir quality. A recovery factor of 16% was assumed for the Middle Wealden and 12% for the Lower Wealden. The calculated maximum technically recoverable contingent resources are summarised on Table 38. However, because the tail of the production profile will be curtailed for economic reasons, the actual recovery factors achieved will be less than 16% for the Middle Wealden and 12% for the Lower Wealden.

	Low	Best	High
Middle Wealden			
Rec. Oil (MMstb)	**5.4**	**69.0**	**157.3**
Associated Gas (Bcf)	**2.5**	**32.2**	**73.4**
Lower Wealden			
Rec. Oil (MMstb)	**1.8**	**9.9**	**21.8**
Associated Gas (Bcf)	**3.3**	**17.4**	**38.6**
TOTAL REC. OIL (MMstb)	**7.2**	**78.9**	**179.1**
TOTAL ASSOC. GAS (Bcf)	**5.7**	**49.7**	**112.0**

Table 38 – Summary of Contingent Resources for the Seven Heads Oil License Option

Due to the current shortage of data and giving consideration to the potential sand connectivity issue our estimated low case (proved) contingent resources, as defined by SPE/WPC rules, are too small to be economic. However, future appraisal drilling and technical studies should allow for the sand continuity risk to be reduced. Therefore, our current evaluation concentrated on the best contingent resources and value of the field.

The best case represents the most realistic expectation of recoverable volumes based on our current knowledge, and the high case can be considered, in our opinion, the most optimistic outcome of an appraisal and development programme. It must be emphasised that both cases require the reservoir units to be laterally continuous, and in the high case some thickening of these units is assumed, based on the regional geological model for the Middle and Lower Wealden.

4.5 Field Development Assumptions

For the basis of this evaluation we have generated a conceptual development plan for the Middle and Lower Wealden sandstones. The plan concentrated on the development of the best case contingent oil and gas volumes.

The two main problems with Seven Heads oil development are the reservoir continuity risk and the high pour point of the oil. The selected base case development option aims to alleviate the reservoir continuity risk, and allow for the most likely resources to be depleted effectively with as low CAPEX exposure as possible.

The base case development plan envisages the development of the field in two phases:

1. Phase 1: will consist of drilling a high angle appraisal well, followed by pre-drilling eight high angle producers into the Middle Wealden through a drilling template in the area around and in between wells 48/24-1 and 48/28-1, which were both tested with good results. It is assumed that the appraisal well will be drilled in 2006 with first oil on 1st January 2009. A well head jacket will be placed over the template and the completions raised to the surface. This will enable the wells to be completed with dry trees, which have

lower capital and operating costs than sub-sea completed wells. These wells will be tied back to a well head production platform (WHPP) with minimum facilities, and the oil will be transferred through a heated coflexip hose, to a leased FPSO, moored adjacent to the platform, with heated storage tanks.

2. Phase 2: after some eight years of production eight more wells will be drilled through another drilling template in the eastern area; six into the Middle Wealden and two into Lower Wealden. The Lower Wealden wells will penetrate the area around 48/24-3 and 48/24-2, which tested oil and had good indication of hydrocarbon, respectively. The first of the phase 2 wells will be an appraisal well, which will be converted into a producer if successful. A second WHPP will be installed and the FPSO will be moved to that area.

The base case development plan offers flexibility to handle the upside and downside cases. If the drilling results and the production performance information gathered during phase 1 indicate an upside potential, i.e. good reservoir continuity and reasonably smooth production operations, then phase 2 will be accelerated through a second WHPP and another leased FPSO. Conversely, if the information shows a downside case, then phase 2 may be cancelled and phase 1 would continue till the end of the economic life of the development.

There are no provisions for any pressure support measures in the base case plan, rather a simple natural depletion model is assumed. The key factor affecting commerciality is the likely production potential per well, which in turn is related to sand connectivity.

We have assumed that the produced gas will be used as fuel, and during the latter years of each phase some of the produced oil will be used to supplement the declining gas rate to satisfy the facilities fuel requirement.

The production profile generated for the base case development scheme is given in Appendix B.

An alternative to the development scenario outlined above is to use a Sea Nova or MOPUstor type. These developments involve a combination of a steel, sub-sea, storage tank combined with a jack-up type deck, both of which can be refloated and used in another field. Field production can then be exported via a conventional CALM buoy direct into export tankers. This may be more cost effective than the conceptual development scheme outlined in this study. However, the waxy crude and the relatively high water depth for jack-up platforms, means that more work needs to be done before this type of development can realistically be used for Seven Heads oil. It is worthy of note that the MOPUstor type development was used by Statoil for the Siri Field in Denmark, which was also a waxy crude development. Consequently, this alternative should be therefore considered before finalising development plans.

4.6 Economics

4.6.1 Capital Costs

It is assumed that appraisal wells will take approximately 45 days to drill and test and production wells approximately 30 days to drill. Based on a US$175,000/day rig rate it is estimated that exploration and appraisal wells will cost approximately US$10MM and production wells approximately US$ 7MM.

The production wells will be drilled through a sub sea template and with the completions raised to the surface after the well Head jacket has been installed.

It is assumed that each well head production platform (WHPP) will have ten slots, a helideck, a work-over hoist, well testing facilities and export manifolding. The estimated cost of each platform is approximately US$120MM installed.

It is further assumed that the FPSO will be leased and consequently no capital costs will be incurred.

4.6.2 Operating Costs

For the purposes of this evaluation it has been assumed that the operating cost of each well will be approximately 5% of its initial capital cost per year. Also, an annual allowance of 2.5% of the initial capital cost of each well head platform has been included for maintenance of the structure.

The estimated cost to lease a small FPSO (about 500,000bbl capacity) with heated storage tanks, but with no facilities for gas reinjection, or water injection, over a five year period, with an option to renew, would be of the order of US$130,000 per day. The FPSO cost is based on advice from SBM Monaco. After the initial five year period this would be reduced by approximately 30% to approximately US$90,000 per day. The daily operating cost of the FPSO would be of the order of US$20,000 per day and this must be added to the leasing cost.

A nominal annual allowance of US$ 5MM per year has been included for a shore base.

4.6.3 Tax

Corporation Tax has been assumed to be levied ay a rate of 25% after the deduction of allowable expenses. Allowable expenses have been assumed to be all operating expenses, plus depreciation, over five years, straight line.

4.6.4 Oil Price

The mid cycle oil price, FOB the shuttle tanker, has been taken as US$35 per barrel throughout the evaluation. The evaluation has been undertaken in mid 2005 terms.

4.6.5 Cashflows

The net present value (NPV) for the Seven Heads Oil License is **US$ 243 MM** (Lansdowne share **US$ 180 MM**) when discounting future cashflows by 15%. The total capital investment involved in the project is US$ 365 MM (Lansdowne Share US$ 270 MM). Full details of the cashflow model for the Seven Heads Oil Lease is given in Appendix C.

Sensitivity analysis has been performed on the Seven Heads oil economics and the results are summarised on Table 39.

Seven Heads Oil Sensitivities			
Oil Price			
Oil Price US$/bbl	30	35	40
NPV@15% (US$ MM)	162	243	326
CAPEX			
CAPEX % Change	–30	0	+30
NPV@15% (US$ MM)	291	243	195
OPEX			
OPEX % Change	–30	0	+30
NPV@15% (US$ MM)	294	243	196

Table 39 – Value sensitivities for the Seven Heads Oil License

Professional Qualifications

This valuation was carried out by Scott Pickford Ltd. Scott Pickford Ltd is a consultancy specialising in geology, geophysics, petrophysics, petroleum engineering and economic analyses. Scott Pickford Ltd began undertaking reserves reporting and valuation functions in 1986 and all its personnel involved in such exercises have at the very minimum a first degree in geoscience or petroleum engineering and many have masters degrees or doctorates. All personnel have a minimum of five years relevant valuation experience and in the case of the senior project leaders involved in this exercise this period exceeds ten years. Except for the provision of professional services on a fee basis, Scott Pickford Ltd and its employees has no commercial arrangement with any person or company involved in the interests that are the subject of this report.

Yours faithfully,

Managing Director
Andrew Kirchin, BSc (Geophysics with Geology, University of Liverpool). Member of the Petroleum Exploration Society of Great Britain and the European Association of Geoscientists and Engineers

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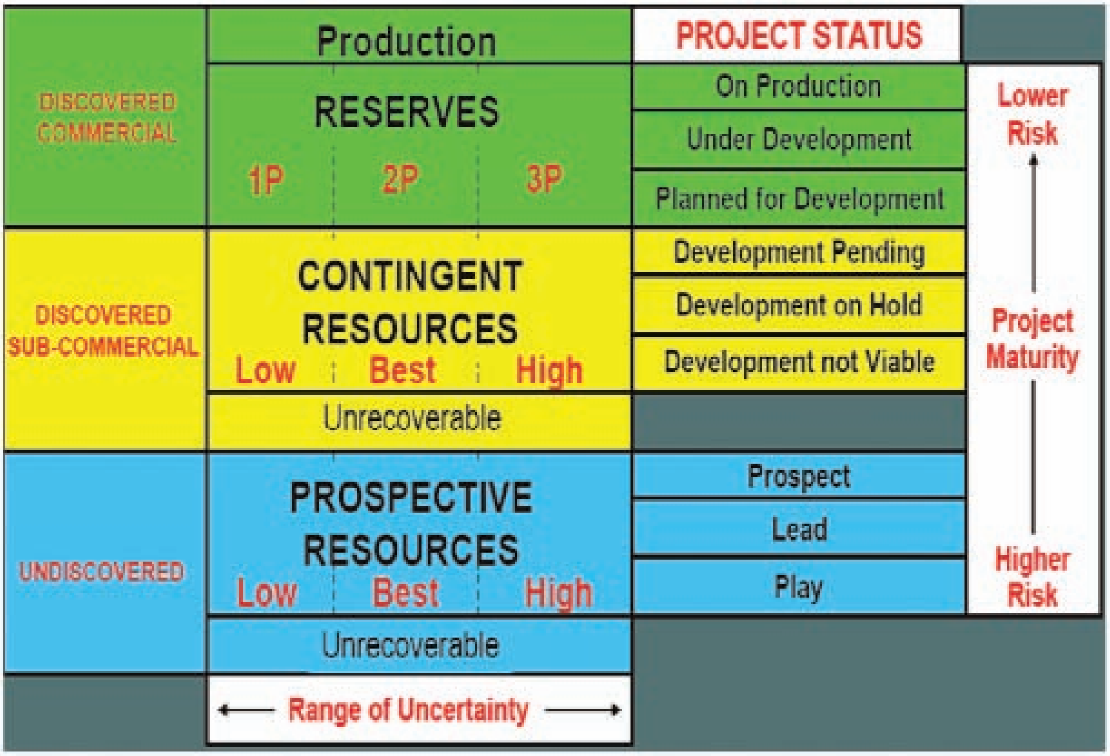
Appendix A – Definitions

Definitions used in this report are as follows.

"/d, pd, P"	means per day
"°API"	means American Petroleum Institute units of specific gravity of liquid hydrocarbon
"bbl"	means barrel(s)
"bopd"	means barrels of oil produced per day
"DHI"	means direct hydrocarbon indicator
"DSDP"	Deep Sea Drilling Project
"FPSO"	means Floating Production, Storage and Offtake vessel
"FWHP"	means flowing wellhead pressure
"GOC"	means gas-oil-contact
"GOR"	means gas:oil ratio
"GRV"	means gross rock volume
"GWC"	means gas-water-contact
"Hydrocarbon"	means oil and/or gas and/or condensate
"Kr"	means relative permeability
"Lead"	means a structure that requires further technical appraisal prior to a decision to drill or not
"M", "MM", "B"	means thousands, millions, billions (thousand million) respectively
"mybp"	means millions of years before present
"NR"	means Net Revenue Interest
"NPV"	means Net Present Value and is the total present value of a series of cash flows discounted at a specified rate, to a specified date.
"ODT"	means oil-down-to
"OWC"	means oil-water-contact
"P10"	means 10% probability that value will be equal to or greater than stated value. Note that where indicative STOIIP and reserve volumes are mentioned these are probabilities of volume size *if any hydrocarbons are encountered*
"P50"	means 50% probability that value will be equal to or greater than stated value. Note that where indicative STOIIP and reserve volumes are mentioned these are probabilities of volume size *if any hydrocarbons are encountered*
"P90"	means 90% probability that value will be equal to or greater than stated value. Note that where indicative STOIIP and reserve volumes are mentioned these are probabilities of volume size *if any hydrocarbons are encountered*
"PPL"	Petroleum Production Licence
"Prospect"	means a structure that has been technically evaluated to a state where it is ready to be drilled
"PSC"	Production Sharing Contracts
"PTD"	Means Proposed Total Depth
"PVT"	means pressure – volume – temperature
"RCI"	Formation Pressure Testing Tool (Baker Atlas)
"Reserves"	means potential volume of hydrocarbon that could be commercially produced from a field. Note that all reserves presented in this report are conceptual. Formal reserves cannot be attributed to the prospects at this stage of exploration since the existence of commercially developable hydrocarbon accumulations is conceptual. In all of the prospects there is uncertainty about reservoir presence and quality, hydrocarbon presence and, on the assumption that hydrocarbons are found, their type and the potential well deliverability
"Resources"	means those volumes of hydrocarbons either yet to be found (prospective) or if found the development of which depends upon a number of factors being resolved (contingent)
"RMS"	means root mean squared
"Sw"	means water saturation (compliment of hydrocarbon saturation
"s", "scf", "SCF"	means standard cubic feet (of gas)
"SPE"	means Society of Petroleum Engineers
"stb", "STB"	means stock tank barrel(s) measured at 14.7 psia and 60° Fahrenheit
"STOIIP"	means stock tank volume of oil initially-in-place, i.e. prior to production
"TOC"	means total organic carbon
"tvdss"	means true vertical depth sub sea
"Vsh"	means volume of shale
"WI"	means Working Interest
"WPC"	means World Petroleum Congress

Reserve and Resource Definitions

The diagram below illustrates the different reserve and resource categories as defined by the SPE and adhered to in this report.



Given below are brief definitions of the main reserve and resource categories, fuller definitions can be found on the Society of Petroleum Engineers (SPE) website (www.spe.org)

Proved Reserves

Based on the available evidence and taking into account technical and economic factors these reserves will have a better than 90 percent chance of being produced.

Probable Reserves

Based on the available evidence and taking into account technical and economic factors these reserves will have a better than 50 percent chance of being produced.

Possible Reserves

Based on the available evidence and taking into account technical and economic factors these reserves will have a better than 10 percent chance of being produced.

Contingent Resources

Volumes of hydrocarbon that are potentially recoverable from a known accumulation subject to the formulation of an economic development scheme.

Prospective Resources

The potential volume of hydrocarbon that could be commercially produced from an as yet undiscovered field.

Appendix B – Production Profiles

Inishbeg Prospect

Ramco GWI = 19.25% Post Farm-out

P50 Prospective Resources Case

Year	Gas Prod. Rate (MMscf/d)	Gas Total Prod. (Bcf)	Cum. Gas Prod. (Bcf)
2011	**250.00**	**91.31**	**91.31**
2012	**250.00**	**91.31**	**182.63**
2013	**250.00**	**91.31**	**273.94**
2014	**250.00**	**91.31**	**365.25**
2015	**250.00**	**91.31**	**456.56**
2016	**250.00**	**91.31**	**547.88**
2017	**250.00**	**91.31**	**639.19**
2018	**231.54**	**84.57**	**723.76**
2019	**123.13**	**44.97**	**768.73**
2020	**88.79**	**32.43**	**801.16**
2021	**56.48**	**20.63**	**821.79**
2022	**42.37**	**15.47**	**837.27**
2023	**31.78**	**11.61**	**848.87**
2024	**23.84**	**8.71**	**857.58**
2025	**17.88**	**6.53**	**864.11**
Total =		**864.11**	**864.11**

Inishtrahull Prospect

Ramco GWI = 19.25% Post Farm-out

P50 Prospective Resources Case

Year	Gas Prod. Rate (MMscf/d)	Gas Total Prod. (Bcf)	Cum. Gas Prod. (Bcf)
2012	**150.00**	**54.79**	**54.79**
2013	**150.00**	**54.79**	**109.58**
2014	**150.00**	**54.79**	**164.36**
2015	**150.00**	**54.79**	**219.15**
2016	**93.33**	**34.09**	**253.24**
2017	**67.58**	**24.68**	**277.92**
2018	**54.06**	**19.75**	**297.67**
2019	**43.25**	**15.80**	**313.47**
2020	**33.46**	**12.22**	**325.69**
2021	**25.10**	**9.17**	**334.85**
2022	**18.83**	**6.88**	**341.73**
2023	**14.12**	**5.16**	**346.89**
2024	**10.59**	**3.87**	**350.76**
2025	**7.95**	**2.90**	**353.66**
Total =		**353.66**	**353.66**

Midleton Prospect

Year	Gas Prod. Rate (MMscf/d)	Gas Total Prod. (Bcf)	Cum. Gas Prod. (Bcf)
2008	20.00	1.83	1.83
2009	20.00	7.31	9.13
2010	20.00	7.31	16.44
2011	20.00	7.31	23.74
2012	13.48	4.93	28.67
2013	10.48	3.83	32.49
2014	7.99	2.92	35.41
2015	6.39	2.33	37.75
2016	5.11	1.87	39.61
2017	4.09	1.49	41.11
2018	3.27	1.20	42.30
2019	2.62	0.96	43.26
2020	2.09	0.76	44.02
Total =		44.02	44.02

Rosscarbery Prospect

Year	Gas Prod. Rate (MMscf/d)	Gas Total Prod. (Bcf)	Cum. Gas Prod. (Bcf)
2008	40.00	3.65	3.65
2009	40.00	14.61	18.26
2010	40.00	14.61	32.87
2011	40.00	14.61	47.48
2012	26.97	9.85	57.33
2013	20.91	7.64	64.97
2014	16.02	5.85	70.82
2015	12.78	4.67	75.49
2016	10.20	3.73	79.21
2017	7.79	2.84	82.06
2018	5.84	2.13	84.19
2019	4.38	1.60	85.79
Total =		85.8	85.8

East Kinsale Lower Cretaceous Prospect

Year	Gas Prod. Rate (MMscf/d)	Gas Total Prod. (Bcf)	Cum. Gas Prod. (Bcf)
2008	13.99	1.28	1.28
2009	12.19	4.45	5.73
2010	9.75	3.56	9.29
2011	7.80	2.85	12.14
2012	6.24	2.28	14.42
2013	4.99	1.82	16.25
2014	4.00	1.46	17.71
2015	3.20	1.17	18.87
2016	2.56	0.93	19.81
2017	2.04	0.75	20.55
2018	1.56	0.57	21.12
2019	1.17	0.43	21.55
Total =		21.55	21.55

Seven Heads Oil License Option

Phase 1

Best Contingent Resources Case

Lansdowne GWI = 74%

Year	Oil Prod. Rate (Mbo/d)	Total Oil Prod. (MMSTB)	Cum. Oil Prod. (MMSTB)	Gas Prod. Rate (MMscf/d)	Total Gas Prod. (Bcf)	Cumulative Gas Prod. (Bcf)
2009	**26.67**	**9.74**	**9.74**	**12.45**	**4.55**	**4.55**
2010	**20.63**	**7.53**	**17.27**	**9.63**	**3.52**	**8.07**
2011	**16.50**	**6.03**	**23.30**	**7.71**	**2.81**	**10.88**
2012	**13.20**	**4.82**	**28.12**	**6.16**	**2.25**	**13.13**
2013	**10.56**	**3.86**	**31.98**	**4.93**	**1.80**	**14.93**
2014	**8.45**	**3.09**	**35.06**	**3.95**	**1.44**	**16.38**
2015	**6.76**	**2.47**	**37.53**	**3.16**	**1.15**	**17.53**
2016	**5.41**	**1.97**	**39.51**	**2.52**	**0.92**	**18.45**
2017	**4.23**	**1.54**	**41.05**	**1.97**	**0.72**	**19.17**

Phase 2

Best Contingent Resources Case

Lansdowne GWI = 74%

Year	Oil Prod. Rate (Mbo/d)	Total Oil Prod. (MMSTB)	Cum. Oil Prod. (MMSTB)	Gas Prod. Rate (MMscf/d)	Total Gas Prod. (Bcf)	Cumulative Gas Prod. (Bcf)
2018	**20.00**	**7.31**	**7.31**	**15.85**	**5.79**	**5.79**
2019	**15.38**	**5.62**	**12.92**	**12.19**	**4.45**	**10.24**
2020	**12.30**	**4.49**	**17.42**	**9.75**	**3.56**	**13.80**
2021	**9.84**	**3.59**	**21.01**	**7.80**	**2.85**	**16.65**
2022	**7.87**	**2.88**	**23.89**	**6.24**	**2.28**	**18.93**
2023	**6.30**	**2.30**	**26.19**	**4.99**	**1.82**	**20.75**
2024	**5.04**	**1.84**	**28.03**	**3.99**	**1.46**	**22.21**

Appendix C – Projected Cash Flows and Value

Inishbeg Cash Flow
(in mid 2005 US$)

Gas Price pence/therm **30**

Lansdowne Share % 19.25

Year	Gas Production BCF	Gas Revenue MM$	CAPEX MM$	OPEX MM$	Pre Tax Cash Flow MM$	Total Taxes MM$	Post Tax Cash Flow MM$	Lansdowne Share MM$
2006			10		–10.00		–10.00	
2007	0.00	0	20	0.00	–20.00	0.00	–20.00	–3.85
2008	0.00	0	0	0.00	0.00	0.00	0.00	0.00
2009	0.00	0	234	0.00	–234.00	0.00	–234.00	–45.05
2010	0.00	0	280	0.00	–280.00	0.00	–280.00	–53.90
2011	91.31	431	144	22.20	265.25	0.00	265.25	51.06
2012	91.31	431	60	22.20	349.25	75.61	273.64	52.68
2013	91.31	431	0	32.40	399.05	68.41	330.64	63.65
2014	91.31	431	0	32.40	399.05	62.86	336.19	64.72
2015	91.31	431	0	32.40	399.05	62.86	336.19	64.72
2016	91.31	431	0	32.40	399.05	62.86	336.19	64.72
2017	91.31	431	0	32.40	399.05	89.56	309.49	59.58
2018	84.57	400	0	32.40	367.20	96.76	270.43	52.06
2019	44.97	212	0	32.40	180.10	91.80	88.30	17.00
2020	32.43	153	0	32.40	120.83	45.02	75.81	14.59
2021	20.63	97	0	32.40	65.08	30.21	34.87	6.71
2022	15.47	73	0	32.40	40.72	16.27	24.45	4.71
2023	11.61	55	0	32.40	22.45	10.18	12.27	2.36
2024	8.71	41	0	32.40	8.74	5.61	3.13	0.60
2025	6.53	31	0	32.40	–1.54	2.19	–3.72	–0.72
2026	0.00	0	0	0.00	0.00	0.00	0.00	0.00
2027	0.00	0	0	0.00	0.00	0.00	0.00	0.00
Totals	**864.11**	**4082.94**	**738.00**	**465.60**	**2869.34**	**720.22**	**2149.12**	**415.63**
			NPV @ 20%		**401.26**		**281.32**	**56.08**
			NPV @ 15%		**649.86**		**471.87**	**92.76**
			NPV @ 10%		**1051.69**		**778.86**	**151.86**

Inishtrahull Cash Flow
(in mid 2005 US$)

Gas Price pence/therm **30**

Lansdowne Share % 19.25

Year	Gas Production BCF	Gas Revenue MM$	CAPEX MM$	OPEX MM$	Pre Tax Cash Flow MM$	Total Taxes MM$	Post Tax Cash Flow MM$	Lansdowne Share MM$
2006	0.00	0	0	0.00	0.00	0.00	0.00	0.00
2007	0.00	0	10	0.00	–10.00	0.00	–10.00	–1.93
2008	0.00	0	14	0.00	–14.00	0.00	–14.00	–2.70
2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010	0.00	0	130	0.00	–130.00	0.00	–130.00	–25.03
2011	0.00	0	359	0.00	–359.00	0.00	–359.00	–69.11
2012	54.79	274	0	13.79	259.87	0.00	259.87	50.03
2013	54.79	274	0	13.79	259.87	39.32	220.56	42.46
2014	54.79	274	0	13.79	259.87	39.32	220.56	42.46
2015	54.79	274	0	13.79	259.87	39.32	220.56	42.46
2016	34.09	170	0	13.79	156.49	39.32	117.17	22.55
2017	24.68	123	0	13.79	109.50	13.47	96.03	18.49
2018	19.75	99	0	13.79	84.84	27.38	57.47	11.06
2019	15.80	79	0	13.79	65.12	21.21	43.91	8.45
2020	12.22	61	0	13.79	47.25	16.28	30.97	5.96
2021	9.17	46	0	13.79	32.00	11.81	20.19	3.89
2022	6.88	34	0	13.79	20.56	8.00	12.56	2.42
2023	5.16	26	0	13.79	11.98	5.14	6.84	1.32
2024	3.87	19	0	13.79	5.54	2.99	2.54	0.49
2025	2.90	14	0	13.79	0.71	1.38	–0.68	–0.13
2026	0.00	0	0	0.00	0.00	0.18	–0.18	–0.03
Totals	**353.66**	**1766.54**	**513.00**	**193.06**	**1060.48**	**265.12**	**795.36**	**153.11**
			NPV @ 20%		**108.59**		**64.78**	**12.47**
			NPV @ 15%		**199.85**		**134.43**	**25.88**
			NPV @ 10%		**351.80**		**251.19**	**48.35**

Midleton Cash Flow
(in mid 2005 US$)

Gas Price pence/therm **30**

Lansdowne Share 100

Year	Gas Production Bcf	Gas Revenue MM$	CAPEX MM$	OPEX MM$	Pre Tax Cash Flow MM$	Total Taxes MM$	Post Tax Cash Flow MM$
2006							
2007			17	0.00	–17.00	0.00	–17.00
2008	1.83	9.59	0	1.37	8.22	0.00	8.22
2009	7.31	38.35	0	5.04	33.32	1.20	32.11
2010	7.31	38.35	0	5.70	32.65	7.48	25.17
2011	7.31	38.35	0	6.45	31.90	7.31	24.59
2012	4.93	25.86	0	5.02	20.83	7.13	13.71
2013	3.83	20.09	0	4.47	15.62	4.36	11.26
2014	2.92	15.32	0	3.90	11.42	3.91	7.51
2015	2.33	12.26	0	3.56	8.70	2.85	5.84
2016	1.87	9.80	0	3.25	6.56	2.17	4.38
2017	1.49	7.84	0	2.96	4.89	1.64	3.25
2018	1.20	6.27	0	2.70	3.58	1.22	2.36
2019	0.96	5.02	0	2.46	2.56	0.89	1.67
2020	0.76	4.02	0	2.23	1.78	0.64	1.14
Totals	**44.02**	**231.12**	**17.00**	**49.10**	**165.03**	**40.81**	**124.22**
			NPV @ 20%		**57.56**		**44.41**
			NPV @ 15%		**72.96**		**56.09**
			NPV @ 10%		**93.86**		**71.79**

Rosscarbery Cash Flow
(in mid 2005 US$)

Gas Price pence/therm **30**

Lansdowne Share % 77

Year	Gas Production BCF	Gas Revenue MM$	CAPEX MM$	OPEX MM$	Pre Tax Cash Flow MM$	Total Taxes MM$	Post Tax Cash Flow MM$	Lansdowne Share MM$
2006								
2007	0.00	0.00	37.5	0.00	–37.50	0.00	–37.50	–28.88
2008	3.65	19.18	0	4.60	14.58	0.00	14.58	11.23
2009	14.61	76.70	0	16.58	60.13	1.77	58.36	44.93
2010	14.61	76.70	0	18.72	57.99	15.03	42.96	33.08
2011	14.61	76.70	0	21.11	55.59	14.50	41.10	31.64
2012	9.85	51.72	0	16.44	35.28	13.90	21.38	16.46
2013	7.64	40.10	0	14.58	25.51	8.82	16.69	12.85
2014	5.85	30.71	0	12.79	17.92	6.38	11.54	8.89
2015	4.67	24.51	0	11.64	12.87	4.48	8.39	6.46
2016	3.73	19.56	0	10.59	8.97	3.22	5.75	4.43
2017	2.84	14.93	0	9.27	5.66	2.24	3.41	2.63
2018	2.13	11.20	0	8.01	3.19	1.41	1.77	1.37
2019	1.60	8.40	0	6.91	1.49	0.80	0.69	0.53
Totals	**85.79**	**450.40**	**37.50**	**151.24**	**261.66**	**72.54**	**189.12**	**145.62**
			NPV @ 20%		**110.73**		**81.19**	**62.52**
			NPV @ 15%		**134.98**		**98.96**	**76.20**
			NPV @ 10%		**166.06**		**121.46**	**93.52**

East Kinsale
(in mid 2005 US$)

Gas Price pence/therm **30**

Lansdowne Share % 95

Year	**Gas Production Bcf**	**Gas Revenue MM$**	**CAPEX MM$**	**OPEX MM$**	**Pre Tax Cash Flow MM$**	**Total Taxes MM$**	**Post Tax Cash Flow MM$**	**Lansdowne Share MM$**
2006								
2007	0.00	0.00	17	0.00	–17.00	0.00	–17.00	–16.15
2008	1.28	6.71	0	1.15	5.55	0.00	5.55	5.27
2009	4.45	23.38	0	3.61	19.77	0.54	19.24	18.27
2010	3.56	18.70	0	3.32	15.39	4.09	11.29	10.73
2011	2.85	14.96	0	3.05	11.92	3.00	8.92	8.47
2012	2.28	11.97	0	2.80	9.17	2.13	7.05	6.69
2013	1.82	9.58	0	2.56	7.01	1.44	5.57	5.29
2014	1.46	7.66	0	2.35	5.31	1.75	3.56	3.38
2015	1.17	6.13	0	2.15	3.97	1.33	2.65	2.51
2016	0.93	4.90	0	1.97	2.93	0.99	1.94	1.84
2017	0.75	3.91	0	1.81	2.11	0.73	1.37	1.30
2018	0.57	2.98	0	1.59	1.39	0.53	0.86	0.82
2019	0.43	2.23	0	1.39	0.85	0.35	0.50	0.47
Totals	**21.55**	**113.12**	**17.00**	**27.75**	**68.37**	**16.88**	**51.49**	**48.91**

NPV @ 20%	**25.64**	**18.89**	**17.95**
NPV @ 15%	**32.41**	**24.18**	**22.97**
NPV @ 10%	**41.13**	**30.91**	**29.36**

Seven Heads Oil Phases 1 and 2 Cash Flows
(in mid 2005 US $)

Oil Price **35US$/bbl**

Lansdowne Share 74%

Year	**Oil Prod MMbbls**	**Revenue MM$**	**CAPEX MM$**	**OPEX MM$**	**Tax Paid MM$**	**Cash Flow MM$**	**Lansdowne Share MM$**
2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006	0.00	0.00	10.00	0.00	0.00	–10.00	–7.40
2007	0.00	0.00	60.00	0.00	0.00	–60.00	–44.40
2008	0.00	0.00	116.00	0.00	0.00	–116.00	–85.84
2009	9.74	340.92	0.00	62.55	0.00	278.37	205.99
2010	7.53	263.66	0.00	62.55	63.79	137.32	101.62
2011	6.03	210.93	0.00	62.55	44.48	103.90	76.89
2012	4.82	168.75	0.00	62.55	31.30	74.90	55.43
2013	3.86	135.00	0.00	62.55	20.75	51.70	38.26
2014	3.09	108.00	0.00	48.32	12.31	47.37	35.05
2015	2.47	86.39	60.00	48.32	14.92	–36.84	–27.26
2016	1.97	69.11	119.00	48.32	9.52	–107.73	–79.72
2017	7.31	255.85	0.00	47.97	5.20	202.68	149.98
2018	7.16	250.61	0.00	96.28	53.35	100.98	74.72
2019	5.59	195.58	0.00	96.28	38.58	60.72	44.93
2020	3.59	125.82	0.00	47.97	27.33	50.52	37.39
2021	2.88	100.65	0.00	47.97	19.46	33.22	24.58
2022	2.30	80.52	0.00	47.97	13.17	19.39	14.35
2023	1.84	64.42	0.00	47.97	8.14	8.31	6.15
2024	0.00	0.00	0.00	0.00	4.11	–4.11	–3.04
2025	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2026	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2027	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2028	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**70.18**	**2456.20**	**365.00**	**890.09**	**366.42**	**834.70**	**617.68**
				NPV @ 10%		**352.70**	**261.00**
				NPV @ 15%		**243.10**	**179.89**
				NPV @ 20%		**171.79**	**127.12**

PART V

Pro forma statement of net assets of the Enlarged Group

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the effect on the net assets of the Group as if acquisitions of Donegal Exploration and Lansdowne Celtic, the acquisition of certain Celtic Sea assets and licences from ROGL, the pre-IPO funding and the Placing had occurred on 31 December 2005. The unaudited pro forma statement of net assets has been prepared on the basis of the net assets of the Company as at 31 December 2005 as set out in the financial information contained in Part IIIA of this document and adjusted in accordance with the notes below. The statement has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation. It therefore does not represent the Enlarged Group's actual financial position or results and may not give a true picture of the net assets which would have been reported if the acquisitions, the pre-IPO funding and the Placing had occurred on 31 December 2005.

	Lansdowne £ Note 1	ADJUSTMENTS £ Note 2(a)	£ Note 2(b)	£ Note 2(c)	£ Note 2(d)	Pro forma net assets of Enlarged Group £
Fixed assets						
Intangible assets	–	65,021	785,000	–	–	850,021
	–	65,021	785,000	–	–	850,021
Current assets						
Debtors	1	–	–	–	–	1
Cash & Bank	–	–	–	750,000	1,600,000	2,350,000
Creditors: amounts falling due within one year	–	(126,642)	–	(84,100)	(510,000)	(720,742)
Net current assets	1	(126,642)	–	665,900	1,090,000	1,629,258
Net assets	1	(61,621)	785,000	665,900	1,090,000	2,479,279

Notes

1. The financial information on Lansdowne has been extracted without material adjustment from the Financial Information for the period ended 31 December 2005 contained in Part IIIA of this document.
2. The following adjustments have been made in arriving at the pro forma statement of net assets of the Group.
   (a) The acquisition of Donegal Exploration on 5 January 2006.
   (b) The acquisition of Lansdowne Celtic on 5 January 2006 for £100 and the acquisition of the Celtic Sea assets and licences from ROGL for a consideration of £785,000 on 13 February 2006.
   (c) Pre-IPO funding received in February 2006 of approximately £750,000, before expenses directly associated with the pre-IPO fund raising of £84,100.
   (d) The gross proceeds of the Placing of £1.6 million, before expenses of £510,000.
3. The unaudited pro forma statement of net assets of the Enlarged Group does not reflect any changes in the trading and net asset position of the Group since 31 December 2005, being the date to which the latest financial information was prepared.

PART VI

Additional Information

1. The Company

1.1 The Company was incorporated and registered in England and Wales on 23 December 2005 under the Act with registered number 05662495 as a public company limited by shares. On 16 January 2006 the Registrar of Companies issued a certificate to the Company under Section 117 of the Act entitling it to commence business and to borrow.

1.2 The principal legislation under which the Company operates is the Act. The Company is a public limited company limited by shares and, accordingly, the liability of the members of the Company is limited.

1.3 The Company's registered office is 49 Albemarle Street, London W1S 4JR (telephone number: 020 7499 7545). The Company's principal place of business is 26 Upper Pembroke Street, Dublin 2, Ireland.

1.4 The Company is the holding company of Donegal Exploration Limited which was incorporated and registered in Ireland on 3 May 1984 with registered number 100987 as a public limited company limited by shares with the name Texas Continental Securities Public Limited Company. Following further name changes, on 18 January 2006, it changed its name to Donegal Exploration Limited following the acquisition by the Company of its entire issued share capital on 5 January 2006. As at the date of this document, Donegal Exploration's authorised share capital is €4,256,685.0087, divided into 16,762,100 ordinary shares of €0.253947 each, of which 12,202,292 ordinary shares are in issue, all of which are registered in the name of the Company.

The Company is also the holding company of Lansdowne Celtic Sea Limited which was incorporated and registered in England and Wales on 19 September 2005 under the Act with registered number 05566785 as a private company limited by shares. As at the date of this document, Lansdowne Celtic's authorised share capital is £1,000 divided into 1,000 ordinary shares of £1 each, of which 1 ordinary share is in issue, registered in the name of the Company.

1.5 The Company has no administrative, management or supervisory bodies other than the Board and its two standing committees, the Remuneration Committee and the Audit Committee, all of which have no members other than the Directors. Details of the composition and constitution of the two committees are summarised in Part I of this document in the section headed "Corporate Governance".

2. Share capital

2.1 ***The Company***

2.1.1 On incorporation, the authorised share capital of the Company was £2,500,000 divided into 50,000,000 ordinary shares of £0.05 each, of which two such shares were issued nil paid to the subscriber to the Memorandum of Association of the Company. On 29 December 2005, each of the issued subscriber shares were transferred to ROGL and REEL respectively, both companies being subsidiaries of Ramco.

2.1.2 Since incorporation, the following changes to the Company's share capital have occurred:

(a) pursuant to written resolutions passed by the shareholders of the Company on 5 January 2006, the directors of the Company were authorised generally for the purpose of section 80 of the Act to exercise the power of the Company to allot and issue such number of ordinary shares of £0.05 each in the capital of the Company as are comprised in the Company's authorised share capital but unissued as at the date of the foregoing resolutions and on such terms and conditions as the directors of the Company may in their sole discretion think fit;

(b) on 5 January 2006, further to a sale and purchase agreement (as amended) (further details of which are set out in paragraph 8.6 of this Part VI), the Company allotted 5,713,043 ordinary shares of £0.05 each, credited as fully paid, to REEL as consideration for the acquisition by the Company of the entire issued share capital of Donegal Exploration;

(c) on 13 February 2006, further to a sale and purchase agreement (as amended) (further details of which are set out in paragraph 8.5 of this Part VI), the Company allotted 12,286,957 ordinary shares of £0.05 each, credited as fully paid, to ROGL as consideration for the acquisition by Lansdowne Celtic of, *inter alia*, ROGL's interests in the Celtic Sea Exploration Properties;

(d) pursuant to written resolutions passed by the shareholders of the Company on 1 February 2006:

  (i) 6,000,000 of the Company's then unissued ordinary shares of £0.05 each were reclassified as 6,000,000 preference shares of £0.05 each and thereafter every five of such preference shares were consolidated into one preference shares of £0.25, resulting in the creation of 1,200,000 preference shares of £0.25 each in the capital of the Company (the "Preference Shares");

  (ii) the directors of the Company were authorised generally for the purpose of section 80 of the Act to exercise the power of the Company to allot and issue and grant options or other rights to subscribe for such number of ordinary shares of £0.05 each in the capital of the Company and Preference Shares as are comprised in the Company's authorised share capital but unissued as at 1 February 2006 and on such terms and conditions as the directors of the Company may in their sole discretion think fit; and

  (iii) new articles of association of the Company were adopted setting out the rights attaching to the Preference Shares (as summary of which is set out in paragraph 2.2 of this Part VI);

(e) on 16 February 2006, the Company allotted 900,267 Preference Shares to certain new investors at a subscription price of 83.3 pence per share, raising, in aggregate, approximately £750,000 (before expenses); and

(f) pursuant to a special resolution passed by the shareholders of the Company on 7 April 2006, it was resolved that, subject to Admission becoming effective on or before 30 April 2006, and with effect immediately prior thereto:

  (i) (a) the 900,267 issued Preference Shares were consolidated into one preference share of £225,066.75, (b) such preference share of £225,066.75 was then sub-divided into 933,598 preference shares of £0.05 each (the "Preference A Shares") and 3,567,737 preference shares of £0.05 each (the "Preference B Shares"), (c) each of the Preference A Shares was reclassified as an Ordinary Share and each of the Preference B Shares was reclassified as a deferred share of £0.05 each, and (d) the Company repurchased all of such deferred shares for an aggregate consideration of £1 in accordance with the Company's then articles of association;

  (ii) new articles of association of the Company were adopted (the terms of which are summarised in paragraph 3.2 of this Part VI);

  (iii) the directors of the Company were authorised generally for the purpose of section 80 of the Act to exercise the power of the Company to allot and issue relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal value of £560,741.90, such authority to expire on the earlier of 15 months after the passing of the resolution or on the conclusion of the first annual general meeting of the Company;

  (iv) the directors be empowered, pursuant to section 95(1) of the Act and the authority referred to in sub-paragraph (i) above, to allot and issue equity securities (within the meaning of section 94(2) of the Act) for cash as if section 89(1) of the Act did not apply to any such allotment, up to an aggregate nominal value of £560,741.90, provided that power is limited to the allotment of (A) up to 1,882,353 Ordinary Shares pursuant to the Placing, (B) up to 312,239 Ordinary Shares pursuant to the exercise of the Warrants, (C) equity securities, up to an aggregate nominal amount of £346,932.55, in connection with an offer of equity securities open for acceptance for a period fixed by the directors of the Company to the holders of ordinary shares in the capital of the Company on a fixed record date in proportion (as near as practicable) to their respective holdings of such ordinary shares (but subject to such exclusions or other arrangements as the directors of the Company may consider necessary or expedient to deal with legal problems under or resulting from the application or apparent application of the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever), and (D) equity securities, other than as referred to in sub-paragraphs (iv)(A), (B) and (C) above, up to an aggregate nominal amount of £104,079.75, equal to ten per cent. of the Company's issued share capital immediately following Admission.

2.2 As is stated in paragraph 2.1.2(e) of this Part VI, on 16 February 2006, the Company allotted 900,267 Preference Shares at a subscription price of 83.3 pence per share. In accordance with the rights attaching to these Preference Shares, immediately prior to Admission, the 900,267 Preference Shares in issue shall automatically convert into a like number of Ordinary Shares in the event the pre-Admission valuation of the Company (the "Pre-IPO Valuation) is more than £16,666,667. Where the Pre-IPO Valuation is equal to or less than £16,666,667, the conversion ratio shall be adjusted in accordance with the terms of the Company's existing Articles of Association so as to provide the holders of the Preference Shares with the number of Ordinary Shares they would have been entitled to had they subscribed for Ordinary Shares rather than Preference Shares at the time of their subscription based on a pre-new money valuation at that time equal to the Pre-IPO Valuation less 10 per cent. All Ordinary Shares resulting from such conversion shall rank pari passu in all respects with the existing Ordinary Shares and the Placing Shares. As a result of the foregoing conversion into Ordinary Shares, 3,567,737 deferred shares of £0.05 each will be created, having the rights attaching to them as are summarised in paragraph 3.20 of this Part VI. Such deferred shares will be repurchased by the Company at the same time as the foregoing conversion for an aggregate consideration of £1 and then cancelled.

2.3 As part of the fee arrangements relating to the Placing, the Company has agreed that, at the time of Admission, it shall grant to, or at the instruction of, John East & Partners warrants to subscribe for up to 312,239 Ordinary Shares. The terms relating to these warrants are summarised in paragraph 5 of this Part VI.

General

2.4 Following Admission, the authorised share capital of the Company will be £2,500,000 divided into 50,000,000 Ordinary Shares of which 20,815,953 Ordinary Shares will be in issue, credited as fully paid. In addition, following Admission, warrants will have been granted and remain outstanding over up to 312,239 Ordinary Shares.

2.5 Immediately following Admission and after allowing for the Ordinary Shares reserved for the issue pursuant to the exercise of the Warrants referred to in paragraph 5 of this Part VI, 28,871,808 Ordinary Shares (representing approximately 57.7 per cent. of the Company's authorised share capital) will remain authorised but unissued and unreserved.

2.6 To the best of the knowledge of the Directors and save as disclosed in paragraph 6 of this Part VI, on Admission, there are no persons who directly or indirectly control the Company, where control means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company.

3. Memorandum and Articles of Association

The memorandum of association of the Company provides that the Company's principal object is to carry on in England or Wales and elsewhere any business for profit, directly or indirectly, whether by itself and in its own name or through subsidiary, associated or allied companies or firms in the United Kingdom or elsewhere, in all or any of its branches any business, undertaking, project or enterprise of any character whether private or public and all or any trades, activities and processes connected therewith or ancillary and complementary thereto. The objects of the Company are set out in full in clause 4 of its memorandum of association.

The articles of association of the Company provide, amongst other things:

3.1 ***Voting rights***

Subject to any special terms as to voting on which any shares may have been issued or may from time to time be held, at a general meeting of the Company every member who is present in person (including any corporation present by its duly authorised representative) shall on a show of hands have one vote and every member present in person or by proxy shall on a poll have one vote for each share of which he is a holder. The Directors may accept the appointment of a proxy contained in an electronic communication subject to such terms and conditions as the Directors may determine. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

3.2 ***Restrictions on Voting***

Unless the Directors otherwise determine, no member is entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a member in respect of any share held by him unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) have been paid to the Company or if he, or any other person appearing to be interested in such shares, has been issued with a notice pursuant to section 212 of the Act (requiring disclosure of interests in shares) and has failed in relation to any such shares to give the Company the information required by such notice within 14 days.

3.3 ***Dividends***

Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Directors.

Subject to the provisions of the Act, the Directors may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Directors to be justified by the profits of the Company available for distribution.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. All dividends unclaimed for a period of 6 years after having been declared or become due for payment shall (if the Directors so resolve) be forfeited and shall cease to remain owing by the Company.

The Directors may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.

The Directors may also, with the prior authority of an ordinary resolution of the Company and subject to such conditions as the Directors may determine, offer to holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of the whole (or some part, to be determined by the Directors) of any dividend specified by the ordinary resolution.

Unless the Directors otherwise determine, the payment of any dividend or other money that would otherwise be payable in respect of Ordinary Shares will be withheld if such shares represent at least 0.25 per cent. of their class and the holder, or any other person appearing to be interested in those shares, has been duly served with a notice under section 212 of the Act and has failed to supply the information required by such notice within 14 days. Furthermore such a holder shall not be entitled to elect to receive Ordinary Shares instead of a dividend.

3.4 ***Distribution of assets on a winding up***

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or vest the whole or any part of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine, but no member shall be compelled to accept any assets on which there is a liability.

3.5 ***Transfers of shares***

Every member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in any form approved by the Directors. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder until the transferee's name is entered in the register of members.

The Directors may, in their absolute discretion and without giving any reason, refuse to register any transfer of a share or renunciation of a renounceable letter of allotment unless:

3.5.1 it is in respect of a shares which is fully paid up;

3.5.2 it is in respect of only one class of shares;

3.5.3 it is in favour of not more than four joint transferees;

3.5.4 it is duly stamped (if so required); and

3.5.5 it is delivered for registration to the registered office for the time being of the Company or such other place as the Directors may from time to time determine, accompanied (except in the case of a transfer by a recognised person (as defined in the Articles) where a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so, provided that the Directors shall not refuse to register any transfer of partly paid shares which are listed on the grounds they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

Unless the Directors otherwise determine, a transfer of shares will not be registered if the transferor or any other person appearing to be interested in the transferor's shares has been duly served with a notice under section 212 of the Act, has failed to supply the information required by such notice within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Directors that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised stock exchange or a sale to an unconnected party.

3.6 ***Variation of Rights***

If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class. The quorum at any such meeting shall be not less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class in question and at an adjourned meeting not less than one person holding shares of the class in question or his proxy.

Subject to the terms of issue of or rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares in accordance with the provisions of the Act and the Articles.

3.7 ***Changes in Capital***

Subject to the provisions of the Act, the Company in general meeting may from time to time by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount, cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled and sub-divide all or any of its shares into shares of smaller amount. The Company may also, subject to the provisions of the Act and to any rights for the time being attached to any shares, purchase its own shares and, by special resolution, reduce its share capital or any capital redemption reserve or any share premium account in any way.

3.8 ***Issue of shares***

Subject to the provisions of the Act and to any special rights for the time being attached to any shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Directors may determine, and any share may be issued which is, or is liable to be, redeemed at the option of the Company or the holder in accordance with the Articles. Subject to the Act and to any relevant authority of the Company in general meeting required by the provisions of the Act, the unissued shares at the date of adoption of the Articles and any shares created thereafter shall be at the disposal of the Directors.

3.9 ***Remuneration of Directors***

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Directors may from time to time determine (not exceeding £100,000 per annum in aggregate or such other sum as the Company in general meeting by ordinary resolution shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Directors may determine or, in default of such determination, equally.

The Directors are entitled to be repaid all travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

The salary or remuneration of any Director appointed to hold any employment or executive office may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Directors, and may be in addition to or in lieu of any fee payable to him for his services as Director.

3.10 ***Pensions and gratuities for Directors***

The Directors may exercise all the powers of the Company to provide and maintain pensions, other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities for persons who are or were directors of any company in the Company Group and their relatives or dependants.

3.11 ***Directors' interests in contracts***

Subject to the provisions of the Act and provided that his interest is disclosed at a meeting of the Directors in accordance with the Articles, a Director, notwithstanding his office, may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested, may hold any other office or place of profit under the Company (except that of auditor of the Company or of a subsidiary of the Company) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Directors may arrange, and may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested and shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal. No such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

3.12 ***Restrictions on Directors' voting***

Save as provided in the Articles, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors or of a committee of the Directors concerning any contract, arrangement, transaction or any other proposal whatsoever to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him within the meaning of section 346 of the Act) is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company, unless the resolution concerns any of the following matters:

3.12.1 the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

3.12.2 the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

3.12.3 any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

3.12.4 any proposal concerning any other body corporate in which he (together with persons connected with him) does not to his knowledge have an interest (as the term is used in Part VI of the Act) in one per cent., or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of such body corporate;

3.12.5 any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

3.12.6 any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors; or

3.12.7 any proposal concerning a retirement benefits scheme which has been approved, or is conditional upon approval, by the board of HM Revenue & Customs for taxation purposes.

A Director shall not vote or be counted in the quorum on any resolution of the Directors or committee of the Directors concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

3.13 ***Number of Directors***

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors shall not be subject to any maximum but shall be not less than three.

3.14 ***Directors' appointment and retirement by rotation***

Directors may be appointed by the Company by ordinary resolution or by the Directors. If appointed by the Directors, a Director holds office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation. A director shall not be required to hold any shares in the Company.

At the first annual general meeting of the Company all of the Directors shall retire from office and at each subsequent annual general meeting of the Company in every year one-third of the Directors who are subject to retirement by rotation or if their number is not three or a multiple of three, the number nearest to but not exceeding one-third will retire by rotation and be eligible for re-election. There shall also be required to retire by rotation any Director who at an annual general meeting of the Company shall have then been a Director at the preceding two annual general meetings and was not otherwise required to retire. Subject to the Act and to the Articles, the Directors to retire will, first, be any Director who wishes to retire and not offer himself for re-election and secondly, will be those who have been longest in office since their last appointment or re-appointment, but as between those who have been in office an equal length of time, those to retire shall (unless they otherwise agree) be determined by lot.

No person shall be disqualified from being appointed or re-appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age, nor shall it be necessary by reason of his age to give special notice under the Act of any resolution seeking the approval of his appointment or re-appointment.

3.15 ***Borrowing powers***

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the Act, to create and issue debenture and other loan stock and debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the borrowings of the Company, and shall exercise all voting and other rights and powers of control exercisable by the Company in relation to its subsidiary undertakings, so as to procure (as far as it can in relation to its subsidiary undertakings) that the aggregate principal amount outstanding in respect of moneys borrowed by the Company does not at any time, without the previous sanction of an ordinary resolution of the Company, exceed two times the adjusted total of capital and reserves as all shown in the latest published audited consolidated balance sheet of the Group (the "Balance Sheet"). Prior to the publication of the Group's first Balance Sheet following incorporation, the borrowings of the Company shall be restricted to an aggregate amount of £1,000,000.

3.16 ***Untraced shareholders***

Subject to the Articles, the Company may sell any shares in the Company registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Directors. The proceeds will not carry interest.

3.17 ***Meetings***

Annual General Meetings

An annual general meeting is to be held once every year at such time and place as may be determined by the Directors. Annual general meetings should be held within a period of not more than 15 months after the holding of the last preceding annual general meeting. Annual general meetings are called on 21 days' notice in writing, exclusive of the day on which it is served or deemed to be served and the day on which the meeting is to be held, and is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of the meeting is sent. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote thereat agree.

Extraordinary General Meetings

Extraordinary general meetings may be called whenever the Directors think fit or when one has been requisitioned in accordance with the Act. An extraordinary general meeting at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company shall be called on at least 21 days' notice in writing. Any other extraordinary general meeting is to be called on at least 14 days' notice in writing exclusive of the day on which it is served or deemed to be served and the day on which the meeting is to be held. An extraordinary general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the extraordinary general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

3.18 *Non-United Kingdom shareholders*

There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to the Ordinary Shares.

3.19 *Deferred Shares*

As is stated in paragraph 2.2 of this Part VI, as a result of the automatic conversion of the Preference Shares into Ordinary Shares immediately prior to Admission, 3,567,737 deferred shares of £0.05 each in the capital of the Company will be created (the **"Deferred Shares"**). The Deferred Shares have no right to participate in the profits of the Company, whether by way of dividend or otherwise and have no right to receive notice of, attend or vote at any meeting of the Company or its shareholders or on any resolution of the Company's shareholders. In addition, on a return of assets on liquidation, winding up, capital reduction or otherwise, subject to the holders of the Ordinary Shares having received payment out of the balance of such assets of £1,000,000,000 on each of the Ordinary Shares, the holders of the Deferred Shares shall be entitled to repayment of the amounts paid up on the Deferred Shares. The Deferred Shares will be repurchased by the Company immediately upon conversion of the Preference Shares for an aggregate consideration of £1 and then cancelled.

4. Subsidiaries and Investments

4.1 Details of the Company's subsidiary undertakings as at the date of this document are set out in paragraph 1.4 of this Part VI.

4.2 As at the date of this document, the Company holds no investments in any other companies.

5. Warrants

On 10 April 2006, the Company executed a warrant instrument (the **"Warrant Instrument"**) pursuant to which warrants over up to 312,239 Ordinary Shares (representing 1.5 per cent. of the Enlarged Issued Share Capital) will be granted at Admission to, or at the instruction of, John East & Partners at Admission as part of the fee arrangements agreed with John East & Partners relating to the Placing. The Warrant Instrument provides for the Warrants being exercisable in whole or in part at any time prior to 10 April 2011, at an exercise price per Ordinary Share equal to the Placing Price. The exercise is subject to appropriate adjustment in the event of the Company's ordinary share capital being sub-divided or consolidated. The Company shall apply for all Ordinary Shares issued upon the exercise of the Warrants to be admitted to trading on AIM or such other recognised investment exchange on which the Company's ordinary share capital is being traded at that time.

6. Interests of Directors and others

6.1 The interests of the Directors and their immediate families (including persons connected with them within the meaning of section 346 of the Act) in the issued and committed share capital of the Company as at 7 April 2006 (being the latest practicable date prior to the publication of this document) and as they will be immediately following Admission are set out in the table below:

	As at 7 April 2006		Immediately following Admission	
Name	**Number of Ordinary Shares**	**Number of Preference Shares**	**Number of Ordinary Shares**	**Percentage of Enlarged Issued Share Capital**
John D T Greenall	Nil	Nil	5,880	0.03
Stephen A R Boldy	Nil	Nil	32,660	0.16
Christopher G Moar	Nil	Nil	Nil	Nil
Steven R Bertram	Nil	24,009	26,144	0.13
The Viscount Torrington	Nil	Nil	5,880	0.03

6.2 In addition to the interests of Directors disclosed in paragraph 6.1 of this Part VI, the Company is aware of the following persons who as at 7 April 2006 (being the latest practicable date prior to the publication of this document), or who is expected immediately following Admission to have, an interest in three per cent. or more of the issued ordinary share capital of the Company:

	As at 7 April 2006		Immediately following Admission	
Shareholder	**Number of Ordinary Shares**	**Percentage of issued ordinary share capital**	**Number of Ordinary Shares**	**Percentage of Enlarged Issued Share Capital**
Ramco Oil & Gas Limited	12,286,958	68.26	12,240,264	58.80
Ramco Eastern Europe Limited	5,713,044	31.74	5,713,044	27.44
Fidelity International Investment Advisors (UK) Limited	Nil	Nil	999,296	4.80

6.3 Save as set out in paragraph 6.2 of this Part VI, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. Ramco, as the holding company of each of REEL and ROGL, will be interested in approximately 86.5 per cent. of the Company's issued share capital immediately following Admission. As a result, Ramco, REEL and ROGL have entered into a relationship agreement with the Company and John East & Partners to regulate the relationship between the Company and Ramco, REEL and ROGL, further details of which are set out in paragraph 8.4 of this Part VI.

6.4 Save as disclosed in paragraph 6.1 of this Part VI, none of the Directors (or any person connected with them within the meaning of section 346 of the Act) has any interest in the share capital of the Company.

6.5 None of the shareholders referred to in paragraph 6.2 of this Part VI has voting rights which are different from those of other holders of Ordinary Shares.

7. Directors

7.1 The following agreements have been entered into between the Directors and the Company, conditional on Admission:

7.1.1 a service agreement dated 7 April 2006 (conditional upon Admission) between (1) the Company and (2) Stephen Boldy pursuant to which Dr Boldy is to be employed as Chief Executive Officer of the Company with effect from Admission, such appointment being terminable by the Company on giving 12 months' written notice or by Dr Boldy on giving 6 months' written notice. Dr Boldy is entitled to a salary (subject to annual review) of €220,000 per annum and other benefits commensurate with his position including annual pension contributions equal to 15 per cent. of annual salary, relocation expenses, accident and illness insurance, permanent health insurance and life assurance. Dr Boldy is also entitled to a cash bonus equal to 1.375 per cent. of the gross proceeds of the Placing receivable by the Company pursuant to the issue of the Placing Shares (subject to a cap of €150,000) payable by the Company on Admission net of any taxes and other requisite deductions, with Dr Boldy being required to utilise such net amount to participate in the Placing. Dr Boldy is also entitled to further bonus payments on the entering into of binding agreements with third parties in respect of any farm-out arrangements relating to the Group's assets, with Dr Boldy being required to utilise any such bonus payments to subscribe for Ordinary Shares. In addition, Dr Boldy is entitled to an annual bonus equal to 2 per cent. of the consolidated audited after tax profits of the Company and its subsidiaries from time to time, subject to a cap equal to his annual salary during the relevant financial year. Unless the Company consents otherwise, Dr Boldy is restricted from being engaged in any capacity in any activity relating to oil and/or gas exploration and/or production in Ireland for a period of one year following termination of his appointment.

7.1.2 on 7 February 2006, Mr Christopher Moar entered into a a letter of appointment, conditional upon Admission, pursuant to which the Board agreed to appoint Mr Moar as Finance Director of the Company. The Company will not pay Mr Moar any fees in relation to his appointment. Notwithstanding such appointment, Mr Moar shall remain an employee of Ramco and it shall be responsible for remunerating Mr Moar in connection with his appointment as Finance Director of the Company. A proportion of the payments to be made by the Company to Ramco pursuant to the terms of the Services Agreement between the Company and Ramco (a summary of which is set out in paragraph 8.3 of this Part VI) will relate to the provision of Mr Moar's services to the Company. Unless the Board consents otherwise, during the appointment, and for a period of 3 months after termination of the appointment, Mr Moar is restricted from being directly or indirectly engaged, concerned or interested in any capacity in any business which is or seeks to be in competition with the business carried on by the Company or any of its subsidiaries. The appointment shall automatically terminate on the third anniversary of Admission unless otherwise agreed with the Company, with each party having the right to terminate the appointment on the serving of three months' notice.

7.1.3 on 7 February 2006, Mr John Greenall entered into a letter of appointment, conditional upon Admission, pursuant to which the board of directors of the Company (the "Board") agreed to appoint Mr Greenall as a non-executive chairman of the Company. The Company will pay Mr Greenall an annual director's fee of £15,000. Unless the Board consents otherwise, during the appointment, and for a period of 3 months after termination of the appointment, Mr Greenall is restricted from being directly or indirectly engaged, concerned or interested in any capacity in any business which is or seeks to be in competition with the business carried on by the Company or any of its subsidiaries. The appointment shall automatically terminate on the third anniversary of Admission unless otherwise agreed with the Company, with each party having the right to terminate the appointment on the serving of three months' notice;

7.1.4 on 7 February 2006, Mr Steven Bertram entered into a letter of appointment, conditional upon Admission, pursuant to which the Board agreed to appoint Mr Bertram as a non-executive director of the Company. The Company will pay Mr Bertram an annual director's fee of £10,000. Unless the Board consents otherwise, during the appointment, and for a period of 3 months after termination of the appointment, Mr Bertram is restricted from being directly or indirectly engaged, concerned or interested in any capacity in any business which is or seeks to be in competition with the business carried on by the Company or any of its subsidiaries. The appointment shall automatically terminate on the third anniversary of Admission unless otherwise agreed with the Company, with each party having the right to terminate the appointment on the serving of three months' notice.

7.1.5 on 7 February 2006, The Viscount Torrington entered into a letter of appointment, conditional upon Admission, pursuant to which the board of directors of the Company (the "Board") agreed to appoint Viscount Torrington as a non-executive director of the Company. The Company will pay Viscount Torrington an annual director's fee of £15,000. Unless the Board consents otherwise, during the appointment, and for a period of 3 months after termination of the appointment, Viscount Torrington is restricted from being directly or indirectly engaged, concerned or interested in any capacity in any business which is or seeks to be in competition with the business carried on by the Company or any of its subsidiaries. The appointment shall automatically terminate on the third anniversary of Admission unless otherwise agreed with the Company, with each party having the right to terminate the appointment on the serving of three months' notice.

Save as aforesaid, there are no existing or proposed service contracts between any of the Directors and the Group other than contracts expiring or terminable by the employing company without payment of compensation (other than statutory compensation) within 12 months.

7.2 The aggregate emoluments of the Directors as employees or in respect of their services to the Group (including benefits in kind and pension contributions) for the period ended 31 December 2005 were £nil and it is estimated, assuming Admission takes place, that the aggregate emoluments of the Directors as employees or in respect of their services to the Group (including benefits in kind and pension contributions) for the year ending 31 December 2006, will amount to £247,000 under the arrangements in force at the date hereof.

7.3 Save as disclosed in this document none of the Directors has or has had any interest in transactions effected by the Company since its incorporation which are or were unusual in their nature or conditions or which are or were significant to the business of the Company.

7.4 No Director has or has had any interest, direct or indirect in any assets, which have been acquired, disposed of, or loaned to the Company.

7.5 In addition to their directorships of the Company, the Directors hold or have held the following directorships within the five years preceding the date of this document:

Name	Current Directorships	Past Directorships
John D T Greenall	RP&C International Limited The Sanctuary Group plc Ramco Dormant Subsidiary Limited	None
Stephen A R Boldy	Northern Exploration Limited (Ireland) Petex Limited Lansdowne Celtic Sea Limited Ramco Dormant Subsidiary Limited Donegal Exploration Limited (Ireland)	Amerada Hess (France) Limited Amerada Hess (Man) Limited Amerada Hess (Germany) Limited Amerada Hess (Faroes) Limited Amerada Hess (Netherlands) Limited Amerada Hess (Ireland) Limited Amerada Hess (IOM) Limited (Manx) PESGB Ramco Celtic Sea Limited (Ireland)
Christopher G Moar	Ramco Eastern Europe Limited Medusa (Montenegro) Limited Ramco Seven Heads Limited Donegal Exploration Limited (Ireland) Lansdowne Celtic Sea Limited Ramco Dormant Subsidiary Limited	MMS Petroleum Services Limited (Ireland)
Steven R Bertram	Medusa (Montenegro) Limited Medusa Oil & Gas (Europe) BV (Holland) Medusa Oil & Gas Limited MMS Exploration Limited (Cyprus) Northern Exploration Limited (Ireland) Ramco Bulgaria Limited Ramco Energy plc	Clipway Limited Donegal Exploration Limited (Ireland) Lansdowne Celtic Sea Limited Ledge 562 Limited Medusa Czech Investments Limited Medusa Oil & Gas (Poland) Sp.zo.o. (Poland) MMS Petroleum Services Limited (Ireland)

Name	Current Directorships	Past Directorships
Steven R Bertram (continued)	Ramco Dormant Subsidiary Limited Ramco Eastern Europe Limited Ramco Hazar Energy Limited Ramco Oil & Gas Limited Ramco Oil Limited Ramco Seven Heads Limited St Margaret's School for Girls (Incorporated) Starmonte D.O.O. Kotor (Montenegro)	Ramco Energy (Tyumen) Limited Ramco Oil Services Limited Ramco Oil Services Bermuda Limited (Bermuda) Ramco Tubular Services Limited Ramco Oil Services International Limited Ramco Pipeline Services Limited
The Viscount Torrington	Baltic Mills Limited Canig Nigeria Limited (BVI) CYC Holdings plc TAB International Energy Corp (Canada) The Kasanka Trust Tosellonline.com plc	The College of Mediators Limited Bula Resources (Holdings) plc (Ireland) Tagsystems Limited

7.6 The Viscount Torrington:

(a) is a director of each of Tosellonline.com plc, a company that implemented a corporate voluntary arrangement on 6 June 2003 with creditors of approximately £140,000. This arrangement was completed on 2 September 2004;

(b) was a director of Bula Resources (Holdings) plc, a company that was placed in compulsory liquidation, with a court order filed to wind the company up and appoint a liquidator on 1 April 2004. The effective date of the liquidation was 1 April 2004. The company is still in the process of being liquidated and has not as yet been dissolved;

(c) was a director of Tagsystems Limited, a company that was placed in compulsory liquidation with an order to wind up the company being granted on 12 April 2000. This company was duly dissolved on 14 August 2001; and

(d) in September 1989, agreed to be appointed as a director of Blackspur Group plc, the then intended holding company of two printing equipment leasing companies. Blackspur Group plc had an administrative receiver appointed in July 1990 and was subsequently dissolved on 30 September 2003.

7.7 Save as disclosed in paragraph 7.6 above none of the Directors has:

(i) any unspent convictions in relation to indictable offences;

(ii) had any bankruptcy order made against him or entered into any voluntary arrangements;

(iii) been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of the company or within the 12 months after he ceased to be a director of that company;

(iv) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(v) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

(vi) been publicly criticised by any statutory or regulatory body (including recognised professional bodies); or

(vii) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of a company.

8. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company since its incorporation or any if its subsidiary undertakings within the two years immediately preceding the date of this document and are, or may be, material:

8.1 A conditional placing, nominated adviser and broker agreement dated 10 April 2006 between (1) the Company; (2) the Directors, (3) John East & Partners and (4) Ramco, pursuant to which upon, *inter alia*, Admission taking place on or before 8:00 a.m. on 21 April 2006 (or such later time and/or date as John East & Partners and the Company may agree, being not later than 19 May 2006). John East & Partners has agreed, as agent for the Company, to use reasonable endeavours to procure subscribers, for the Placing Shares at the Placing Price. The Placing is not underwritten.

The Placing Agreement contains indemnities and warranties from the Company and warranties from the Directors in favour of John East & Partners. Ramco has guaranteed certain of the Company's liabilities under the Placing Agreement up to a maximum amount of £1.6 million. The maximum aggregate liability under their warranties and indemnities is limited to the gross proceeds of the Placing. John East & Partners may terminate the Placing Agreement in certain circumstances prior to Admission, including, but not limited to, circumstances where any warranties are found not to be true or accurate in any material respect. John East & Partners may also terminate the Placing Agreement in the event of a material adverse change in the financial position or prospects of the Group prior to Admission or in certain *force majeure* situations.

If Admission takes place, John East & Partners will receive a fee of £140,000 and a commission of 5 per cent. of the aggregate value of the Placing Shares at the Placing Price. John East & Partners has agreed to subscribe for 165,433 Placing Shares in the Placing. In addition, warrants to subscribe for up to 312,239 Ordinary Shares at the Placing Price will be granted to, or at the instruction of, John East & Partners on Admission, further details of which are set out in paragraph 5 of this Part VI.

The Company has agreed to pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses.

The Company has appointed John East & Partners to act as nominated adviser to the Company for the purposes of the AIM Rules and as financial adviser to the Company. The Company has agreed to pay John East & Partners an annual fee of £24,000, together with all reasonable expenses and VAT. The appointment is for an initial period of two years, terminable thereafter by either party giving the other three months' written notice.

The Company has also appointed John East & Partners to act as its broker for the purposes of the AIM Rules. The Company has agreed to pay John East & Partners an annual fee of £6,000 for its services as broker to the Company. The appointment as broker is for an initial period of one year, terminable thereafter by either party on three months' notice.

The Directors, on behalf of themselves, their families and others deemed to be connected with them, have, in accordance with the terms of the Placing Agreement, undertaken not to dispose of any Ordinary Shares, save in the event of an intervening court order, a takeover becoming or being declared unconditional, or as regards an individual, in the event of the death of an individual for a period of 12 months following Admission and for a further period of 12 months on an orderly market basis except with the prior written consent of John East & Partners, which consent shall not be unreasonably withheld or delayed.

8.2 A Warrant Instrument dated 10 April 2006, pursuant to which the Company created warrants to subscribe for up to 312,239 Ordinary Shares, further details of which are set out in paragraph 5 of this Part VI.

8.3 A Services Agreement between Ramco and the Company dated 10 April 2006, pursuant to which Ramco 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 (plus VAT) 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 is terminable by Ramco on it giving 12 months' notice and by the Company on it giving of 90 days' notice.

8.4 A Relationship Agreement dated 10 April 2006 among the Company, Ramco, REEL, ROGL and John East & Partners, pursuant to which Ramco, REEL and ROGL have undertaken, *inter alia*, that the relevant members of the Ramco Group will exercise their voting rights so as to ensure (so far as they are able by the exercise of such rights) the continued independence of the majority of the Board, that any transactions between persons or companies controlled by Ramco (to the extent that there are any such transactions in the future) will be at arms' length, and that they will not vote (as shareholder or Director) in relation to any such transaction. Ramco has also undertaken that neither it nor any member of the Ramco Group shall, for so long as Ramco has a controlling interest in the Company, compete with the Group in the sector and geographic area in which the Group operates. In addition, each of Ramco, REEL and ROGL have undertaken not to dispose of any Ordinary Shares in which they have a beneficial interest or which are registered in their names at Admission, save in the event of an intervening court order, a takeover becoming or being declared unconditional or where the disposal is being made pursuant to a scheme of arrangement under section 425 of the Act, for a period of 12 months following Admission and for a further period of 12 months on an orderly market basis except with the prior written consent of John East & Partners, which consent shall not be unreasonably withheld or delayed. The foregoing dealing restrictions shall not apply, subject to receipt of John East & Partners' prior written consent, to (a) any transfers of such Ordinary Shares within the Ramco Group provided the transferee gives a similar undertaking and, in the event the transferee leaves the Ramco Group, it shall be required to transfer the Ordinary Shares back into the Ramco Group, and (b) any disposal of such Ordinary Shares to help fund any settlement of the current litigation between Ramco and the Anglo Dutch Group.

8.5 A Sale and Purchase Agreement dated 24 October 2005 among ROGL, Lansdowne Oil & Gas Limited (now called Ramco Dormant Subsidiary Limited ("Ramco Dormant")) and Lansdowne Celtic, pursuant to which ROGL agreed to sell the Celtic Sea Exploration Properties to Lansdowne Celtic for a consideration of £785,000, to be satisfied in full by the issue to ROGL of 12,286,957 ordinary shares of £0.05 each in the capital of Ramco Dormant, credited as fully paid. Prior to the allotment of these shares, a Deed of Amendment dated 9 January 2006 was entered into among ROGL, Ramco Dormant, Lansdowne Celtic and the Company pursuant to which the Company agreed to assume the rights and obligations of Ramco Dormant under the said Sale and Purchase Agreement. Accordingly, on 13 February 2006, the Company issued 12,286,957 Ordinary Shares to ROGL, credited as fully paid, as full consideration for the acquisition of the Celtic Sea Exploration Properties by Lansdowne Celtic.

8.6 A Sale and Purchase Agreement dated 24 October 2005 between REEL and Lansdowne Oil & Gas Limited (now Ramco Dormant Subsidiary Limited), pursuant to which REEL agreed to sell to Ramco Dormant the entire issued share capital of Donegal Exploration for a consideration of £365,000, to be satisfied in full by the issue to REEL of 5,713,043 ordinary shares of £0.05 each in the capital of Ramco Dormant, credited as fully paid. Prior to the allotment of these shares, a Deed of Amendment dated 5 January 2006 was entered into among REEL, Ramco Dormant and the Company pursuant to which the Company agreed to assume the rights and obligations of Ramco Dormant under the said Sale and Purchase Agreement. Accordingly, on 5 January 2006, the Company issued 5,713,043 Ordinary Shares to REEL, credited as fully paid, as full consideration for the acquisition by it of the entire issued share capital of Donegal Exploration.

8.7 An Engagement Letter dated 2 September 2005 to Ramco from John East & Partners, as amended by a letter dated 1 February 2006 to Ramco and the Company from John East & Partners pursuant to which John East & Partners were retained as the Company's financial adviser to raise up to £1 million pursuant to the funding round referred to in paragraph 2.2 of this Part VI. Under the terms of this engagement, John East & Partners received a fee of £10,000 and a commission equal to 5 per cent. of the total monies subscribed in the foregoing funding round by investors introduced by it.

8.8 In addition to the material contracts set out in paragraphs 8.1 to 8.7 above, the Group holds the licences set out below, being material contracts entered into in the ordinary course of business, which are further described in the Scott Pickford Report.

Licence name	**Licence number**	**Original licence commencement date**	**Renewal date**	**Total annual rental fee €**
Midleton	Licensing Option 03/2	1 February 2003	31 December 2006	6,947
Rosscarbery	Licensing Option 03/6	15 September 2003	31 December 2006	17,019
East Kinsale	Licensing Option 03/10	24 November 2003	31 December 2006	13,768
Donegal	Frontier Exploration Licence 1/05	20 January 2005	19 January 2019	2,122
Irish Offshore	Petroleum Prospecting Licence 1/03	8 March 2003	8 March 2006*	6,691
Seven Heads Oil	Licensing Option 03/5	15 September 2003	31 December 2006	No fee

**It is anticipated that a new Petroleum Prospecting Licence will be issued on 13 April 2006.*

9. Working capital

The Directors are of the opinion, having made due and careful enquiry, taking into account the net proceeds of the Placing receivable by the Company, that the working capital available to the Group will, from the time of Admission, be sufficient working capital for its present requirements, that is, for at least 12 months from the date of Admission.

10. Litigation

There are no legal or arbitration proceedings active, pending or threatened against, or being brought by, the Company or any of its subsidiary undertakings which are having, or may have, a significant effect on the Company and/or the Group's financial or trading position or profitability.

11. Taxation

11.1 *Introduction*

The information in this section is based on the Directors' understanding of current UK tax law and Revenue and Customs ("HMRC") practice as it applies in respect of an individual resident or ordinarily resident in the UK for tax purposes (unless otherwise stated). The following should be regarded as a summary and should not be construed as constituting advice. Prospective shareholders are strongly advised to take their own independent taxation advice but certain potential tax benefits are summarised below in respect of an individual resident or ordinarily resident in the UK for tax purposes.

On issue, the Ordinary Shares will not be treated as either "listed" or "quoted" securities for tax purposes. Provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for these purposes does not include AIM) and assuming that the Company remains a trading company or the holding company of a trading group for UK tax purposes, the Ordinary Shares should continue to be treated as unquoted securities qualifying for certain reliefs from UK taxation. Whether LOGL and its subsidary companies are trading is not a matter that has been confirmed with HMRC. In some instances for tax purposes an exploration company may be considered to be trading but in others it will certainly not be. Prospective shareholders are strongly advised to take their own independent taxation advice on whether the Company is trading as trading status is fundamental to the availability or not of some of the reliefs detailed below in this document.

The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold their Ordinary Shares as investments.

11.2 *Capital Gains Tax ("CGT")*

11.2.1 *Disposals*

Any disposal of shares is treated on a last in, first out basis for the purposes of calculating gains which are chargeable to tax.

11.2.2 *Taper Relief*

For UK resident individual shareholders, taper relief may be available to reduce the amount of the gain chargeable to CGT. The availability and rate of taper relief will depend upon the period of ownership of the Ordinary Shares and on whether the Ordinary Shares qualify as business assets or not for the individual in question.

11.2.3 *CGT Gift Relief*

If shares in an AIM company which is a trading company, are transferred, other than at arm's length, the deemed capital gain can be "held over", i.e. the CGT liability is postponed until a subsequent arm's length disposal by the transferee, who effectively inherits the transferor's base cost. The relief must be claimed by both the transferor and the transferee within five years and ten months of the end of the relevant tax year in which the gift was made and the transferee must be resident or ordinarily resident in the UK and remain so for six years. If CGT gift relief is claimed, the effect of the gift is that the ownership for taper relief purposes starts again, with no taper relief in respect of the previous period of ownership being applicable.

11.3 *Inheritance Tax ("IHT")*

Shares in qualifying trading companies can attract 100 per cent. business property relief from IHT provided that the shares are held for at least two years before a chargeable transfer for IHT purposes.

11.4 *Income Tax*

11.4.1 *Taxation of Dividends*

11.4.1.1 Under current UK tax legislation, no tax is now withheld from dividends paid by the Company.

11.4.1.2 UK resident individual shareholders are treated as having received income of an amount equal to the sum of the dividend and its associated tax credit, the tax credit for dividends paid being 10 per cent. of the combined amount of the dividend and the tax rate (i.e. the tax credit will be one ninth of the dividend). The tax credit will effectively satisfy a UK resident individual shareholder's lower and basic rate (but not higher rate) income tax liability in respect of the dividend. UK resident individual shareholders who are subject to tax at the higher rate (currently 40 per cent.) will have to account for additional tax. The special rate of tax set for higher rate taxpayers who receive dividends is 32.5 per cent. After taking account of the 10 per cent. tax credit, such a taxpayer would have to account for additional tax of 22.5 per cent. In determining what tax rates apply to a UK resident individual shareholder, dividend income is treated as his top slice of income.

11.4.1.3 A UK resident (for tax purposes) corporate shareholder will generally not be liable to UK corporation tax on any dividend received.

11.4.1.4 A UK pension fund, as defined in Section 231A Income and Corporation Taxes 1988, is restricted from claiming a repayment of the tax credit.

11.4.1.5 Shareholders not resident in the UK, are generally not taxed in the UK on dividends received by them (unless, exceptionally, the investment is managed by a UK investment manager acting, broadly, on arm's length terms). By virtue of double taxation agreements between the UK and other countries, some overseas shareholders are able to claim payment of all or part of the tax credits carried by the dividends they receive from UK companies. Persons who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming repayment and what relief or credit may be claimed in respect of such tax credit in the jurisdiction in which they are resident. A shareholder may be subject to tax on the dividend in their home jurisdiction.

11.4.2 *Loss Relief*

If a loss arises on the disposal of shares in a trading company, such shares being originally acquired on a subscription for new shares, the loss may be relieved against income of that year or the previous year (which priority for relief in the current year where income of both years is utilised). Any loss remaining after claiming relief against income, may be available for relief against capital gains in either the current or subsequent years.

11.4.3 *Qualifying Investment Relief*

A gift to a charity of a "qualifying investment" will qualify for income tax relief under section 587B of the Income and Corporation Taxes Act 1988 ("ICTA"). Share in an AIM company are currently treated as "qualifying investments". Therefore, if an individual disposes of shares in a company on AIM to a charity (of which an individual may be the settler or a trustee), the gift qualities for income tax relief. The amount of relief is calculated based on the market value of the "qualifying investment" at the date of the gift and the incidental costs of making the disposal.

11.4.4 *Stamp duty and stamp duty reserve tax*

Transfers or sales of Ordinary Shares will be subject to ad valorem stamp duty, normally payable by the purchaser and generally at the rate of 0.5 per cent. of the value or amount of the consideration paid (rounded up to the next multiple of £5). An unconditional agreement to transfer such shares will be subject to stamp duty reserve tax (payable by the purchaser at a rate of 0.5 per cent. of the consideration paid or value given) however, if within six years of the date of the agreement an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any liability to stamp duty reserve tax will be cancelled or repaid.

12. General

12.1 Ernst & Young LLP has given and has not withdrawn its written consent to the inclusion of its name and reports set out in Part III of this document in the form and context in which they appear and accepts responsibility for such reports. The reports from Ernst & Young LLP are dated the same date as this document.

12.2 John East & Partners has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context which it appears.

12.3 Scott Pickford Limited has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and report set out in Part IV of this document in the form and context in which they appear and accepts responsibility for such report. The report from Scott Pickford Limited is dated the same date as this document.

12.4 John East & Partners, which is authorised and regulated in the UK by the Financial Services Authority, has its registered office at Crystal Gate, 28-30 Worship Street, London EC2A 2AH and is acting as the Company's nominated adviser and broker.

12.5 Ramco is a company incorporated in Scotland with number SC062845 and has its registered office at 62 Queens Road, Aberdeen, AB15 4YE.

12.6 There are no arrangements in force for the waiver of future dividends. There are no specified dates on which entitlement to dividends or interest thereon on Ordinary Shares arises.

12.7 The total costs and expenses of, and incidental to, the Placing (including non-recoverable VAT and those fees and commissions referred to in paragraph 8.1 of this Part VI) payable by the Company are estimated to amount to approximately £510,000. It is expected that approximately £1.6 million will be raised by the Company in the Placing and that the net proceeds, after deduction of expenses, will be approximately £1.1 million.

12.8 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Group within the 12 months preceding the date of this document or has entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Group on or after Admission any of (a) fees totalling £10,000 or more; (b) securities of any member of the Group where these have a value of £10,000 or more calculated by reference to the Placing Price, or (c) any other benefit with a value of £10,000 or more at the date of Admission.

12.9 The accounting reference date of the Company is 31 December and the current accounting reference period of the Company will end on 31 December 2006.

12.10 The financial information contained in Part III (A) of this document does not constitute statutory accounts of the Company within the meaning of Section 240(5) of the Act. No statutory accounts have been prepared for the Company.

12.11 The financial information contained in Part III(B) of this document does not constitute statutory accounts of Donegal Exploration, copies of which are required by the Companies (Amendment) Act, 1986 to be annexed to the annual return. The statutory accounts for Donegal Exploration for the years ended 31 December 2002, 2003 and 2004 have been prepared and delivered to the Companies Registration Office pursuant to Section 7 of the Irish Companies (Amendment) Act, 1986. The auditors have made a report under Section 193 of the Irish Companies Act 1990 in respect of the accounts of Donegal Exploration which relate to any financial year with which the abbreviated accounts purport to deal. The reports for years ended 31 December 2003 and 2004 were unqualified within the meaning of Section 193 of the Irish Companies Act 1990 but did include an emphasis of matter paragraph.

12.12 The financial information contained in Part III (C) of this document does not constitute statutory accounts of Lansdowne Celtic within the meaning of Section 240(5) of the Act. No statutory accounts have been prepared for Lansdowne Celtic.

12.13 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since the Company's incorporation.

12.14 As far as the Directors are aware, there are no environmental issues that may affect the Group's utilisation of its tangible fixed assets.

12.15 Save as disclosed in this document as regards each financial period covered by the historical financial information contained in Part III of this document, the Company has had no principal investments and there are no principal investments in progress and there are no principal future investments on which the board of directors of the Company has made a firm commitment.

12.16 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

12.17 Save as disclosed in this document, there are no patents, intellectual property rights, licences or any industrial, commercial or financial contracts or new manufacturing processes which are or maybe material to the business or profitability of the Company.

12.18 Definitive share certificates for the Ordinary Shares in issue are expected to be despatched no later than 28 April 2006. No temporary documents of title will be issued. In respect of uncertificated Ordinary Shares, it is expected that shareholders' CREST accounts will be credited on 21 April 2006.

Dated 10 April 2006

Copies of this document are available to the public, free of charge, at the registered office of the Company and at the offices of John East & Partners Limited, Crystal Gate, 28-30 Worship Street, London EC2A 2AH, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until one month from the date on which the Ordinary Shares are admitted to trading on AIM.

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