

# Lansdowne

oil & gas plc

Annual Report &  
Financial Statements 2013





Lansdowne Oil & Gas plc is an independent oil and gas exploration company listed on the AIM market of the London Stock Exchange since 21 April 2006. The Company has its operating headquarters based in Dublin, Ireland with its registered office in London, England.

[www.lansdowneoilandgas.com](http://www.lansdowneoilandgas.com)

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Following the considerable progress made in 2012, particularly with regard to the successful appraisal drilling results at Barryroe, 2013 proved to be a year of consolidation.

The first half of the year saw the completion of a new Competent Person's Report (CPR) on the Barryroe oil field, which was carried out by Netherland, Sewell and Associates, Inc. (NSAI). Its work endorsed the previous estimates calculated by Providence Resources, the operator, and indicates that Barryroe has the potential to be a truly significant oil field, with gross 2C resources of 346 MMBOE.


Barryroe lies in relatively shallow water of around 100m off the south coast of Ireland and the additional economic modeling work carried out by NSAI yielded attractive valuation figures. The read across to Lansdowne's 20% interest is estimated to be of the order of \$675 million.

Clearly, work remains to be done to move the project forward and unlock this value but headway is being made through the farm-out process that Providence is undertaking on behalf of the Barryroe partnership.

On our exploration prospects the additional seismic inversion work that we carried out yielded promising results. We believe this has further de-risked the prospects and has been helpful in our ongoing discussions with potential farminees.

The focus for much of 2013 was to conclude farm-out agreements both for Barryroe and for our exploration portfolio and this work has continued to date in 2014. Despite high oil and gas prices, the market for farm-outs has been depressed and progress has not been as rapid as we had hoped. Nevertheless, the fact remains that we hold valuable assets in the shallow water Celtic Sea and we remain optimistic that this will be recognised in due course.

There have been a number of changes to the Board during 2013. In June, Chris Moar stepped down from the Board, having served as Finance Director since the company's flotation in April 2006. On behalf of the Board and shareholders I thank him for his sterling efforts over this period. In September, Jeffrey Auld was appointed to the Board as an independent non-executive director, bringing with him extensive experience in upstream oil and gas commercial activities.



*... we hold valuable assets in the shallow water Celtic Sea and we remain optimistic that we will be able to realise this value in due course...*

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Further changes to the Board have occurred in 2014, with the retirement of Emmet Brown and the appointment of Richard Slape as Commercial Director.

The changes to the Board reflect the transition from a period dominated by technical and operational activities to a phase where the critical activity will be the consummation of farm-out agreements.

### Financial results

The Group recorded a loss after tax of £0.81 million for the year ended 31 December 2013 compared to a loss after tax of £1.09 million for the year ended 31 December 2012.

Group operating expenses for the year were £0.98 million, compared to £1.02 million for 2012.

Net finance expense for the year was £0.04 million (2012: £0.13 million).

Total equity attributable to the ordinary shareholders of the Group has reduced to £25.6 million as at 31 December 2013 from £26.35 million as at 31 December 2012.

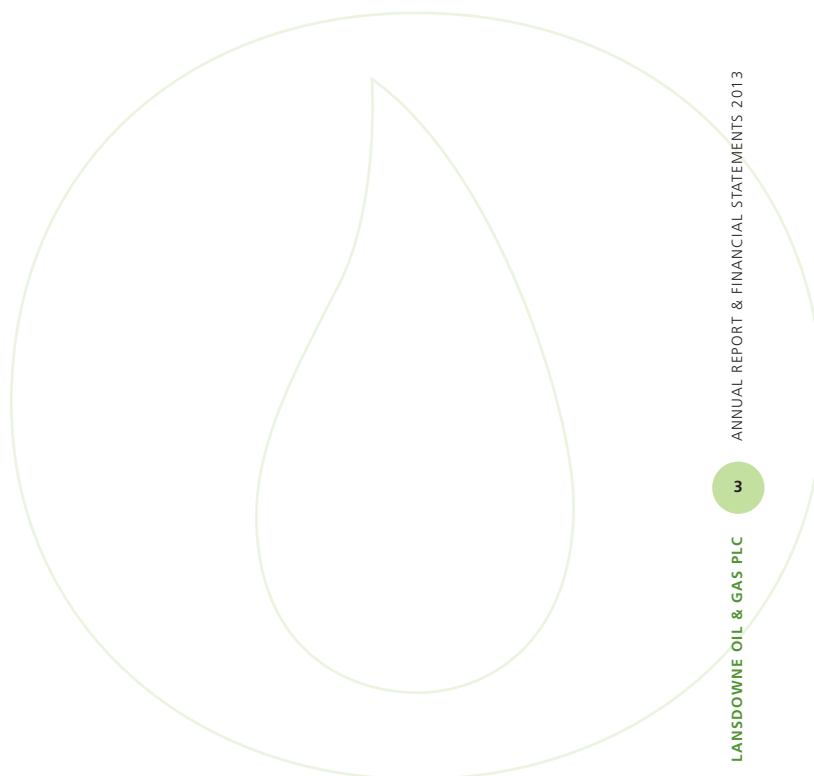
Cash balances of £2.48 million (2012: £5.55 million) were held at the end of the financial year.

### Outlook

Over the last few years, through the acquisition of high quality modern 3D seismic data and successful appraisal drilling at Barryroe, Lansdowne has participated in the rejuvenation of the North Celtic Sea Basin, offshore Ireland. The next phase of activity, which requires the successful conclusion of our farm-out processes, will be a new drilling campaign and we remain focused on delivering this programme.

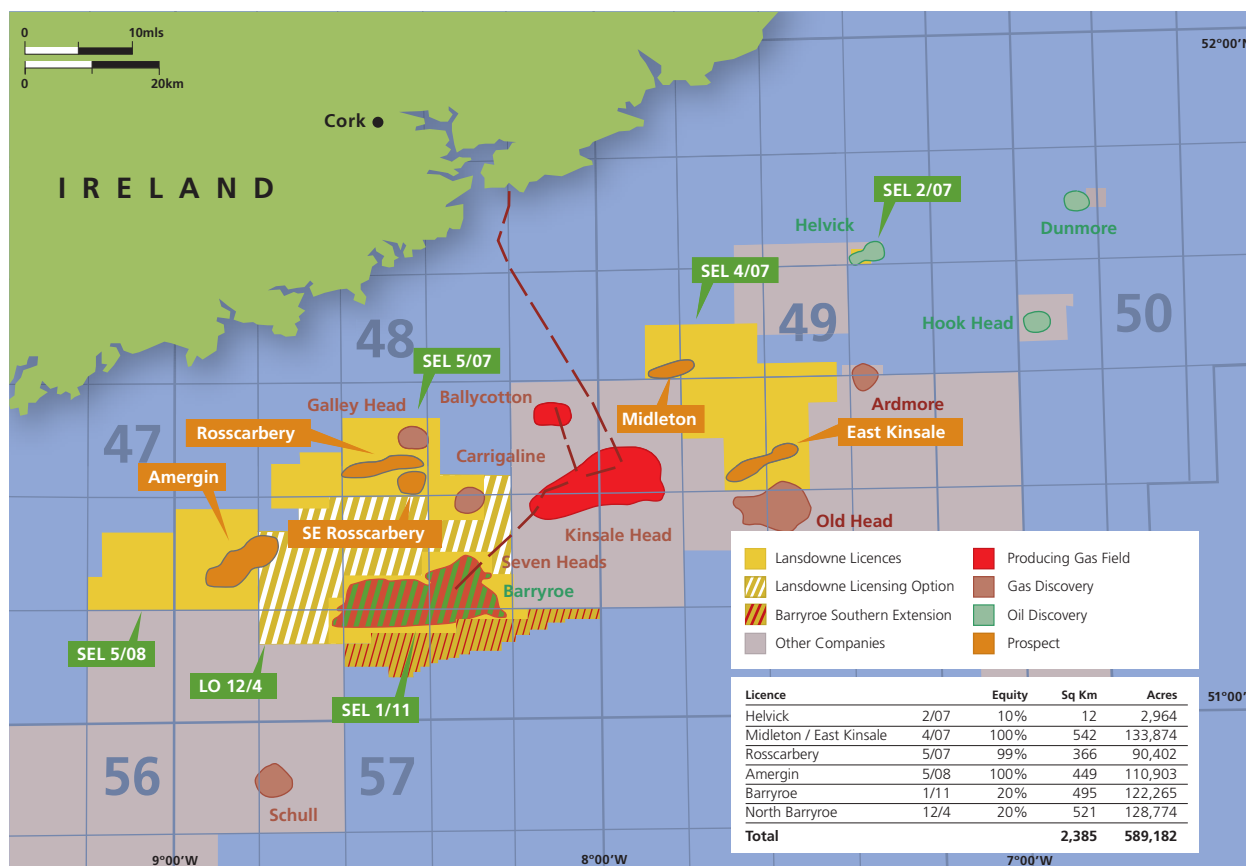
### John Greenall

Chairman



## Operations Review

Lansdowne holds rights, through its wholly owned subsidiaries, to five Standard Exploration Licences and one Licensing Option in offshore Ireland.



## Operational Highlights

### Appraisal / Development

#### Barryroe Oilfield

- Barryroe Competent Person's Report ("CPR") completed on Basal Wealden oil reservoir by Netherland, Sewell & Associates, Inc. (NSAI).
- Barryroe total gross audited on-block 2C recoverable resources of 346 MMBOE (69 MMBOE net to Lansdowne).
- NSAI completed an estimate of future cash flows from Basal Wealden oil reservoir at Barryroe.
- Barryroe Licence area increased to cover potential field extensions to the south and south-east.

#### Helvick Oilfield

- Application made for Lease Undertaking.
- Farm-out agreed with ABT Oil & Gas.

### Exploration

- Seismic inversion fluid anomalies identified as gas bearing Greensand reservoirs in the Middleton and SE Rosscarbery prospects.
- Additional fluid anomaly identified as possible gas-bearing Upper Wealden reservoirs in Main Rosscarbery and SE Rosscarbery prospects.
- Conceptual Development Study of Middleton gas prospect and Amergin oil prospect demonstrating commercially robust projects.

### Standard Exploration Licence 1/11 (“Barryroe”) – Lansdowne 20%

Licence 1/11 (“Barryroe”) incorporates part blocks 48/22, 48/23, 48/24, 48/27, 48/28, 48/29, 48/30 covering an area of 495 sq km along the axis of the North Celtic Sea Basin.

The Barryroe Licence is held by Lansdowne (20%) with Providence Resources (80%) as operator. Part of the Barryroe acreage lies beneath the Seven Heads gas field, with the horizontal boundary between the two concessions lying at 4,000ft sub-sea.

The first wells on the structure were drilled by Esso in 1973/1974. The 48/24-1 well tested oil from Middle Wealden sands at an aggregate rate of 1,300 BOPD and the 48/28-1 well tested oil from a Middle Wealden sand at a rate of 1,527 BOPD. A third well, 48/24-3 was drilled by Marathon in 1990 and tested oil from the Basal Wealden at a rate of 1,619 BOPD.

In 2012 a further successful appraisal well was completed on the Barryroe field by the Lansdowne/Providence partnership. The 48/24-10z well successfully flow tested at a stabilised rate of 3,514 BOPD and 2.93 mmscf/d from the Basal Wealden sandstone reservoir. The stabilised flow rates were achieved without the use of artificial lift and subsequent laboratory reservoir fluid analysis confirmed that the oil is light, with a gravity of 43 degrees API and a wax content of 17%.

The oil is highly mobile, with an in-situ reservoir viscosity of 0.68 centipoises and a gas-oil ratio of c. 800 SCF/STB.



Barryroe appraisal well 48/24-10z testing in March 2012

In April the results of a third party audit, or Competent Person’s Report (“CPR”), of Barryroe, were announced. This work was conducted by NSAI and utilised the 3D seismic data acquired in 2011 and the results of the 48/24-10z well to produce estimates of hydrocarbons in place and recoverable resources.

NSAI estimates that the Basal Wealden oil reservoir contains 2C gross in-place on-block volume of 761 MMBO. Based on a 35% recovery factor, recoverable resources are 266 MMBO plus 187 BCF of associated gas.

A similar third party audit of the shallower Middle Wealden reservoir sands, carried out by RPS Energy in 2011, reported a 2C gross in-place on-block volume of 287 MMBO with technically recoverable resources of 45 MMBO and 21 BCF of associated gas. The total combined audited gross on block 2C recoverable resources in the Barryroe oil field therefore amount to 346 MMBOE (69 MMBOE net to Lansdowne), comprising 311 MMBO (62 MMBO net to Lansdowne) and 207 BCF of gas (41 BCF net to Lansdowne).

The following table summarises the range of total gross audited on-block Barryroe oil resources:

	1C (MMBO)	2C (MMBO)	3C (MMBO)
Basal Wealden STOIIP (NSAI)	338	<b>761</b>	1,135
Basal Wealden Recoverable (NSAI)	85	<b>266</b>	511
Middle Wealden STOIIP (RPS)	31	<b>287</b>	706
Middle Wealden Recoverable (RPS)	4	<b>45</b>	113
<b>TOTAL STOIIP</b>	369	<b>1,048</b>	1,841
<b>TOTAL RECOVERABLE OIL RESOURCES</b>	89	<b>311</b>	624

**Notes:**

1. The table above excludes recoverable solution gas (i.e. 207 BCF or 34.5 MMBOE in the 2C case)
2. The table above excludes any volumes contained in the areas to the south and east awarded in February 2014

Further incremental resource potential has been identified in logged hydrocarbon bearing intervals within stacked Lower Wealden and Purbeckian sandstones, which the operator, has previously estimated contains total associated P90, P50 and P10 in place oil resources of 456 MMBO, 778 MMBO and 1,165 MMBO respectively. However, further reservoir and well test data will be required from these zones in order to firm up their associated recoverable resource estimates.

Following on from the resource audit, in July NSAI completed financial analysis of the Barryroe oil field, estimating the cash-flows that might be expected. This work indicated a value for Lansdowne’s 20% interest of the order of \$675 million.

# Operations Review

## Continued

After the year end, in February 2014, it was announced that the Barryroe Standard Exploration Licence (SEL) 1/11 had expanded to encompass additional acreage to the south and east. As a result, the overall area of the Licence increased from 316 sq km to 495 sq km. The extra acreage was sought in recognition that the structural closure as mapped extended farther to the south and east and that the area could contain significant volumetric upside. This potential was excluded from the figures quoted in the NSAI CPR.

● *Technical evaluation work continued through the year, integrating the mapping over Barryroe North with the surrounding areas*

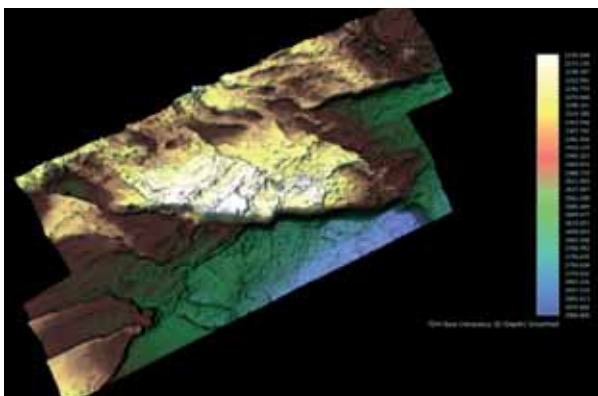
### Licensing Option 12/4 ("Barryroe North") – Lansdowne 20%

Licensing Option 12/4 ("Barryroe North") covers an area of 521 sq km to the north of Barryroe where seismic mapping suggests that parts of the Barryroe oil field may extend. The area is contiguous with Lansdowne's Amergin (SEL 5/08) and Rosscarbery (SEL 5/07) licences and further consolidates the Company's position in the emerging Basal Wealden play fairway.

Technical evaluation work continued throughout 2013, integrating the mapping over Barryroe North with the surrounding areas.

### Standard Exploration Licence 5/08 ("Amergin") – Lansdowne 100%

Licence 5/08 incorporates part-blocks 47/25, 48/21 and 48/22 on the north-western flank of the North Celtic Sea Basin. Situated in water depths of c.100 metres, the blocks cover an area of 449 sq km and are approximately 30km from the south coast of Ireland.



3D Representation of the Amergin tilted fault block structure at near Basal Wealden Sandstone (main reservoir in Barryroe Oilfield) level, based on mapping 3D seismic data.

The 3D seismic data acquired in 2011 resulted in much better imaging of the Amergin prospect and confirmed it as a robust structural closure ready for drilling.

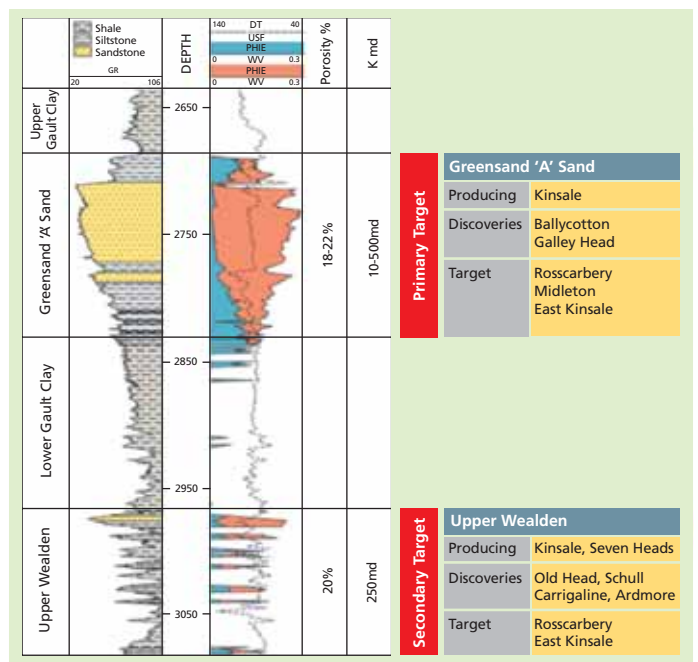
The results of the seismic inversion work announced in January 2013 indicate that the Lower and Basal Wealden sandstone reservoirs, which are productive in the adjoining Barryroe licence and were found in the 48/22-1A well, also appear to be present in the up thrown Amergin prospect.

The findings were most encouraging, with Amergin interpreted as having the potential on a P50 unrisks basis to contain STOIP of 472 MMBO in its primary targets (Basal Wealden and Upper Jurassic). Potential ultimate recoverable resources from these horizons are estimated internally as 151 MMBO.

In addition, two secondary targets have been estimated to have the potential to contain P50 unrisks STOIP of 267 MMBO. Prospective resources from these zones are estimated to be 80 MMBO on the same basis. Additional follow-on structures have been identified in the licensed area that could be pursued in the event of success at Amergin

### Standard Exploration Licence 4/07 ("Midleton") – Lansdowne 100%

Licence 4/07 incorporates part-blocks 49/11, 49/12, 49/17 and 49/18 immediately south-east of the Kinsale Head Gas field along the axis of the North Celtic Sea Basin. The licence encompasses an area of 542 sq km and is currently held 100% by Lansdowne. This licence contains the Midleton and the East Kinsale gas prospects.



Lower Cretaceous Gas reservoirs – Greensand "A" Sand and Upper Wealden



The Midleton prospect lies approximately 20km northeast of the Kinsale Head gas field (c. 1.7 TCF reserves) and also 20km to the east of the Ballycotton gas field (c. 60 bcf reserves).

The main producing reservoir in the Ballycotton and Kinsale Head gas fields is the Lower Cretaceous Greensand/"A" Sand, with production also taking place from the deeper Lower Cretaceous Upper Wealden sands in the Kinsale Field.

- *If drilling proves successful, Midleton is economically viable as a stand-alone development project...*

The Greensand/"A" Sand also forms the primary reservoir target in the Midleton prospect and has been established to be present with good reservoir quality in the nearby 49/11-1 and 49/11-2 wells, which were drilled off structure. Additional potential is recognised at Upper Wealden level.

Following mapping of the 2011 3D seismic data, Midleton has been identified as a four-way dip closed faulted anticline at the Greensand/"A" Sand level.

In January the results of pre-stack seismic inversion work were announced. The inversion study integrated log data from previous wells with the 2011 3D seismic data to look for impedance changes caused by variations in fluids within the target reservoir sands. Previous fluid substitution modelling work indicated that gas bearing sands in the Greensand/"A"

Sand. Wealden should generate a characteristic seismic response.

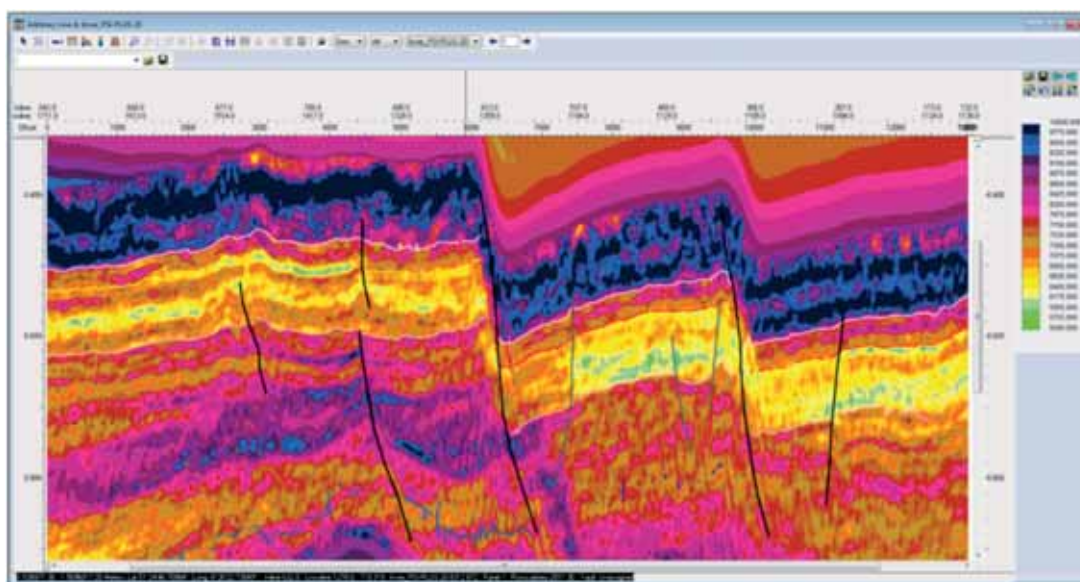
The results of the seismic inversion have highlighted positive fluid anomalies, which are likely to be indicative of the presence of gas, in the Greensand/"A" Sand reservoir over the Midleton prospect and also in some of the Upper Wealden horizons.

On an unrisksed, P50 basis, prospective GIIP in the Greensand/"A" Sand is interpreted by Lansdowne to be 204 BCF while the Upper Wealden could contain a further 126 BCF. Prospective resources for the targets are estimated at 174 BCF and 94 BCF respectively. Further features have been identified for future drilling in the licensed area in the event of a successful test on Midleton.

Conceptual development studies have also been carried out by Asset Development & Improvement Limited (ADIL), a third party specialist oil and gas engineering consultancy. The study concluded that Midleton could be economically viable either as a stand-alone development project or as a tie-back to existing infrastructure in the area.

#### **Standard Exploration Licence 5/07 ("Rosscarbery") – Lansdowne 99%**

Licence 5/07 incorporates part-blocks 48/17, 48/18, 48/19, 48/22 and 48/24 adjacent to and immediately north-west of the Kinsale Head gas field. The licence encompasses an area of 366 sq km, lies in water depth of circa 100 metres, and is currently held 99% by Lansdowne as operator.



Seismic Line across Galley Head, Rosscarbery and SE Rosscarbery from the 3D Seismic Inversion dataset. The light green areas display anomalously low impedance values, thought to be caused by the presence of gas in the Lower Cretaceous Greensand and Wealden reservoir sands.



Organic rich Upper Jurassic black shales at Kimmeridge Bay in Dorset. Source rocks of similar age occur in the North Celtic Sea Basin and have sourced the oil in the Barryroe oil field.

Amplitude and fluid anomalies have been identified in the Greensand/"A" Sand and Wealden horizons over the Galley Head gas discovery, which is interpreted as containing P50 GIIP of 30 BCF with 25 BCF technically recoverable, and certain other prospects. Lansdowne considers these may be an indicator of gas and, hence, they have reduced the perceived risk of future exploration drilling.

● *...the Rosscarbery licence contains the Galley Head gas discovery that now looks more promising than previously thought...*

The SE Rosscarbery prospect displays amplitude and fluid anomalies at both Greensand/"A" Sand and Upper Wealden reservoir levels. These are interpreted by Lansdowne to have the potential to contain combined gross P50 in place volume of 121 BSCF of which 96 BSCF could be technically recoverable.

The Main Rosscarbery prospect displays amplitude and fluid anomalies at Upper Wealden reservoir level and is interpreted by Lansdowne to have the potential to contain gross P50 in place volume of 202 BSCF of which it is estimated 151 BSCF would be technically recoverable.

In summary, the Rosscarbery licence contains the Galley Head gas discovery which now looks more promising than previously thought, along with a number of other gas prospects as interpreted by 3D seismic. Should drilling prove successful there would appear to be scope for a cluster development.

#### Licence 2/07 – 49/9P – Helvick Oilfield – Lansdowne 10%

The undeveloped Helvick field, operated by Providence Resources, is situated some 40km offshore Ireland in c. 80m of water. The field was discovered in 1983 by Gulf Oil with the drilling of the 49/9-2 discovery well. This well was tested and flowed at a cumulative rate of c. 10,000 BOPD from four zones.

The Helvick oil is light (44° API) and non-waxy crude contained in high permeability Upper Jurassic sands. The field has been appraised by the 49/9-3, 49/9-6, and 49/9-6Z wells. Lansdowne has a 10% interest in the Helvick discovery under an agreement with Providence Resources.

In November Providence announced that an application had been submitted to convert the Helvick Licence into a Lease Undertaking. Should the Lease Undertaking be granted, an agreement has been reached with ABT Oil & Gas (ABTOG) to farm into the Helvick discovery.

Through this agreement ABTOG will earn an interest in the Helvick discovery by carrying out a phased work programme. The first phase will determine whether the discovery can be developed commercially, through the use of ABTOG's innovative low cost development technologies.

Should this prove successful, the second phase involves carrying out the work necessary to prepare and submit an outline plan of development. The third and final phase would involve the preparation and submittal of a formal plan of development.

Subject to approval of the plan of development, ABTOG will earn a 50% interest in the discovery.



## Oil and Gas Interests

The Group has interests in the following Licence and Licensing Options, all of which are in Irish waters:

Licence	Interest	Operator
4/07 Midleton Exploration Licence	100 per cent	Lansdowne
5/07 Rosscarbery Exploration Licence	99 per cent	Lansdowne
5/08 Amergin Exploration Licence	100 per cent	Milesian
01/11 Barryroe Exploration Licence	20 per cent	Providence Resources Plc
12/4 Barryroe North Licensing Option	20 per cent	Providence Resources Plc
2/07 Helvick Exploration Licence	10 per cent	Providence Resources Plc

### Notes

#### Irish licensing regime

##### Licensing option

Gives the holder an exclusive right to apply for an Exploration Licence

- for a defined period
- in return for undertaking an agreed work programme.

##### Exploration Licence

A "Standard" licence covers an agreed work programme in water less than 200 metres deep. The work programme usually includes an exploration well. The licence period is six years.

A "Frontier" licence covers an agreed work programme in areas where the Minister has declared the area to be a "Frontier" area. The work programme usually includes an exploration well, but the licence period is generally longer than other licences (minimum 15 years).

##### Lease undertaking

Gives the holder an exclusive right to apply for a Petroleum Lease

- for a defined period
- in return for undertaking an agreed work programme.

## Finance Review

For the year ended 31 December 2013

### Description of business

Lansdowne Oil & Gas Plc, an English public limited company, and its subsidiaries form an energy group focused on exploration activities. The Group is actively exploring for, and appraising, oil and gas reserves offshore Ireland. The Company's shares are quoted on the AIM Market of the London Stock Exchange. This financial review is intended to assist in the understanding of the Group's results of operations for the year ended 31 December 2013 and of its financial position at that date. The consolidated financial statements and accompanying notes contain additional information and should be referred to in conjunction with this review. They have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

### Administrative expenses

The Group has two full-time paid Executive Directors. During the year, administration and technical support was provided by LHM Casey McGrath under a service agreement. These costs and the professional fees associated with the Company's listed status account for the administrative expenses of £1.0 million (2012: £1.0 million).

### Operating loss

The Group recorded a loss before interest and taxation of £1.0 million in the year (2012: £1.0 million).

### Finance income and costs

Bank interest receivable was £24,000 (2012: £13,000). Interest payable on loans from shareholders amounted to £Nil (2012: £7,000). Foreign exchange differences on cash balances amounted to a loss of £27,000 (2012: £26,000).

### Income tax

The current tax credit for the year is £211,000 (2012: £53,000) and the unprovided deferred tax asset on unused losses was £1.0 million (2012: £1.2 million).

### Loss for the financial year

A loss of £0.8 million was recorded in the year (2012: £1.1 million).

### Loss per share

Basic and diluted loss per share for the year was 0.6p (2012: 0.9p).

### Statement of financial position

The Group and Company Statements of Financial Position as at 31 December 2013 and as at 31 December 2012 are shown on pages 25 and 26. Group net assets were £25.6 million (2012: £26.3 million). At 31 December 2013, the Group held £2.5 million (2012: £5.5 million) as cash or short-term deposits. The Group had intangible assets totalling £27.2 million (2012: £25.8 million) at the reporting date. Included in this category is £25.8 million (2012: £24.4 million) incurred in connection with the Group's exploration licences in the Celtic Sea and their associated work programmes. Of the £25.8 million, £6.8 million relates to the acquisition of Milesian Oil & Gas Limited in 2007.

### Cash flow from operations

As indicated by the consolidated statement of cash flows on page 27, the Group's net cash used in operating activities was £1.7 million (2012: £1.2 million) for the year ended 31 December 2013.

### Cash flows related to investing activities

In the year ended 31 December 2013 the Group invested approximately £1.4 million (2012: £8.0 million) in connection with its oil and gas interests.

### Cash flows related to financing activities

The Group did not issue any new share capital during the year (2012: £9.2 million).

### Future capital requirements

The Group's prospects are all in the exploration or appraisal stages and do not contain any proven reserves.

A number of companies have expressed an interest in farming in to one or more of the Group's licence interests.

The Group aims to finance the work programme obligations related to the licences which it holds by either reducing its equity interest through new participants farming in, by the issue of new share capital, or by a combination of both.

## Market risks

The Group is exposed to a variety of risks, including the effects of changes in interest rates and foreign currency exchange rates. These are discussed in note 11. In the normal course of business the Group also faces certain other non-financial or non-quantifiable risks. To the extent that the Group's oil and gas assets can be successfully developed, the Group's assets, revenues and cash flows may become dominated by Dollar or Euro-based oil and gas operations. Accordingly, the Sterling/Dollar and Sterling/Euro exchange rates are important to the Sterling prices of the Shares traded on the AIM market of the London Stock Exchange.

The tables below set forth, for the periods and dates indicated, the exchange rate for the Dollar against Sterling and for the Euro against Sterling.

### Dollar/Sterling exchange rates (Dollar per Pound Sterling)

	At end of year	Average rate*	High	Low
2008	1.45	1.88	1.99	1.45
2009	1.62	1.58	1.67	1.43
2010	1.56	1.55	1.62	1.47
2011	1.55	1.61	1.67	1.55
2012	1.61	1.59	1.62	1.52
<b>2013</b>	<b>1.65</b>	<b>1.56</b>	<b>1.65</b>	<b>1.49</b>

### Euro/Sterling exchange rates (Euro per Pound Sterling)

	At end of year	Average rate*	High	Low
2008	1.04	1.27	1.36	1.04
2009	1.15	1.12	1.19	1.01
2010	1.19	1.16	1.22	1.11
2011	1.20	1.15	1.20	1.10
2012	1.23	1.23	1.28	1.18
<b>2013</b>	<b>1.20</b>	<b>1.18</b>	<b>1.23</b>	<b>1.14</b>

\* The average rates on the last business day of each full month during the relevant year.

Details of how the Group manages interest rate and foreign currency exchange risks are included in note 11.

**Stephen Boldy**  
Chief Executive Officer

13 June 2014

## Directors' Report

For the year ended 31 December 2013

Company Number: 05662495

The Directors submit their report and audited Group financial statements for the year ended 31 December 2013.

### Principal activities and review of business

The principal activities of the Group are the exploration and appraisal of hydrocarbons. The activities of the subsidiaries are detailed in note 5 to the financial statements. The Group consolidated income statement set out on page 24 shows a loss on ordinary activities before tax of £1.0 million (2012: £1.1 million). After tax the Group loss for the year was £0.8 million (2012: £1.1 million). The Directors do not recommend the payment of a dividend and £0.8 million (2012: £1.1 million) will be added to the accumulated deficit. Further details of the Group's activities during the year and its position at the end of the year are given in the Chairman's Statement and in the Financial Review.

### Strategy

Lansdowne Oil & Gas plc ("Lansdowne") is an upstream oil and gas company, focused on exploration and appraisal opportunities offshore Ireland. The Group has targeted the Irish offshore shelf areas for exploration, as these provide shallow water (generally less than 100 metres), and relatively low drilling costs and these factors, combined with favourable fiscal terms, have the potential to deliver high value oil and gas reserves.

### Principal risks and uncertainties

The Directors are responsible for the effectiveness of the Group's risk management activities and internal control processes. As a participant in the upstream oil & gas industry, Lansdowne is exposed to a wide range of risks in the conduct of its operations. These risks include:

#### Financial risks:

- Ability to raise finance to maintain licence participation
- Cost inflation
- Oil and gas price movements
- Adverse taxation legislative changes
- Third party counterparty credit risk
- Adverse foreign exchange movements

#### Operational risks:

- Loss of key employees
- Delay and cost overrun on projects, including weather related delay
- HSE incidents
- Poor reservoir performance
- Exploration and appraisal well failures
- Failure of third party services

#### Strategic and external risks:

- Future deterioration of capital markets, inhibiting efficient equity and/or debt raising for developments
- Commercial misalignment with counterparty
- Material fall in oil or gas prices

The risks set out are not exhaustive and additional risks and uncertainties may arise or become material in the future. Any of the risks, as well as other risks and uncertainties discussed in this document, could have a material adverse effect on our business. There is no absolute assurance that the Group's exploration and development activities will be successful. The Group's activities may also be curtailed, delayed or cancelled not only as a result of adverse weather conditions but also as a result of shortage or delays in the delivery of drilling rigs and other equipment which, at times, are in short supply. The Group seeks to manage these risks through portfolio management, balancing risk across a range of prospects and leads, which carry varying technical and commercial risks, and carefully managing the financial exposure to each asset in the portfolio through the arrangements set out with counterparties.

The Group competes with other E&P companies, some of whom have much greater financial resources than the Group, for the identification and acquisition of oil and gas licences and properties and also for the recruitment and retention of skilled personnel.

The market price of hydrocarbon products is volatile and is not within the control of the Group. If significant declines occur in the price of oil or gas, or detrimental changes occur to the Irish fiscal regime, the economic commerciality of the Groups projects can be significantly reduced or rendered uneconomic. The successful progression of the Group's oil and gas assets depends not only

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on technical success, but also on the ability of the Group to obtain appropriate financing through equity financing, debt financing, farm downs or other means. The availability of such funding will continue to be influenced by macro-economic events, including oil and gas price fluctuations and the overall state of the economy, both of which remain outside the control of the Group. There is no assurance that the Group will be successful in obtaining required financing going forward. If the Group is unable to obtain additional financing needed to fulfil its planned work programmes some interests may be relinquished and/or the scope of the operations reduced.

### Future outlook

The Group's future outlook is described in the Chairman's Statement on page 3.

### Employees

The Group has two full-time employees, both of whom are Executive Directors of the Company. Employees are encouraged directly to participate in the business through a share option scheme.

### Directors

In accordance with the Company's Articles of Association, Directors retire and, being eligible, offer themselves for re-election. Stephen Boldy has a service contract with an unexpired notice period of one year. Details of the remuneration of the Directors and the interests of the Directors in the share capital and share options of the Company are disclosed in the Remuneration Report included on pages 19 to 21.

### Details of executive directors and company secretary

**Dr Stephen Boldy** (*Chief Executive Officer*), aged 58, joined Ramco Energy plc in March 2003, becoming CEO of Lansdowne in April 2006. 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 UK 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 PhD in geology from Trinity College Dublin.

**Richard Slape** (*Commercial Director*), aged 48, was appointed with effect from 31 March 2014. Mr. Slape has over 25 years experience working in the upstream oil and gas sector, mainly in financial institutions in the City of London.

**Emmet Brown** (*Director of Business Development*), aged 64, retired from the Board in February 2014.

**Con Casey** (*Company Secretary*), aged 53, was appointed Company Secretary in January 2013. Con Casey has an honours degree in Business Management from Trinity College and is a Fellow of the Association of Chartered Certified Accountants. He has over 25 years' experience in advising companies in the natural resources sector as well as acting as adviser to a number of publicly quoted companies and semi-state organisations. He specialises in the area of corporate finance and is a founding partner of LHM Casey McGrath.

### Details of non-executive directors

**John Greenall** (*Non-Executive Chairman*)†, aged 75, 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 RP & C International Limited, a niche investment bank based in London.

**Steven Lampe** (*Non-Executive Director*)†, aged 55, an investment manager based in New York, USA, is managing member of Lampe, Conway & Co LLC, a limited liability company organised in the state of Delaware.

**Viscount Torrington** (*Non-Executive Director*)†\*, aged 70, 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. From 1995 to 2000, he served as Managing Director of Heritage Oil & Gas Limited, later listed in Toronto as Heritage Oil Corporation. He has also served as a non-executive Director of other listed companies.

\* A member of the Audit Committee † A member of the Remuneration Committee

## Directors' Report

### Continued

**John H Aldersey-Williams** (*Non-Executive Director*)\*, aged 51, is Chief Executive of SeaEnergy and has been with that company since 2008. He has worked in the energy business for 25 years. In 2001, he founded Redfield Consulting Limited, a consultancy offering commercial, strategic and economic advice to companies across the zero-carbon energy space. Redfield has advised public and private sector clients in wind and marine energy, as well as in carbon capture and storage and policy areas. He was involved from the beginning of SERL, SeaEnergy Marine. He was also a director of the European Marine Energy Centre from 2005-2009.

**Jeffrey David Auld** (*Non-Executive Director*)\*, aged 47, has more than 20 years of financial and commercial experience in upstream oil and gas development and production, and is currently a director of Sabalo Energy Limited. His career has involved periods working for exploration and production companies – Premier Oil, PetroKazakhstan and Equator Exploration; as well as periods spent in financial institutions – Goldman Sachs, Canaccord Adams and Macquarie. He was appointed as a Non-Executive Director of Lansdowne Oil & Gas plc on 25 September 2013.

**Christopher Moar** (*Non-Executive Director*), aged 50, resigned from the board in June 2013.

### Substantial shareholders

The Directors have been notified of the following interests in 3 per cent or more of the Company's issued share capital at 31 December 2013 and 31 May 2014:

	No. of shares	Per cent of capital
LC Capital Master Fund Limited	36,205,474	25.76% † **
SeaEnergy Hibernia Limited (a subsidiary of SeaEnergy plc)	30,194,193	21.48% † **
Aviva Plc & subsidiaries	13,349,786	9.50% †
	13,533,119	9.63% **
Thomas Anderson	9,688,693	6.89% † **
JP Morgan Asset Management UK Limited	7,087,377	5.04% †
	6,197,377	4.41% **
Artemis Investment Management	6,500,000	4.63% † **
Directors (page 21)	4,223,766	3.01% † **

† at 31 December 2013    \*\* at 31 May 2014

The Directors are not aware of any other holding of 3% or more of the share capital of the Company.

### Creditor payment policy

The Group's current policy concerning the payment of its trade creditors is to:

- a settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- b ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- c pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. UK subsidiaries follow the same policy. The Group's average creditor payment period at 31 December 2013 was 60 days (2012: 60 days).

### Auditor

A resolution to reappoint KPMG as auditor will be put to the members at the Annual General Meeting.

\* A member of the Audit Committee    † A member of the Remuneration Committee



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### **Directors' statement as to disclosure of information to auditors**

The directors who were members of the board at the time of approving the directors' report are listed on page 13. Having made enquiries of fellow directors and of the Group's auditors, each of these directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

### **Going Concern**

The Directors have prepared the financial statements on the going concern basis which assumes that the Group and Company will continue in operational existence for at least twelve months from the date of these accounts as described in the Statement of Accounting Policies section (d) on page 31.

### **Post Balance Sheet Events**

Since the end of the financial year, the Directors are not aware of any other event or circumstance which has not being dealt with in this report which may have a significant impact on the operations of the Group.

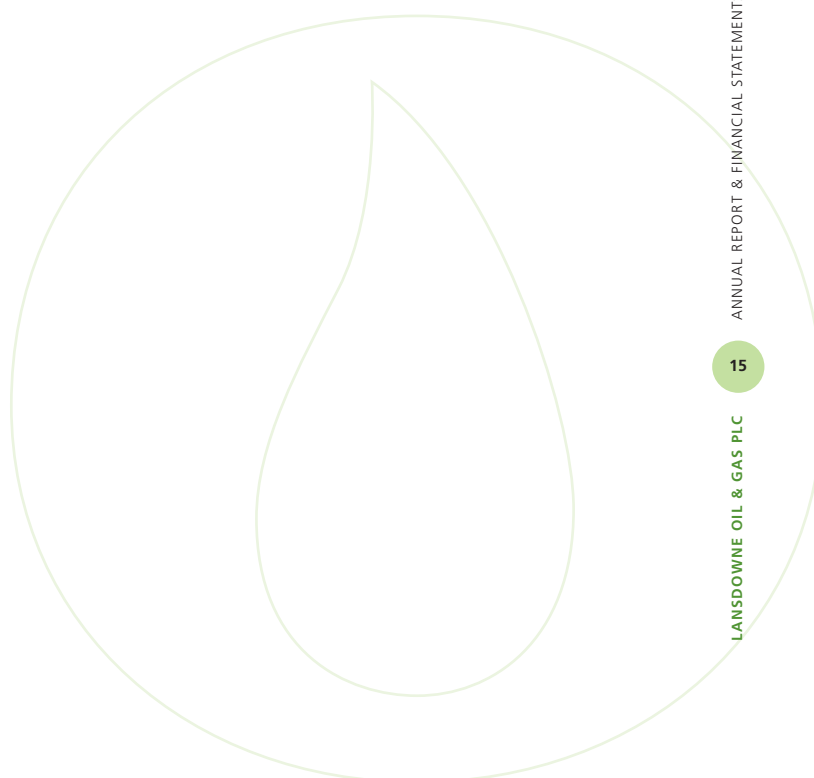
### **Financial Instruments**

Risk exposures and financial risk management policies and objectives are discussed in note 11 to the financial statements.

By order of the Board

**Con Casey FCCA**  
Company Secretary

13 June 2014



## Corporate Governance

For the year ended 31 December 2013

Lansdowne, as an AIM-listed company, is not required to comply with the UK Corporate Governance Code ("the Code") published by the Financial Reporting Council in September 2012. However, the Board recognises the importance of sound corporate governance and has ensured that the Group has adopted policies and procedures which reflect such of the principles of good governance and the Code as are appropriate to the Group's size. The Board cannot be considered independent in terms of the Code, because, following certain retirements, the Non-Executive Directors are all shareholders.

### Directors

At 31 December 2013, the Board comprised of a Non-Executive Chairman, two Executive Directors and four further Non-Executive Directors. Biographies of the Directors are presented on page 13. John Greenall is the senior Non-Executive Director and Chairman.

Board Meeting attendance record	2013 Eligible	2013 Attended	2012 Eligible	2012 Attended
S A R Boldy	10	10	10	10
R Slape (appointed March 2014)	–	–	–	–
E Brown (retired February 2014)	10	9	10	9
J Greenall	10	10	10	7
T Torrington	10	7	10	8
S G Lampe	10	10	10	8
J Aldersey-Williams	10	10	2	1
J Auld (appointed September 2013)	3	3	–	–
C G Moar (resigned June 2013)	6	5	10	8

The Board is responsible for setting overall Group strategy, policy, monitoring Group performance and authorising significant transactions.

The Board meets not less than four times a year and has adopted a schedule of matters reserved for its decision. All Directors have full and timely access to information and may take independent professional advice at the Group's expense.

### Relationship with former parent company

Two of the current Directors of the Company, S G Lampe and J H Aldersey-Williams, are also Directors of the Company's former parent company, SeaEnergy PLC. SeaEnergy PLC remains a major shareholder. Under a Relationship Agreement dated April 2006, SeaEnergy PLC has undertaken that the relevant members of the SeaEnergy 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 from SeaEnergy PLC of the majority of the Board, that any transactions between persons or companies controlled by SeaEnergy PLC (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. SeaEnergy PLC has also undertaken that neither it nor any member of the SeaEnergy Group shall, for so long as SeaEnergy PLC has a significant interest in the Company, compete with the Group in the sector and geographic area in which the Group operates.

The Board has two standing committees with terms of reference as follows:

### Audit and Remuneration Committees

These committees comprise solely of Non-Executive Directors who take no part in the discussion of their own remuneration.

### Audit Committee

The Audit Committee comprises John H Aldersey-Williams (Chairman), John Greenall (retired September 2013), Viscount Torrington and Jeffrey Auld (appointed September 2013). It determines the terms of engagement of the Group's Auditors and, in consultation with the Auditors, the scope of the audit. The Audit Committee receives and reviews reports from management and the Group's Auditors relating to the interim and annual financial statements and the accounting and internal control systems in the Group. The Audit Committee has unrestricted access to, and oversees, the relationship with the Group's Auditors. The Audit Committee meets at least twice a year and meets with the Group's Auditors at least once a year. Other Directors may attend by invitation.

The External Auditors are engaged to express an opinion on the financial statements. They review and test the systems of internal financial control and data contained in the financial statements to the extent necessary to express their audit opinion. They discuss with management the reporting of operational results and the financial position of the Group and present their findings to the Audit Committee.

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The Audit Committee reviews the independence and objectivity of the External Auditors. The Committee reviews the nature and amount of non-audit work undertaken by KPMG each year to satisfy itself that there is no effect on their independence. Details of this year's fees are given in note 13 to the accounts. The Committee is satisfied that KPMG are independent.

The Group does not have an internal audit function but the need for such a function is reviewed at least annually. It is the current view of the Board that an internal audit function is not considered appropriate given the size and nature of the operations and the Group.

### Remuneration Committee

The Remuneration Committee comprises John Greenall, Steven Lampe and Viscount Torrington (Chairman). It reviews the scale and structure of the Executive Directors' 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 are 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 also administers any share option schemes or other employee incentive schemes adopted by the Company from time to time.

The Remuneration Report is presented on pages 19 to 21 and contains a statement of remuneration policy and details of the remuneration of each Director.

### Risk management and internal control

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. Management from each business area and major project identify their risks, the likelihood of those risks occurring, the impact if they do occur and the actions being taken to manage and mitigate those risks to an acceptable level. This process is reviewed by the Board annually and accords with the Turnbull guidance on internal control. It has been in place throughout the year under review and up to the date of this report.

The Board of Directors has overall responsibility for maintaining a sound system of internal financial control to safeguard shareholders' investment and the Group's assets. Such a system can provide reasonable but not absolute assurance that assets are safeguarded, transactions are authorised and correctly recorded, and that material errors and irregularities are either prevented or would be detected within a timely period. The system, which has been in place throughout the year and up to the date of this report, comprises the following main elements, all of which are reviewed by the Board:

- An organisation structure with clearly defined lines of responsibility and delegation of authority
- Appointment of employees of the necessary calibre to fulfil their allotted responsibilities.
- Established procedures for budgeting and capital expenditure.
- Monthly reporting of actual performance compared to budget, reviewed by the Board quarterly.
- Rolling monthly forecasts for the financial year.
- The Group reports to shareholders on a half-yearly basis to ensure timely reporting of financial results.

### Investor relations

Communications with investors are given high priority. The Group keeps its institutional shareholders up to date with its business and objectives, and obtains their views on the Group, by means of periodic presentations. Additionally the Group is ready to respond appropriately to particular issues or questions that may be raised by investors. All shareholders are sent the Annual Report and financial statements, the Interim Report and can also elect to receive all press releases, many choosing to receive this information by e-mail.

The Group has a website, [www.lansdowneoilandgas.com](http://www.lansdowneoilandgas.com), which is regularly updated and contains a wide range of information about the Group including the AIM admission document and press releases. The Board views the AGM as an opportunity to communicate with private investors and encourages them to attend. The Board aims to ensure that the Chairmen of the Audit and Remuneration Committees are available to answer questions. Shareholders are invited to ask questions and are given the opportunity to meet the Directors informally following the meeting. The Company complies with best practice in ensuring that the Notice of the AGM is dispatched to shareholders at least 20 working days ahead of the meeting.

## Corporate Governance

*Continued*

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### Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Under Company Law the Directors must not approve the Group and Company financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group and Company for that period. In preparing the Group and Company financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance;
- state that the Group and Company has complied with IFRSs as adopted by the EU, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Group and Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Lansdowne Oil & Gas plc website is the responsibility of the Directors. The work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Going concern

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

The Directors consider that it is appropriate to adopt a going concern assumption in preparing these financial statements for the reasons outlined in accounting policy (d) to the financial statements.

# Remuneration Report

For the year ended 31 December 2013

## Introduction

The following report details how the Company's remuneration committee determines Directors' remuneration packages through the application of the Company's remuneration policy.

## Remuneration Committee

The members of the Remuneration Committee (the Committee) are John Greenall, Steven Lampe and Viscount Torrington (Chairman), all of whom are Non-Executive Directors of the Company.

The Committee, which meets at least twice each year, is responsible to the Board for determining the terms and conditions of employment of the Executive Directors and their remuneration packages (including pension rights and any compensation payments) and oversees the operation of the Company's Employee Share Option Scheme.

The Committee has access to external independent professional advice, at the Company's expense, as the Committee sees fit. None of the Committee members has any personal financial interest in the matters to be decided by the Committee or any conflicts arising from cross-directorships or day-to-day involvement in the running of Lansdowne.

## Remuneration policy

Lansdowne operates in the international oil and gas industry and aims to attract, reward, motivate and retain top executives in a manner appropriate to that industry and with the objective of long term accumulation of value for shareholders. The remuneration packages currently being offered are intended to be competitive and comprise a mix of performance related and non-performance related remuneration designed to incentivise Directors. The packages are in line with industry norms.

## Directors' service contracts

S A R Boldy has a service contract with the Company with a rolling notice period of one year. R Slape has a service contract with the company with a rolling notice period of six months. The other Directors do not have service contracts with the Company.

The remuneration of Non-Executive Directors is determined by the Board after consideration of appropriate external comparisons and the responsibilities and time involvement of individual Directors. No Director is involved in deciding his own remuneration.

## Remuneration package

Directors' remuneration packages, which are reviewed annually, consist of annual salary, performance related bonuses, health and other benefits, pension contributions and share options.

S A R 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 subject to a cap equal to his annual salary during the relevant financial year. He is also entitled to 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 a requirement to utilise any such bonus payments to subscribe for Ordinary Shares of the Company.

## Pensions

Directors' pensions are based on salary only, with bonuses and other discretionary benefits excluded.

Retirement benefits were accruing to two Executive Directors under the Group's defined contribution scheme where the Company contributes at a rate of 15 per cent of salary.

## Remuneration Report

Continued

### Directors' detailed emoluments

	Salary and fees £'000	Performance Related Bonus £'000	Benefits £'000	Pension Contributions £'000	2013 Total £'000	2012 Total £'000
<b>Executive Directors</b>						
S A R Boldy	227	–	7	–	234	209
E Brown (retired Feb. 2014)	228	–	5	21	254	209
<b>Non-Executive Directors</b>						
J Greenall	40	–	–	–	40	15
T Torrington	30	–	–	–	30	15
S G Lampe <sup>(1)</sup>	15	–	–	–	15	15
J H Aldersey-Williams <sup>(2)</sup>	–	–	–	–	–	–
J D Auld	8	–	–	–	8	–
C G Moar (resigned June 2013)	–	–	–	–	–	–
<b>2013</b>	<b>548</b>	<b>–</b>	<b>12</b>	<b>21</b>	<b>581</b>	<b>–</b>
2012	403	–	6	54	–	463

<sup>(1)</sup> All fees are paid to Lampe Conway & Co LLC. S Lampe is Managing member of Lampe Conway & Co LLC.

<sup>(2)</sup> Waived fees from 11 September 2012.

In addition to the above cash based emoluments, the expense in the year for share options awarded to S A R Boldy was £68,000 (2012: £52,000), E Brown £27,000 (2012: £21,000), C G Moar £11,000 (2012: £9,000), J Greenall £6,000 (2012: £5,000), T Torrington £6,000 (2012: £5,000), and S G Lampe £3,000 (2012: £2,000).

### Interests in share options

	Exercise Price	At 31 Dec 2012	2013 Granted	2013 Lapsed	At 31 Dec 2013	Normal Exercise Dates
S A R Boldy	36.5p	600,000	–	–	600,000	1 June 2015 to 31 May 2022
S A R Boldy	25p	1,000,000	–	–	1,000,000	20 May 2014 to 19 May 2021
E Brown (retired Feb. 2014)	36.5p	240,000	–	–	240,000	1 June 2015 to 31 May 2022
E Brown (retired Feb. 2014)	25p	400,000	–	–	400,000	20 May 2014 to 19 May 2021
C G Moar (resigned June 2013)	36.5p	50,000	–	32,100	17,900	1 June 2015 to 31 May 2022
C G Moar (resigned June 2013)	25p	250,000	–	74,100	175,900	20 May 2014 to 19 May 2021
J Greenall	36.5p	50,000	–	–	50,000	1 June 2015 to 31 May 2022
J Greenall	25p	100,000	–	–	100,000	20 May 2014 to 19 May 2021

*Interests in Share Options continued*

	Exercise Price	At 31 Dec 2012	2013 Granted	2013 Lapsed	At 31 Dec 2013	Normal Exercise Dates
T Torrington	36.5p	50,000	–	–	50,000	1 June 2015 to 31 May 2022
T Torrington	25p	100,000	–	–	100,000	20 May 2014 to 19 May 2021
S G Lampe	36.5p	50,000	–	–	50,000	1 June 2015 to 31 May 2022
		<b>2,890,000</b>	–	106,200	<b>2,783,800</b>	

Details of the performance criterion, conditional upon which the options are exercisable, are set out in note 15 to the financial statements. During 2013, the share price ranged between a high of 57.50p and a low of 23.88p. The quarterly highest and lowest closing share prices are detailed in note 12.

### Interests in shares

The beneficial interests of the Directors who served during the year in the ordinary shares of 5p of the Company are as follows:

	At 31 Dec 2012	At 31 Dec 2013	At 31 May 2014
S A R Boldy	52,660	<b>52,660</b>	<b>52,660</b>
C G Moar (resigned June 2013)	–	–	–
J Greenall	85,380	<b>85,380</b>	<b>85,380</b>
T Torrington	105,880	<b>105,880</b>	<b>105,880</b>
S G Lampe	196,078	<b>196,078</b>	<b>196,078</b>
E Brown (retired Feb. 2014)	3,743,768	<b>3,743,768</b>	<b>3,743,768</b>
J H Aldersey-Williams	–	<b>40,000</b>	<b>40,000</b>
J D Auld (appointed Sept. 2013)	–	–	–
	4,183,766	<b>4,223,766</b>	<b>4,223,766</b>

S G Lampe has an interest in 36,205,474 shares in Lansdowne held by LC Capital Master Fund Limited. S Lampe is managing member of Lampe Conway & Co. LLC, the investment manager of LC Capital Master Fund Limited.

### On behalf of the Board

#### T Torrington

Chairman, Remuneration Committee

13 June 2014

## Independent Auditor's Report to the Shareholders of Lansdowne Oil & Gas Plc

We have audited the financial statements of Lansdowne Oil & Gas plc for the year ended 31 December 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statement of Changes in Equity, the Statement of Accounting Policies and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the company's affairs as at 31 December 2013 and of the Group's loss for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

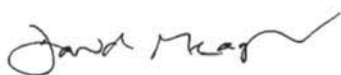


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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



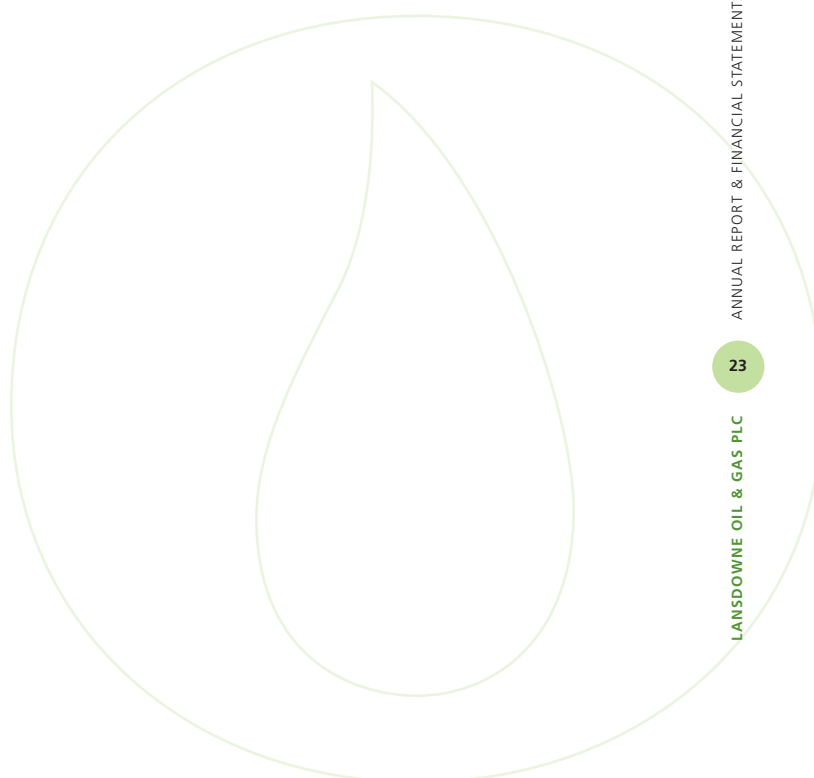
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#### David Meagher

Senior statutory auditor

for and on behalf of KPMG, Statutory Auditor  
Dublin

13 June 2014



## Consolidated Income Statement

For the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Administrative expenses		(984)	(991)
Disposal of intangible assets		–	(29)
<b>Operating loss</b>	13	<b>(984)</b>	(1,020)
Finance costs	16	(61)	(140)
Finance income	16	24	13
<b>Loss for the year before tax</b>		<b>(1,021)</b>	(1,147)
Income tax credit	17	211	53
<b>Loss for the year</b>		<b>(810)</b>	(1,094)
<b>Loss per share (pence):</b>			
Basic loss per ordinary share	2	(0.6p)	(0.9p)
Diluted loss per ordinary share	2	(0.6p)	(0.9p)

The results for the period all arise on continuing operations.

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	2013 £'000	2012 £'000
<b>Loss for the year</b>	<b>(810)</b>	(1,094)
Items that may be reclassified to profit and loss:		
Currency translation differences	(62)	53
<b>Total comprehensive loss for the year</b>	<b>(872)</b>	(1,041)

The accompanying notes on pages 36 - 44 form an integral part of these financial statements

These financial statements were approved by the Board of Directors on 13 June 2014.



**John Aldersey-Williams**  
Director



**Stephen Boldy**  
Director

# Consolidated Statement of Financial Position

As at 31 December 2013

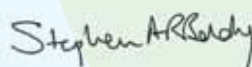
Assets	Notes	2013 £'000	2012 £'000
<b>Non-Current Assets</b>			
Intangible assets	3	27,217	25,820
Property, plant and equipment	4	1	1
		<b>27,218</b>	25,821
<b>Current Assets</b>			
Trade and other receivables	6	146	101
Cash and cash equivalents	7	2,478	5,549
		<b>2,624</b>	5,650
<b>Total Assets</b>		<b>29,842</b>	31,471
<b>Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
Share capital	12	7,027	7,027
Share premium	12	25,273	25,273
Currency translation reserve		56	118
Share-based payment reserve		803	676
Accumulated deficit		(7,556)	(6,746)
<b>Total Equity</b>		<b>25,603</b>	26,348
<b>Non-Current Liabilities</b>			
Provision for liabilities	9	197	–
Deferred income tax liabilities	10	1,052	1,263
		<b>1,249</b>	1,263
<b>Current Liabilities</b>			
Trade and other payables	8	2,990	3,860
<b>Total Liabilities</b>		<b>4,239</b>	5,123
<b>Total Equity and Liabilities</b>		<b>29,842</b>	31,471

The accompanying notes on pages 36 - 44 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 13 June 2014.



**John Aldersey-Williams**  
Director



**Stephen Boldy**  
Director

# Company Statement of Financial Position

As at 31 December 2013

<b>Assets</b>	<b>Notes</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4	1	1
Investments in subsidiaries	5	5,432	5,432
		<b>5,433</b>	5,433
<b>Current Assets</b>			
Trade and other receivables	6	128	97
Cash and cash equivalents	7	2,477	5,548
		<b>2,605</b>	5,645
<b>Total Assets</b>		<b>8,038</b>	11,078
<b>Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
Share capital	12	7,027	7,027
Share premium	12	25,273	25,273
Share-based payment reserve		803	676
Accumulated deficit		(28,042)	(25,736)
<b>Total Equity</b>		<b>5,061</b>	7,240
<b>Current Liabilities</b>			
Trade and other payables	8	2,977	3,838
<b>Total Liabilities</b>		<b>2,977</b>	3,838
<b>Total Equity and Liabilities</b>		<b>8,038</b>	11,078

The accompanying notes on pages 36 - 44 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 13 June 2014.



**John Aldersey-Williams**  
Director



**Stephen Boldy**  
Director

## Consolidated Statement of Cash Flows

for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Cash flows from operating activities</b>			
Cash from operations	18	(1,674)	1,111
Net finance expense		3	127
<b>Net cash from operating activities</b>		<b>(1,671)</b>	<b>1,238</b>
<b>Cash flows from investing activities</b>			
Acquisition of intangible exploration assets	3	(1,397)	(8,063)
Interest received		24	13
<b>Net cash from investing activities</b>		<b>(1,373)</b>	<b>(8,050)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	12	–	9,446
Repayment of borrowings		–	(173)
Interest paid	16	–	(114)
<b>Net cash from financing activities</b>		<b>–</b>	<b>9,159</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(3,044)</b>	<b>2,347</b>
<b>Cash and cash equivalents at beginning of year</b>	7	<b>5,549</b>	<b>3,228</b>
<b>Effect of exchange rate fluctuations on cash held</b>	16	<b>(27)</b>	<b>(26)</b>
<b>Cash and cash equivalents at end of year</b>	7	<b>2,478</b>	<b>5,549</b>

The accompanying notes on pages 36 - 44 form an integral part of these financial statements.

## Company Statement of Cash Flows

for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Cash flows from operating activities</b>			
Cash used in operations	18	(3,071)	(6,953)
Net finance expense		3	20
<b>Net cash from operating activities</b>		<b>(3,068)</b>	(6,933)
<b>Cash flows from investing activities</b>			
Interest received		24	13
<b>Net cash from investing activities</b>		<b>24</b>	13
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		–	9,446
Repayment of borrowings		–	(173)
Interest paid		–	(7)
<b>Net cash from financing activities</b>		<b>–</b>	9,266
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,044)</b>	2,346
<b>Cash and cash equivalents at beginning of year</b>	7	<b>5,548</b>	3,228
<b>Effect of exchange rate fluctuations on cash held</b>	16	<b>(27)</b>	(26)
<b>Cash and cash equivalents at end of year</b>	7	<b>2,477</b>	5,548

The accompanying notes on pages 36 - 44 form an integral part of these financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Share Capital £'000	Share Premium £'000	Share Based Payment Reserve £'000	Currency Translation Reserve £'000	Accumulated Deficit £'000	Total Equity £'000
<b>Balance at 1 January 2012</b>	<b>6,118</b>	<b>16,736</b>	<b>576</b>	<b>65</b>	<b>(5,652)</b>	<b>17,843</b>
Loss for the financial year	–	–	–	–	(1,094)	(1,094)
Currency translation difference	–	–	–	53	–	53
<b>Total comprehensive income for the year</b>	<b>6,118</b>	<b>16,736</b>	<b>576</b>	<b>118</b>	<b>(6,746)</b>	<b>16,802</b>
Share based payments charge (note 15)	–	–	100	–	–	100
Issue of new shares, gross consideration (note 12)	909	9,091	–	–	–	10,000
Cost of share issues	–	(554)	–	–	–	(554)
<b>Balance at 31 December 2012</b>	<b>7,027</b>	<b>25,273</b>	<b>676</b>	<b>118</b>	<b>(6,746)</b>	<b>26,348</b>
<b>Balance at 1 January 2013</b>	<b>7,027</b>	<b>25,273</b>	<b>676</b>	<b>118</b>	<b>(6,746)</b>	<b>26,348</b>
Loss for the financial year	–	–	–	–	(810)	(810)
Currency translation difference	–	–	–	(62)	–	(62)
<b>Total comprehensive income for the year</b>	<b>7,027</b>	<b>25,273</b>	<b>676</b>	<b>56</b>	<b>(7,556)</b>	<b>25,476</b>
Share based payments charge (note 15)	–	–	127	–	–	127
<b>Balance at 31 December 2013</b>	<b>7,027</b>	<b>25,273</b>	<b>803</b>	<b>56</b>	<b>(7,556)</b>	<b>25,603</b>

The accompanying notes on pages 36 - 44 form an integral part of these financial statements.

## Company Statement of Changes in Equity

For the year ended 31 December 2013

	Share Capital £'000	Share Premium £'000	Share Based Payment Reserve £'000	Accumulated Deficit £'000	Total Equity £'000
<b>Balance at 1 January 2012</b>	<b>6,118</b>	<b>16,736</b>	<b>576</b>	<b>(16,464)</b>	<b>6,966</b>
Loss for the financial year	–	–	–	(9,272)	(9,272)
Share based payments charge (note 15)	–	–	100	–	100
Issue of new shares – gross consideration (note 12)	909	9,091	–	–	10,000
Cost of share issues	–	(554)	–	–	(554)
<b>Balance at 31 December 2012</b>	<b>7,027</b>	<b>25,273</b>	<b>676</b>	<b>(25,736)</b>	<b>7,240</b>
<b>Balance at 1 January 2013</b>	<b>7,027</b>	<b>25,273</b>	<b>676</b>	<b>(25,736)</b>	<b>7,240</b>
Loss for the financial year	–	–	–	(2,306)	(2,306)
Share based payments charge (note 15)	–	–	127	–	127
<b>Balance at 31 December 2013</b>	<b>7,027</b>	<b>25,273</b>	<b>803</b>	<b>(28,042)</b>	<b>5,061</b>

The accompanying notes on pages 36 - 44 form an integral part of these financial statements.



# Statement of Accounting Policies

For the year ended 31 December 2013

## Presentation of accounts and accounting policies

### (a) Reporting Entity

Lansdowne Oil & Gas plc (the "Company") and its subsidiaries (together, the "Group") explore for and develop oil and gas reserves in the Irish Celtic Sea.

The Company is a public limited company, incorporated and domiciled in the UK. The address of its registered office is c/o Pinsent Masons LLP, 5 Old Bailey, London EC4M 7BA.

The Company's shares are quoted on the AIM Market of the London Stock Exchange.

### (b) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations endorsed by the European Union ("EU"), and in the case of the company as applied in accordance with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS. A summary of the more important accounting policies, which have been applied consistently, except for the adoption of the amendment to the IAS 1 'Presentation of Items of Other Comprehensive Income', is set out at (w) below.

### (c) Functional and presentation currency

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

### (d) Going concern basis of accounting

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

The Company has progressed the development of the exploration licences held by way of further appraisal and 3D seismic surveys and participation in the successful drilling campaign on the Barryroe oil discovery. The results from the 3D seismic surveys and the flow rates from the Barryroe well exceeded expectations. The Directors have appointed Macquarie Capital to commence a farm out process across its portfolio of licences, in order to find a partner(s) to participate in the next stage of drilling. A data room is operational with a number of interested parties currently reviewing the information contained therein.

The Directors are confident that, with the positive results from the seismic surveys and the successful Barryroe well test, they will be able to conclude a farm out deal(s) which will provide sufficient resources for the Company to continue with the development of the licences held. The Directors believe that the Company has a number of available funding options; the Company's primary aim is to conclude the ongoing farm out campaign with a view to attracting industry partners to drill wells. The Company also has the option of issuing new equity, and is also in discussions with certain financial institutions regarding a structured financing package that would provide the Company with sufficient resources to progress the licences in the near term. The Company retains the financial support of its main shareholders, if required, in order to allow the Company time to evaluate these future requirements in the best interest of the Company and its shareholders.

The Directors have also reviewed cash flow projections for the period to 30 June 2015 in light of the Company and Group's existing commitments and its expected future capital expenditure programme.

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

Accordingly, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for the foreseeable future and have therefore concluded that it is appropriate to adopt the going concern basis in preparing these financial statements. The financial statements do not include any adjustments that may result if the Group and Company were unable to continue as going concerns.

## Statement of Accounting Policies

Continued

### (e) Basis of measurement

The Group prepares its accounts on the historical cost basis. Where the carrying value of assets and liabilities are calculated on a different basis, this is disclosed in the relevant accounting policy.

### (f) Judgements and key sources of estimation uncertainty

The Group has used judgements, estimates and assumptions in arriving at certain figures in the preparation of its financial statements. The resulting accounting estimates may not equate with the actual results which will only be known in time.

Those areas believed to be key areas of estimation are;

- Impairment testing [note 1 (i) and (j)]
- Share based payments [note 15]
- Deferred tax [note 10]

Those areas believed to be key areas of judgements are;

- Going concern [note 1 (d)]
- Oil and Gas Intangible exploration / appraisal assets [note 1(i)]

Further details of the assumptions used can be found in this note and in the notes to these financial statements.

### (g) Basis of consolidation

The consolidated accounts include the results of Lansdowne Oil & Gas plc and its subsidiary undertakings, made up to 31 December each year. No separate income statement is presented for the parent company, as permitted by Section 408 of the Companies Act 2006.

The subsidiaries are those companies controlled, directly or indirectly, by Lansdowne Oil & Gas plc, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. This control is normally evidenced when Lansdowne Oil & Gas plc owns, either directly or indirectly, more than 50 per cent. of the voting rights or potential voting rights of a company's share capital. Companies acquired during the year are consolidated from the date on which control is transferred to the Group, and subsidiaries to be divested are included up to the date on which control passes from the Group. Inter-company balances, transactions and resulting unrealised income are eliminated in full.

### (h) Joint ventures

The Group participates in several unincorporated Joint Ventures which involve the joint control of assets and operations used in the Group's oil and gas exploration activities. The Group accounts for its share of assets, liabilities, income and expenditure of Joint Ventures in which the Group holds an interest, classified in the appropriate statement of financial position and income statement headings.

### (i) Oil and gas intangible exploration/appraisal assets and property, plant & equipment – development/producing assets

All expenditure relating to oil and gas activities is capitalised in accordance with the "successful efforts" method of accounting, as described in the Oil and Gas SORP. The Group's policy for oil and gas assets is also compliant with IFRS 6 "Exploration for and Evaluation of Mineral Resources". Under this standard the Group's exploration and appraisal activities are capitalised as intangible assets and its development and production activities are capitalised within "Property, plant and equipment".

All costs incurred prior to the acquisition of licences are expensed immediately to the income statement.

Licence acquisition costs, geological and geophysical costs and the direct costs of exploration and appraisal are initially capitalised as intangible assets, pending determination of the existence of commercial reserves in the licence area. Such costs are classified as intangible assets based on the nature of the underlying asset, which does not yet have any proven physical substance. Exploration and appraisal costs are held, un-depleted, until such a time as the exploration phase on the licence area is complete or commercial reserves have been discovered. If commercial reserves are determined to exist and the technical feasibility of extraction demonstrated, then the related capitalised exploration / appraisal costs are first subjected to an impairment test (see below) and the resulting carrying value is transferred to the development and producing assets category within property, plant and equipment. If no commercial reserves exist then that particular exploration/appraisal effort was "unsuccessful" and the costs are written off to the income statement in the period in which the evaluation is made. The success or failure of each exploration/appraisal effort is judged on a field by field basis.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within development/producing assets on a field by field basis. Development expenditure comprises all costs incurred

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in bringing a field to commercial production, including financing costs. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the income statement. Net proceeds from any disposal of exploration assets are credited against the previously capitalised cost. A gain or loss on disposal of an exploration asset is recognised in the income statement to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

Upon commencement of production, capitalised costs are amortised on a unit of production basis which is calculated to write off the expected cost of each asset over its life in line with the depletion of proved and probable reserves.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realisable value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. These cash-generating units ("CGUs") are aligned to the business unit and sub-business unit structure the Group uses to manage its business. Cash flows are discounted in determining the value in use.

#### **(j) Property, plant and equipment – other**

Property, plant and equipment is stated at historical cost or deemed cost less accumulated depreciation and any impairment in value. Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of the items of property, plant and equipment. The depreciable amount is the cost less residual value based on prices prevailing at the reporting date. The depreciation charge is spread equally over the expected useful economic lives of the assets as follows:

Furniture, fittings and equipment; 4-5 years.

Expected useful lives and residual values are reviewed each year and adjusted if appropriate.

Profits and losses on disposal of property, plant and equipment are calculated as the difference between the net sales proceeds and the carrying amount of the asset at the date of disposal.

#### **(k) Investments**

Shares in Group undertakings are held at cost less impairment provisions. Impairments occur where the recoverable value of the investment is less than its carrying value. The recoverable value of the investment is the higher of its fair value less costs to sell and value in use. Value in use is based on the discounted future net cash flows of the investee.

#### **(l) Operating leases**

Rental payable under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

#### **(m) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

#### **(n) Decommissioning costs and provisions**

Provision is made for the decommissioning of oil and gas wells and other oilfield facilities. The cost of decommissioning is determined through discounting the amounts expected to be payable to their present value at the date the provision is recorded and this calculation is reassessed at each reporting date. This amount is included within development and production assets by licence area and the liability is included in provisions. Such cost is depleted over the life of the licence area on a unit of production basis and charged to the income statement. The unwinding of the discount is reflected as a finance cost in the income statement over the expected remaining life of the well.

#### **(o) Equity**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, allocated between share capital and share premium.

## Statement of Accounting Policies

Continued

### (p) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates or laws enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred tax assets and liabilities are offset, only if certain criteria are met.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

### (q) Defined contribution pension schemes

The Group contributes to a defined contribution pension scheme. The pension cost represents contributions payable by the Group to the scheme.

### (r) Share based payments

The Group incentivises its employees and Directors with access to equity-settled share option schemes, details of which are given in the Directors' Remuneration Report and note 15 of these financial statements.

The cost of awards to employees and Directors under the share option scheme is recognised over the three or five year period to which the performance criteria relate. The amount recognised is based on the fair value of the share options, as measured at the date of the award. The corresponding credit is taken to a share based payments reserve. The proceeds on exercise of share options are credited to share capital and share premium.

The share options are valued using a Total Shareholder Return ("TSR") simulation model, which adjusts the fair value for the market-based performance criteria in the schemes. The TSR simulation model is based on the Monte Carlo model and is tailored to meet the requirements of the scheme's performance criteria. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, risk free rate of interest and patterns of early exercise of the plan participants.

Share based payments made to parties other than employees are valued at the fair value of the services received, where this can be reliably measured, and at the fair value of the instrument used otherwise. The cost is recognised over the period that the service is received with the corresponding credit taken to the share based payments reserve.

No expense is recognised for awards that do not ultimately vest, except for equity settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share based payment transaction, or is otherwise beneficial to the employee as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity settled transactions are treated equally.

### (s) Interest income

Interest income is recognised on an accruals basis and is presented within "Finance income" in the income statement.

### (t) Foreign currency

The Group's consolidated financial statements are presented in Sterling, which is also the parent company's functional currency. The assessment of functional currency has been based on the currency of the economic environment in which the Group operates and in which its revenue and costs arise. These accounts have been presented in Sterling, which is the functional currency of two of the three companies within the Group. The financial statements of overseas subsidiaries are maintained in their functional currency. Where the functional currency differs from the Group's presentational currency, they are translated into Sterling at the rate of exchange ruling at the reporting date. The exchange difference arising on the retranslation of opening net assets is taken directly to a currency translational reserve.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the reporting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange gains and losses are taken to the income statement.

### (u) Financial instruments and risk management

The Group's current and anticipated operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, interest rates and commodity prices. The Board approves the use of financial products to manage the Group's exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Further details of the Group's accounting policy for financial instruments and risk management are given in note 11.

### (v) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

### (w) Change in accounting policies

#### New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS effective as of 1 January 2013:

Standard	Effective Date
IAS 1 'Presentation of items of Other Comprehensive Income'	1 July 2012
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	1 January 2014
IFRS 13 'Fair Value Measurement'	1 January 2013
IAS 19 'Employee Benefits (2011)'	1 January 2013
IAS 27 'Separate Financial Statements'	1 January 2014
IAS 28 'Investments in Associates and Joint Ventures'	1 January 2014
IFRS 7 'Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)'	1 January 2013
Annual Improvements to IFRSs 2009-2011 Cycle	1 January 2013
IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine'	1 January 2013

#### Standards, amendments and interpretations issued but not yet effective

At the date of the financial statements were authorised for issue, the following standards, interpretation and amendments, which are not expected to impact the Group's financial position or performance, were in issue but not yet effective:

Standard	Effective Date
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
IFRIC 21 'Levies'	Not yet endorsed
Annual Improvements to IFRSs 2010-2012 Cycle	Not yet endorsed
Annual Improvements to IFRSs 2011-2013 Cycle	Not yet endorsed
IFRS 15 'Revenue from contracts with customers'	Not yet endorsed
IFRS 9 'Financial Instruments'	No date

# Notes to the Financial Statements

For the year ended 31 December 2013

## 1. Segmental Reporting

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

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

## 2. Loss per ordinary share

The loss for the year was wholly from continuing operations.

	2013 £'000	2012 £'000
Loss for the year attributable to equity holders	(810)	(1,094)
Weighted average number of ordinary shares in issue – basic and diluted	140,540,159	128,535,058
Loss per share arising from continuing operations attributable to the equity holders of the Company – basic and diluted (in pence)	(0.6)	(0.9)

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has two classes of potential ordinary shares; share options and share warrants. As a loss was recorded for both 2013 and 2012, potentially issuable shares would have been antidilutive.

## 3. Goodwill and other intangible assets

Group	Exploration / appraisal assets £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
At 1 January 2013	24,399	1,421	25,820
Additions	1,397	–	1,397
Reclassification	1,421	(1,421)	–
At 31 December 2013	27,217	–	27,217
<b>Net book values</b>			
At 31 December 2013	27,217	–	27,217
At 31 December 2012	24,399	1,421	25,820

Oil and gas project expenditures, all of which relate to Ireland, including geological, geophysical and seismic costs, are accumulated as intangible fixed assets prior to the determination of commercial reserves.

The Directors have reconsidered acquisition payments for Milesian Oil & Gas Limited and determined that payments made relate to exploration and appraisal assets, rather than goodwill arising on the acquisition of a subsidiary.

#### 4. Property, plant and equipment

Furniture, fittings & equipment	Group £'000	Company £'000
<b>Cost</b>		
At 1 January 2013	4	2
Additions	–	–
Disposals	–	–
At 31 December 2013	4	2
<b>Accumulated depreciation</b>		
At 1 January 2013	3	1
Charge for the year	–	–
At 31 December 2013	3	1
<b>Net book amount</b>		
At 31 December 2013	1	1
At 31 December 2012	1	1

#### 5. Investments in subsidiaries

	Company £'000
<b>Cost</b>	
At 1 January 2012, 31 December 2012 and 31 December 2013	5,432

The interests in Group undertakings of the Company are listed below:

Name of undertaking	Country of registration	Class of share	Proportion held	Nature of business
Lansdowne Celtic Sea Limited	England	Ordinary	100 per cent	Oil and gas exploration
Milesian Oil & Gas Limited	Ireland	Ordinary	100 per cent	Oil and gas exploration

#### 6. Trade and other receivables

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
<b>Amounts falling due within one year:</b>				
Value added tax and other taxes	69	60	51	56
Prepayments	77	35	77	35
Other debtors	–	6	–	6
	<b>146</b>	101	<b>128</b>	97

#### 7. Cash and cash equivalents

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Cash at bank and on hand	<b>2,478</b>	5,549	<b>2,477</b>	5,548

## Notes to the Financial Statements

Continued

### 8. Trade and other payables

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
<b>Amounts falling due within one year:</b>				
Trade payables	2,668	3,701	2,657	3,681
Other taxes and social security	116	69	116	69
Accruals	206	90	204	88
	<b>2,990</b>	3,860	<b>2,977</b>	3,838

### 9. Provision for liabilities

	Group 2013 £'000	Group 2012 £'000
<b>At 1 January</b>	–	–
Asset retirement obligation provision	163	–
Unwinding of discount	34	–
<b>At 31 December</b>	<b>197</b>	–

The provision relates to the cost of abandonment of the Barryroe well, discounted over a seven year period.

### 10. Deferred income tax liabilities

	Group 2013 £'000	Group 2012 £'000
As at 1 January	1,263	1,316
Movement for the year	(211)	(53)
As at 31 December	<b>1,052</b>	1,263

Deferred tax movement relates to a rate adjustment. Deferred tax is calculated using the UK tax rate of 20% (2012: 24.50%).

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at reporting date has been calculated based on the rate of 20% substantively enacted at the reporting date.

The unprovided deferred tax asset on unused losses was £1.1 million (2012: £1.2 million).



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## 11. Financial risk management

The Group's current and anticipated operations expose it to a variety of financial risks: market risk (including the effects of changes in foreign currency exchange rates, interest rates and commodity prices), credit risk and liquidity risk. The Board approves the use of financial products to manage the Group's exposure to fluctuations in foreign currency exchange rates and interest rates.

### (a) Market risk

#### Foreign exchange risk

Although the Group reports in Sterling, elements of its business are conducted in Euro. Given the low level of business conducted in Euro during the year, foreign exchange rate fluctuations would have an immaterial effect on post tax losses.

Given the low values of expenses transacted in Euros by the Group during the year a 10 per cent increase or decrease in average exchange rates would have had an immaterial effect on post tax losses.

#### Interest rate risk

The Group's interest rate risk arises from cash deposits.

Given the low level of average cash balances held by the Group during the year a 10 per cent increase or decrease in average interest rates would have had an immaterial effect on post tax losses.

### (b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks. The Group's policy is to deposit cash with banks with an 'A' rating or better where possible. 100 per cent of cash held on deposit at 31 December 2013 was held with such banks.

There is no credit risk associated with trade receivables.

There are no financial assets which are past due but not impaired at the end of the reporting period.

The maximum credit risk exposure relating to financial assets is represented by carrying values as at the reporting date.

### (c) Liquidity risk

The Board regularly reviews rolling cash flow forecasts for the Group.

Work programme obligations related to the Group's licences will be financed by either reducing its equity interest through new participants farming in, by the issue of new capital, or by a combination of both.

Based on current forecasts the Group has sufficient funding in place to meet its future obligations. This is reliant upon the assumptions outlined in the Statement of Accounting Policies.

There is no difference between the carrying value and the contractually undiscounted cash flows for financial liabilities. At 31 December 2013, all trade and other payables were due within one year.

There are no derivative financial instruments held by the Group at 31 December 2013.

#### Fair value of non-derivative financial assets and financial liabilities

The Group's financial instruments comprise cash, trade receivables and trade payables due within one year and therefore management believes that the carrying values of those financial instruments approximate fair value.

The Group has categorised financial instruments as being Level 2, that is, valued using inputs other than quoted prices, that are observable either directly or indirectly.

#### Capital management

The Group defines capital as the total equity of the Group.

The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for the shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group regularly reviews its capital structure on the basis of its expected capital requirements in order to achieve the defined strategic objectives and manages its capital accordingly.

## Notes to the Financial Statements

Continued

### 12. Share capital and premium – Group and Company

Issued, called up and fully paid:	Number of Ordinary shares	Share Capital £'000	Share Premium £'000	Total £'000
<b>At 1st January 2012</b>	<b>122,358</b>	<b>6,118</b>	<b>16,736</b>	<b>22,854</b>
Issued in year	18,182	909	9,091	10,000
Share issue costs	–	–	(554)	(554)
<b>At 31st December 2012</b>	<b>140,540</b>	<b>7,027</b>	<b>25,273</b>	<b>32,300</b>
<b>At 1st January 2013</b>	<b>140,540</b>	<b>7,027</b>	<b>25,273</b>	<b>32,300</b>
Issued in year	–	–	–	–
<b>At 31st December 2013</b>	<b>140,540</b>	<b>7,027</b>	<b>25,273</b>	<b>32,300</b>

The principal trading market for the shares in the UK is the London Stock Exchange's AIM Market on which the shares have been traded since 21 April 2006. The following table sets forth, for the calendar quarters indicated, the reported highest and lowest price for the shares on AIM, as reported by the London Stock Exchange.

	2013 Pence per share		2012 Pence per share	
	High	Low	High	Low
First quarter	<b>57.50</b>	<b>45.62</b>	55.75	29.88
Second quarter	<b>48.12</b>	<b>37.25</b>	45.62	31.00
Third quarter	<b>42.00</b>	<b>38.12</b>	65.12	36.75
Fourth quarter	<b>44.25</b>	<b>23.88</b>	63.50	50.00

### 13. Statutory information

	2013 £'000	2012 £'000
This is stated after (crediting)/charging		
Foreign exchange (gains)/losses	<b>(52)</b>	69
Operating lease rentals – land and buildings	<b>24</b>	23

#### Audit Services:

Fees payable to Group's auditor for the audit of parent Company and consolidated accounts.	<b>22</b>	26
Fees payable to the Group's auditor for the audit of Company's subsidiaries pursuant to legislation.	<b>4</b>	6

## 14. Employees and Directors costs

	2013 Number	2012 Number
<b>Number of employees</b>		
The average monthly number of employees (including the Executive Directors) during the year was:		
Oil and gas exploration	2	2
<b>Staff costs during the year amounted to:</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Wages and salaries	467	364
Social security costs	89	91
Pension costs (note 19)	21	54
Share based payment	95	73
	<b>672</b>	<b>582</b>

Remuneration of the Directors is disclosed in note 22 and within the Remuneration Report on pages 19 to 21.

## 15. Share-based payments

### Share options

The Company has granted options to Directors under an Employee Share Option Scheme. Details of the grants are shown in the Remuneration Report on pages 18 to 20. As at 31 December 2013, the following options were outstanding:

Option price	Number	Exercisable at 31 Dec '13	Exercisable at 31 Dec '12	Normal exercise dates	Target variable price	Target
25p	1,950,000	175,900	–	19/05/2014 to 18/05/2021	Share price	(1)
36.5p	1,090,000	17,900	–	01/06/2015 to 31/05/2022	Share price	(2)

- (1) The Average share price must reach or exceed a share price which is 30 per cent greater than the exercise price. The target share price is therefore 32.5 pence per share.
- (2) The Average share price must reach or exceed a share price which is 30 per cent greater than the exercise price. The target share price is therefore 47.5 pence per share.

The share options can only be exercised within the normal exercise dates as shown above.

The number of further options available for grant under the scheme rules is 11,014,016.

The fair value of services received in return for share options is based on the fair value of the share options granted, measured using a TSR simulation model, with the following inputs:

### Fair value of share options issued in the prior year and related assumptions

Grant date	31/05/12	18/05/11
Fair value at grant date	19.0p	9.0p
Share price at grant date	36.4p	19.5p
Exercise price	36.5p	25.0p
Expected volatility	80.8%	75.9%
Expected option life	3.0 years	3.0 years
Risk-free interest rate (based on government bonds)	0.73%	2.37%
Expected dividend yield	0%	0%

The cost of awards under the share option scheme is recognised over the vesting period of the awards which is three years.

	2013 £'000	2012 £'000
Expense for share options granted in 2012	68	41
Expense for share options granted in 2011	59	59
Total expense in the year	<b>127</b>	<b>100</b>

## Notes to the Financial Statements

Continued

### 16. Finance income and costs

	2013	2012
Finance income	£'000	£'000
Bank interest	24	13
	<b>24</b>	13
Finance costs	2013	2012
	£'000	£'000
Loan interest	–	7
Other interest	–	107
Unwinding of discount (note 9)	34	–
Retranslation of foreign cash balances	27	26
	<b>61</b>	140

### 17. Income Tax

The total tax credit for the year is £211,000 (31 December 2012: £53,000).

The tax assessed for the year is higher than the standard rate of corporation tax in the UK being 23.25% (31 December 2012: 24.50%)

The differences are explained below:

	2013	2012
	£'000	£'000
<b>Loss before income tax</b>	<b>(1,021)</b>	(1,147)
Loss before income tax multiplied by standard rate of tax 23.25% (2012 :24.5%)	<b>(237)</b>	(281)
Effects of:		
Expenses not deductible for tax purposes	25	78
Losses carried forward	213	203
Rate adjustment for deferred tax	<b>(211)</b>	(53)
Total tax credit	<b>(211)</b>	(53)

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

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
<b>Loss before income tax</b>	<b>(1,021)</b>	(1,147)	<b>(2,307)</b>	(9,272)
Adjustment for:				
Disposal of intangible asset	–	29	–	–
Equity settled share-based payment transactions	<b>127</b>	100	<b>127</b>	100
Unrealised foreign exchange gains	<b>(62)</b>	53	–	–
<b>Operating cash flows before movements in working capital</b>	<b>(956)</b>	(965)	<b>(2,180)</b>	(9,172)
Change in trade and other receivables	<b>(45)</b>	(65)	<b>(30)</b>	(61)
Change in trade and other payables	<b>(673)</b>	2,141	<b>(861)</b>	2,280
<b>Net cash used in operations</b>	<b>(1,674)</b>	1,111	<b>(3,071)</b>	(6,953)

## 19. Pension commitments

The Group contributes to a defined contribution pension scheme. The assets of this scheme are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £21,000 (2012: £54,000). There were no contributions payable to the funds at the year end.

Staff are eligible to join the Group's defined contribution scheme after three months' service with the Group. The Group contributes between 7 and 15 per cent of each participating employee's salary to the scheme. The employees may also contribute to the scheme.

Details of the Directors' pension contributions are given in the Remuneration Report on pages 19 to 21.

## 20. Capital commitments and contingencies

At 31 December 2013, Providence Resources plc on behalf of the Barryroe consortium is in legal dispute with one of its contractors in relation to the provision of services during the Barryroe drilling campaign. The company is not in a position to give details of this legal dispute with the contractor due to the commercial sensitivity and nature of the claim. Therefore, the information usually required by IAS 37 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it can be expected to seriously prejudice the outcome of the legal dispute. The directors are of the opinion that the claim against the contractor will be successful.

The Group has no unprovided contractual commitments for capital expenditure.

## 21. Operating lease commitments – minimum lease payments

At 31 December 2013 there were no operating lease commitments.

## Notes to the Financial Statements

Continued

### 22. Related party transactions

#### (a) Transactions with LHM Casey McGrath

Con Casey is a partner in an accountancy practice, LHM Casey McGrath, and is company secretary of Lansdowne Oil and Gas plc. The Company entered into a services agreement with LHM Casey McGrath on 1 October 2012, pursuant to which LHM Casey McGrath undertook to provide the Group with certain management, accounting, IT support, insurance and administrative services required by the Group in connection with its business in consideration of a fee of £6,000 per month. This agreement can be terminated by LHM Casey McGrath or by the Company on giving 90 days' notice. The Directors consider the service agreement to be based at fair value on an arm's length basis. As at 31 December 2013, the Group owed LHM Casey McGrath £Nil (2012: £Nil) under the agreement.

Lansdowne Oil & Gas plc has an operating lease in place with LHM Casey McGrath for the use of rented office space at a monthly consideration of £1,360.

#### (b) Amounts due by subsidiaries

At 31 December 2013 amounts owed to Lansdowne Oil & Gas plc by its subsidiaries totalled £21.1 million (2012:£19.5 million). These amounts have been provided in full in the parent Company's financial statements as there is no immediate prospect of repayment. Amounts due to the parent are unsecured, non-interest bearing and have no fixed repayment terms.

#### (c) Compensation of key management personnel

The Board have determined that the Board of Directors comprise key management personnel. Their compensation was as follows:

	2013 £'000	2012 £'000
Short-term benefits	560	409
Post employment benefits	21	54
Share-based payment expense	121	95
	702	558

### 23. Post Balance Sheet events

The Directors are not aware of any other event or circumstance arising which has not been dealt with in this report which may have a significant impact on the operations of the Group.

## Notice of Annual General Meeting

Notice is hereby given that the 8th Annual General Meeting of the members of Lansdowne Oil & Gas plc ("the Company") will be held at the offices of Cenkos Securities, 6, 7 & 8 Tokenhouse Yard, London EC2R 7AS, on 28 August 2014 at 12 noon to conduct the following business:

- 1 To receive the Report of the Directors, the Financial Statements for the period ended 31 December 2013 and the Auditors' Report thereon.
- 2 To consider the re-election of Steve Lampe who retires by rotation and being eligible offers himself for re-election as a Director.
- 3 To consider the re-election of John Greenall who retires by rotation and being eligible offers himself for re-election as a Director.
- 4 To consider the re-election of Jeffrey Auld who has been appointed to the board since the last Annual General Meeting and being eligible offers himself for re-election as a Director.
- 5 To consider the re-election of Richard Slape who has been appointed to the board since the last Annual General Meeting and being eligible offers himself for re-election as a Director.
- 6 That KPMG be appointed Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and that their remuneration be fixed by the Directors.
- 7 To consider the following Resolution as an Ordinary Resolution:

THAT in accordance with Article 2.9 of the Company's current articles of association ("the Current Articles"), the Directors be and they are hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 ("the Act") to allot relevant securities (as defined in section 560 of the Act), in addition to any existing authorities, up to an aggregate nominal amount equal to £2,342,500 such authority to expire at the conclusion of the next Annual General Meeting of the Company (save that the Company may, before such expiry, make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if this authority had not expired).
- 8 To consider the following Resolution as a Special Resolution:

THAT, subject to and conditional upon the passing of Resolution 7 above, in accordance with Article 2.10 of the Current Articles, the Directors be and they are hereby empowered pursuant to and in accordance with section 570 of the Act, in addition to any existing authorities, to allot equity securities (as defined in section 560 of the Act) for cash as if sub-section 561(1) of the Act did not apply to the allotment of such equity securities pursuant to the provision of that Article, provided that this power shall be limited to:

  - 8.1 the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on any such record date, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with factional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; and
  - 8.2 the allotment (otherwise than pursuant to paragraph 8.1 above) to any person or persons of equity securities up to an aggregate nominal amount of £1,405,400;

and this power shall expire on the conclusion of the next Annual General Meeting of the Company (save that the Company may, before such expiry, make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if this authority had not expired).
- 9 To consider the following Resolution as a Special Resolution:

THAT, in accordance with section 701 of the Act, the Company be and is hereby generally and unconditionally authorised to purchase for cancellation its own ordinary shares by way of market purchase (within the meaning of sub-section 693(4) of the Act), provided that:

  - 9.1 the maximum number of ordinary shares hereby authorised to be acquired is 14,054,000 ordinary shares of 5 pence each, being approximately 10 per cent. of the Company's existing issued share capital;
  - 9.2 the maximum price which may be paid for such shares is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share in the Company derived from the Daily Official List of The London Stock Exchange for the five dealing days immediately preceding the date of purchase, and the minimum price is 5 pence per share being the nominal value thereof, in both cases exclusive of expenses;

## Notice of Annual General Meeting

### Continued

9.3 the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company; and

9.4 the Company may before the expiry of the authority hereby conferred make a contract to purchase its ordinary shares under such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its ordinary shares in pursuance of any such contract.

By order of the Board

#### Con Casey

Company Secretary

#### Notes

Every member entitled to attend and vote at the above Annual General Meeting is entitled to appoint a proxy or proxies, who need not be a member of the Company, to attend, speak and on a show of hands, or on a poll, vote instead of him or her. A member may appoint more than one proxy in relation to the Annual General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share of shares held by that member. Return of the form of proxy will not prevent a member from attending and voting in person. To be effective, forms of proxy must be received by the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU at least (i) 48 hours before the time appointed for the holding of the Annual General Meeting or the adjourned meeting and (ii) in the case of a poll taken more than 48 hours after it was demanded, 24 hours before the time appointed for the taking of the poll. In calculating these periods, no account shall be taken of any part of a day that is not a working day.

Only persons entered on the registrar of members of the Company at 6.00pm on 26 August 2014 shall be entitled to attend and vote at the Annual General Meeting or adjourned meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after that time will be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the Annual General Meeting or adjourned meeting.

A statement of all transactions of each Director and his family interest in the shares of the Company and copies of all service contracts of the Directors with the Company or any of its subsidiaries are available for inspection at the registered office of the Company on any weekday from the date of this notice until the date of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for a period of fifteen minutes prior to the meeting until its conclusion.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's registrars, Capita Registrars (CREST participant ID: RA10), not later than 48 hours before the time fixed for the Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the Crest member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001.



## Advisers

### Secretary

Con Casey FCCA

### Registered Office

c/o Pinsent Masons LLP  
5 Old Bailey  
London EC4M 7BA

Registered in England and Wales  
Number 05662495

### Nominated Adviser and Broker

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6, 7 & 8 Tokenhouse Yard  
London EC2R 7AS

### Solicitors

Burness Paull & Williamsons  
50 Lothian Road  
Festival Square  
Edinburgh EH3 9WJ

Pinsent Masons  
5 Old Bailey  
London EC4M 7BA

Mason Hayes Curran  
South Bank House  
Barrow Street  
Dublin 4

### Auditors

KPMG  
1 Stokes Place  
St. Stephen's Green  
Dublin 2

### Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

### Bankers

Bank of Ireland  
175 Rathmines Road Lower  
Dublin 6

Bank of Ireland Global Markets  
Colville House  
Talbot Street  
Dublin 1

### Website

[www.lansdowneoilandgas.com](http://www.lansdowneoilandgas.com)



## Notes

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**Lansdowne**  
oil & gas plc

[www.lansdowneoilandgas.com](http://www.lansdowneoilandgas.com)