

**Lansdowne Oil & Gas plc**

**Interim results for the six months ended 30 June 2016**

26 September 2016

Lansdowne Oil & Gas plc (“Lansdowne” or “the Company”) is pleased to announce its interim results for the six months ended 30 June 2016. Lansdowne is an upstream oil and gas company, focused on exploration and appraisal activities in the North Celtic Sea Basin, off the south coast of Ireland. The Company has targeted the Irish offshore shelf areas close to existing operating infrastructure for exploration, as these provide shallow water (generally less than 100 metres), and relatively low drilling costs. The Directors believe that these factors, combined with favourable fiscal terms, have the potential to deliver high value reserves.

**First half highlights**

- In the second quarter of 2016, the Company secured an additional £2.1 million of funding by way of a placing in order to meet an additional liability arising from the Transocean Court Case relating to the drilling of the Barryroe appraisal well in 2012.
- At the same time, a portion of the LC Capital Master Fund loan was converted into equity, the remaining loan extended to end June 2017 and the interest rate reduced
- In addition, the Company put in place an option, with Brandon Hill Capital, to provide additional finance to the sum of £500,000. Exercise of the option is conditional upon the Company being required to reimburse Providence Resources in respect of further costs associated with the Transocean Dispute.
- Action was also taken to further reduce overhead costs
- Throughout the first half of the year, Providence Resources continued farm-out negotiations on behalf of the Barryroe partnership (Lansdowne 20%) and this process is continuing.
- Cash balances at 30 June 2016 of £0.83 million (31 December 2015:£0.32 million).
- Loss for the period after tax £0.52 million (31 December 2015: loss £15.1 million).
- Loss per share 0.3 pence (31 December 2015: loss 10.2 pence).

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## Lansdowne Oil and Gas plc

### Interim results for the six months ended 30 June 2016

#### Chairman's Statement

The first half of 2016 proved to be very challenging for the Company. Oil prices continued to decline, reaching a low-point below \$30/bbl in the first quarter. Furthermore, on 13<sup>th</sup> April 2016, a judgement was handed down by the Court of Appeal overturning an earlier ruling against Transocean in a dispute with Providence Resources ("Providence") about certain spread costs.

The case related to amounts claimed by Transocean against Providence regarding the use of the semi-submersible drilling unit, the Arctic III, in 2011/12 on the Barryroe oilfield, offshore Ireland. The total claim, which was made by Transocean in 2012, amounted to approximately US\$19 million. Providence, in defence of its position, counterclaimed against Transocean. The Hon. Mr Justice Popplewell, in his judgement of 19 December 2014 in the Commercial Court in London, found that Transocean was in breach of contract for failing to maintain various parts of its sub-sea equipment and that Transocean was not, therefore, entitled to the full amount claimed. The ruling also supported Providence's position that Providence was entitled to set off certain spread costs against Transocean's claim.

As previously announced, Transocean sought and was granted the right to appeal one aspect of Mr Justice Popplewell's judgement. This specifically related to Providence's right of set off and the appeal turned on the Court's interpretation of the wording of the consequential loss clause in the rig contract. The appeal was heard in March 2016.

The financial implications of the Court of Appeal's judgement resulted in the payment of approximately US\$7 million (excluding interest and costs) to Transocean by the Barryroe partners. In line with its working interest in the field, Lansdowne was liable for 20% of this amount (c. US \$1.4 million) and any amounts to be paid in the future.

Given the financial implications of this, Lansdowne shares were suspended pending clarification of the Company's financial position. The Company moved to address the situation and a General Meeting held on 9 June 2016 gave shareholder approval to allot new shares and for a necessary share capital re-organisation. A placing was then completed to raise £2.1 million to settle the outstanding amounts due and to provide working capital and Lansdowne's shares returned to trading on 22 June 2016.

Coincident with the placing, a portion (£930,000) of the LC Capital Master Fund loan was converted into equity at a placing price of 1p/share, the remaining loan was extended to the end of June 2017 and the interest rate was reduced from 10% per annum to 5% per annum.

In addition, the Company now has an option, exercisable on one or more occasions at any time for 12 months from June 2016, to require Brandon Hill Capital to use its reasonable endeavours to procure subscribers for new ordinary shares in the capital of the Company to raise up to an aggregate additional £500,000 (the "Additional Placing"). This will be at the lower of 1 penny per share or the price that is a 10% discount to the closing mid-market share price of the Company's ordinary shares on the day on which the Company requests Brandon Hill Capital to undertake the Additional Placing. To the extent it is unable to procure subscribers for the requisite number of new ordinary shares, Brandon Hill Capital will itself subscribe for such new ordinary shares at such price. Exercise of the option is conditional, *inter alia*, upon the Company being required to reimburse Providence Resources in respect of further costs and/or awards associated with the Transocean dispute and the proceeds of the Additional Placing must be applied by the Company for this purpose.

The Company also moved to further reduce running costs, with Richard Slape, Commercial Director, leaving after the successful completion of the re-financing and Johnny Greenall, Chairman, retiring at the AGM on 20 July 2016. I would like to thank both of them for all their efforts and wish them the very best for the future.

## **Financial results**

The Group recorded a loss after tax of £0.52 million for the first six months of 2016 compared to a loss of £0.55 million for the first six months of 2015.

Group operating expenses for the first half of 2016 were £0.42 million compared to operating expenses of £0.51 million for the first six months of 2015.

Net finance expense was £0.1 million for the current period against net finance expense of £0.04 million for the first six months of 2015.

Cash balances at 30 June 2016 were £0.83 million (31 December 2015: £0.32 million).

Total equity attributable to the ordinary shareholders of the Group has decreased from £24.87 million as at 30 June 2015 to £12.89 million as at 30 June 2016.

## **Outlook**

The Court of Appeal ruling posed a real problem at what was already a difficult time for your Company. However, the Company was successful in its re-financing efforts and I would like to thank all that took part, but in particular the support of Brandon Hill Capital and Beaufort Securities, (who are in the process of being appointed joint broker to Lansdowne) and LC Capital, was essential to providing a successful outcome.

Now that the immediate problems associated with the litigation payment have been resolved, it is time to look forward to creating value from our 20% interest in Barryroe. This is by any standards a significant resource with attractive costs of development and production and our entire focus is to move this project forward against a background of greatly reduced drilling and operating costs and a stabilising oil price environment.

## **Viscount Torrington**

Chairman

**Lansdowne Oil & Gas plc****Condensed Consolidated Income Statement  
Six months ended 30 June 2016**

	<i>Unaudited</i> <b>6 months</b> <b>ended</b> <b>30 June 16</b>	<i>Unaudited</i> <b>6 months</b> <b>ended</b> <b>30 June 15</b>	<i>Audited</i> <b>Year</b> <b>ended</b> <b>31 Dec. 15</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Administration expenses	(419)	(514)	(1,048)
Impairment of intangible assets	-	-	(14,949)
<b>Operating loss</b>	<b>(419)</b>	<b>(514)</b>	<b>(15,997)</b>
Finance income	-	-	-
Finance costs	(97)	(36)	(129)
<b>Loss before tax</b>	<b>(516)</b>	<b>(550)</b>	<b>(16,126)</b>
Income tax credit	-	-	1,052
<b>Loss for the financial period</b>	<b>(516)</b>	<b>(550)</b>	<b>(15,074)</b>
<b>Loss per share (pence)</b>			
Basic and diluted	(0.3p)	(0.4p)	(10.2p)

**Lansdowne Oil & Gas plc**  
**Condensed Consolidated Statement of Comprehensive Income**  
**Six months ended 30 June 2016**

	<i>Unaudited</i> <b>6 months</b> <b>ended</b> <b>30 June 16</b> <b>£000s</b>	<i>Unaudited</i> <b>6 months</b> <b>ended</b> <b>30 June 15</b> <b>£000s</b>	<i>Audited</i> <b>Year</b> <b>ended</b> <b>31 Dec. 15</b> <b>£000s</b>
<b>Loss for the Period</b>	<b>(516)</b>	<b>(550)</b>	<b>(15,074)</b>
Currency translation differences	-	-	-
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<b>Total comprehensive loss for the period</b>	<b>(516)</b>	<b>(550)</b>	<b>(15,074)</b>
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**Lansdowne Oil & Gas plc**  
**Condensed Consolidated Statement of Financial Position**  
**As at 30 June 2016**

	<i>Unaudited</i> <b>30 June 16</b> £000s	<i>Unaudited</i> <b>30 June 15</b> £000s	<i>Audited</i> <b>31 Dec. 15</b> £000s
<b>Assets</b>			
<b>Non-Current Assets</b>			
Intangible assets	14,536	27,485	14,335
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<b>Current Assets</b>			
Trade and other receivables	838	197	92
Cash and cash equivalents	828	546	320
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	1,666	743	412
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<b>Total Assets</b>	<b>16,202</b>	<b>28,228</b>	<b>14,747</b>
	=====	=====	=====
<b>Equity &amp; Liabilities</b>			
<b>Shareholders' Equity</b>			
Share capital	11,271	8,065	8,087
Share premium	25,100	25,247	25,247
Currency translation reserve	59	59	59
Share-based payment reserve	923	923	923
Accumulated deficit	(24,466)	(9,425)	(23,950)
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<b>Total Equity</b>	<b>12,887</b>	<b>24,869</b>	<b>10,366</b>
<b>Non-Current Liabilities</b>			
Deferred tax liability	-	1,053	-
Provision for liabilities	250	227	240
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	250	1,280	240
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<b>Current Liabilities</b>			
Trade and other payables	1,937	2,079	2,173
Shareholder loan	1,128	-	1,968
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	3,065	2,079	4,141
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<b>Total Liabilities</b>	<b>3,315</b>	<b>3,359</b>	<b>4,381</b>
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<b>Total Equity and Liabilities</b>	<b>16,202</b>	<b>28,228</b>	<b>14,747</b>
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**Lansdowne Oil & Gas plc**  
**Condensed Consolidated Statement of Cash flows**  
**Six months ended 30 June 2016**

	<i>Unaudited</i> <b>6 months</b> <b>ended</b> <b>30 June 2016</b> <b>£000s</b>	<i>Unaudited</i> <b>6 months</b> <b>ended</b> <b>30 June 2015</b> <b>£000s</b>	<i>Audited</i> <b>Year</b> <b>ended</b> <b>31 Dec. 2015</b> <b>£000s</b>
<b>Cash flows from operating activities</b>			
Loss for the period	(516)	(550)	(15,074)
<i>Adjustments for:</i>			
Impairment of assets	-	-	14,949
Interest payable and similar charges	102	11	127
Equity settled share-based payment	-	30	29
Tax credit	-	-	(1,052)
(Increase)/decrease in trade and other receivables	(746)	-	105
(Decrease)/increase in trade and other payables	(236)	101	196
	<hr/>	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(1,396)</b>	<b>(408)</b>	<b>(720)</b>
<b>Cash flows from investing activities</b>			
Acquisition of intangible exploration assets	(201)	(334)	(2,133)
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<b>Net cash from investing activities</b>	<b>(201)</b>	<b>(334)</b>	<b>(2,133)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	2,105	1,012	1,034
Proceeds from new loan	-	-	1,863
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<b>Net cash generated from financing activities</b>	<b>2,105</b>	<b>1,012</b>	<b>2,897</b>
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<b>Net increase in cash and cash equivalents</b>	<b>508</b>	<b>270</b>	<b>44</b>
Cash and cash equivalents at start of period	320	276	276
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<b>Cash and cash equivalents at end of period</b>	<b>828</b>	<b>546</b>	<b>320</b>
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**Lansdowne Oil & Gas plc**  
**Condensed Consolidated Statement of Changes in Equity**  
**Six months ended 30 June 2016**

	Share Capital £000s	Share Premium £000s	Other Reserves £000s	Retained Losses £000s	Total £000s
<b>Unaudited</b>					
<b>At 1 January 2015</b>	<b>7,027</b>	<b>25,273</b>	<b>59</b>	<b>(7,982)</b>	<b>24,377</b>
Loss for the period	-	-	-	(550)	(550)
Total comprehensive income for the period	-	-	-	(550)	(550)
Issue of new shares	1,038	(26)	-	-	1,012
Share based payment charge	-	-	-	30	30
<b>At 30 June 2015</b>	<b>8,065</b>	<b>25,247</b>	<b>59</b>	<b>(8,502)</b>	<b>24,869</b>
<b>Audited</b>					
<b>At 1 January 2015</b>	<b>7,027</b>	<b>25,273</b>	<b>59</b>	<b>(7,982)</b>	<b>24,377</b>
Loss for the period	-	-	-	(15,074)	(15,074)
Total comprehensive income for the period	-	-	-	(15,074)	(15,074)
Share based payments charge	-	-	-	29	29
Issue of new shares – gross consideration	1,060	-	-	-	1,060
Cost of share issues	-	(26)	-	-	(26)
<b>At 31 December 2015</b>	<b>8,087</b>	<b>25,247</b>	<b>59</b>	<b>(23,027)</b>	<b>10,366</b>
<b>Unaudited</b>					
<b>At 1 January 2016</b>	<b>8,087</b>	<b>25,247</b>	<b>59</b>	<b>(23,027)</b>	<b>10,366</b>
Loss for the period	-	-	-	(516)	(516)
Total comprehensive income for the period	-	-	-	(516)	(516)
Issue of new shares	3,184	-	-	-	3,184
Cost of share issues	-	(147)	-	-	(147)
<b>At 30 June 2016</b>	<b>11,271</b>	<b>25,100</b>	<b>59</b>	<b>(23,543)</b>	<b>12,887</b>



## Notes to the Interim Condensed Financial Statements

### 1. Basis of Presentation

#### Accounting Policies

The interim financial information for the six months ended 30 June 2016 has been prepared on the basis of the accounting policies which were adopted in the 2015 Annual Report and Accounts and IAS 34, “Interim Financial Reporting”.

The interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The results for the six months to 30 June 2016 and the comparative results for the six months to 30 June 2015 are unaudited. The comparative amounts for the year ended 31 December 2015 do not constitute the statutory financial statements for that year. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRSs as adopted by the European Union. Those financial statements have been delivered to the Registrar of Companies and include the auditor’s report which was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. They did, however, contain an emphasis of matter over the going concern basis of preparation for the Group.

#### Going concern

The Directors have prepared the interim financial information on the going concern basis which assumes that the Group and Company and its subsidiaries will continue in operational existence for the foreseeable future. The Directors have carried out a detailed assessment of the Group’s current and prospective exploration activity, its relationship with the holder of its loan note and cash flow projections and it is on this basis that the directors consider it appropriate to prepare this interim financial information on a going concern basis. This interim financial information does not include any adjustment that would result from the going concern basis of preparation being inappropriate.

### 2. Segmental Analysis

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

### 3. Loss per share

The loss for the period was wholly from continuing operations.

	<i>Unaudited</i> <b>6 months</b> <b>ended</b> <b>30 June 16</b> <b>£000s</b>	<i>Unaudited</i> <b>6 months</b> <b>ended</b> <b>30 June 15</b> <b>£000s</b>	<i>Audited</i> <b>Year</b> <b>ended</b> <b>31 Dec. 15</b> <b>£000s</b>
Loss per share for loss from continuing operations attributable to the equity holders of the Company			
- basic and diluted	<b>(0.3p)</b>	<b>(0.4p)</b>	<b>(10.2p)</b>
The calculations were based on the following information:			
Loss attributable to equity holders of the Company	(516)	(550)	(15,074)
Weighted average number of ordinary shares			
In issue – basic and diluted	186,101,994	153,582,061	157,698,252

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one class of dilutive potential ordinary shares – share options. As a loss was recorded for both periods the issue of new shares would have been anti-dilutive.

#### **4. Intangible Assets**

Oil and gas project expenditures, including geological, geophysical and seismic costs are accumulated as intangible assets prior to the determination of commercial reserves. At 30 June 2016, intangible assets totalled £14.5 million (30 June 2015: £27.5 million), all of which relates to Ireland. Movements in the period relate to additional spend on the licence areas of £0.2 million.

#### **5. Copies of the Interim Report**

Copies of the interim results can be obtained from the Company Secretary, Lansdowne Oil & Gas plc, 6 Northbrook Road, Dublin 6 and from the Company's website [www.lansdowneoilandgas.com](http://www.lansdowneoilandgas.com).