Lansdowne Oil & Gas plc

Preliminary Results for the year ended 31 December 2007

Chairman's Statement

Strategy

Lansdowne Oil & Gas plc 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), relatively low cost opportunities and these factors, combined with the current good fiscal terms, have the potential to deliver high value reserves.

Summary of key events

At the end of November 2007 the Company announced the proposed acquisition of Milesian Oil & Gas Limited (Milesian) and the acquisition was approved by shareholders on 17 December 2007. The initial consideration was satisfied by the issue of 8,921,118 new Ordinary Shares, representing 30.0 per cent. of the enlarged issued share capital of the Company. Further deferred consideration of up to 8,110,099 new Ordinary Shares may be payable dependent upon the results of the recently completed 2D seismic programme over Milesian's Celtic Sea acreage.

Milesian, like Lansdowne, is an upstream oil and gas company holding acreage in the Celtic Sea, offshore southern Ireland. However, whilst Lansdowne has focused upon targets in the Lower Cretaceous Greensand and Wealden reservoirs, the horizons that produce in the Kinsale, Ballycotton and Seven Heads Gas Fields in the Celtic Sea, Milesian has focused upon Jurassic targets, similar to those that tested oil in the Helvick 49/9-2 discovery.

The Directors believe that by combining their respective Celtic Sea assets they have enhanced the spread of the combined entity's prospects, with Milesian's substantial Jurassic oil prospects complementing Lansdowne's Cretaceous, predominantly gas, prospects. The Directors further believe that the combined portfolio of assets has a greater critical mass and should improve the chances of concluding successful farm-outs and building a cost-effective multi-well exploration programme in the Celtic Sea.

Following the acquisition in December 2007, Milesian applied for a successor authorisation to Licensing Option 05/2 which it held at the time. In April 2008 Standard Exploration Licence 5/08 was awarded and covers an area of 449 sq kms over parts of blocks 47/25, 48/21, and 48/22. The blocks are located 30 kms from the coastline, in water depths of approximately 100 metres. Within License 5/08, Milesian has identified and mapped two large structures, Amergin and Eremon, which are considered prospective. This mapping was carried out on released seismic data, mostly acquired during the 1980's.

The Norwegian-based company, Wavefield Inseis ASA, has completed a 2D seismic survey of approximately 489 kms over Amergin and Eremon to define these structures better using modern seismic data. Amergin has been independently verified as having best case potentially recoverable prospective resources of 63 million barrels of oil equivalent ("MMBOE").

The M/V Malene Østervold seismic vessel arrived in Irish waters at the end of April 2008 and has recently completed survey operations. The survey was completed ahead of schedule and under budget. Remapping and re-evaluation of the structures is expected to be completed ahead of our interim results, which are expected to be announced in September.

Standard Exploration Licence 5/08 is valid for a period of six years (in two three-year phases) during which Milesian is required to complete the acquisition of 300 kms of new seismic data and to drill an exploration well within the first three year phase. The recently completed seismic survey has fulfilled the former obligation. Under the terms of the licence, on 31 March 2011, Milesian is required to surrender 50 per cent. of the licence area.

In April Lansdowne was also awarded an extension to the area of Exploration Licence 4/07 (Midleton/East Kinsale) to take in part of Block 49/13, held previously by Milesian under Licensing Option 05/1. The area has been extended to encompass a fault block lead identified at Jurassic level and this will be evaluated further in conjunction with the prospects already identified on Midleton/East Kinsale at the Cretaceous level.

In August 2007 the Company was awarded an interest in Licence 5/07, which extends over parts of blocks 48/17, 48/18, 48/19, 48/22 and 48/24 and contains the Rosscarbery prospect, as well as the Galley Head (48/18-1) and Carrigaline (48/24-4) gas discoveries. This Licence was granted to Lansdowne (Operator 77 per cent) and partners. Since the award one of our partners has chosen not to accept their 22 per cent. participation in the licence. Our interest has therefore increased from 77 per cent. to 99 per cent. The Company is awaiting approval from the Department of Communications, Energy and Natural Resources (DCENR) to this reallocation of interests in the licence.

Board

In September 2007, following the announcement of our interim results, we were delighted to welcome Steven Lampe, who represents a major shareholder of the Company, on to the Board as a Non-Executive Director. Steven is an investment manager based in New York. He brings a great deal of experience in capital markets and his skills will complement those of the existing Board members.

In December 2007 Emmet Brown, Richard Pollock and Thomas Anderson joined the Board on completion of the Milesian acquisition. Emmet Brown is now Director of Business Development. Thomas Anderson and Richard Pollock are Non-Executive Directors.

Financial results

This is the first full year financial information presented by the Group that has been prepared under the International Financial Reporting Standards ("IFRS"). The transition to IFRS resulted in no numerical adjustments to the corresponding amounts in the prior period.

The Group recorded a loss after tax of £1.1 million for the year ended 31 December 2007 compared to a loss of £0.4 million for the year ended 31 December 2006. The loss for the year includes the write-off of £0.5 million of intangible exploration assets held against the Donegal Licence, which was relinquished during the year.

Group operating expenses for the year were £0.6 million and are in line with management's expectations. The Group was not fully operational until the second quarter of 2006, resulting in lower operating expenses of £0.4 million for the prior year.

Net finance income was £34,000 for the current year and £43,000 for the prior year. The higher cash balances in 2006, generated by the Initial Public Offering in April 2006, explain the higher net finance income in the prior year.

Total equity attributable to the shareholders of the Company has increased from £2.5 million as at 31 December 2006 to £6.8 million as at 31 December 2007. The increase reflects the issue of new share capital of £5.4 million in connection with the Milesian acquisition, offset by the Donegal write-off of £0.5 million and operating expenses of £0.6 million in the intervening period between these two reporting dates.

Cash balances of £0.3 million (2006: £1.0 million) were held at the end of the financial year. A £1 million loan facility was agreed in December 2007 with L C Capital Master Fund and the family of Thomas Anderson. The first drawdown against this facility was made in March 2008. The Directors intend that a private placing of 2,973,707 new shares in the Company will take place shortly after the release of these statements, to provide additional working capital for the Group.

Outlook

The acquisition and interpretation of the 2D seismic this summer will allow the Company to formulate its drilling plans with a view to firming up a multi-well drilling programme in 2009. This process should also assist with our farm-out efforts. The Group continues to evaluate the options available for raising the requisite funding to support the well programme against the background of extremely strong oil and gas prices. It is expected that there will be some moderation in these prices in the coming months, which would hopefully spill over into the cost of drilling rigs and associated services.

John Greenall
Chairman

Lansdowne Oil & Gas plc
Consolidated Balance Sheet
As at 31 December 2007

	Note	2007 (unaudited) £'000	2006 (audited) £'000
Assets			
Non- current assets			
Goodwill and other intangible assets	4	**8,112**	1,645
Property, plant & equipment		**4**	-
		8,116	1,645
Current Assets			
Trade and other receivables		**217**	102
Cash and cash equivalents		**343**	968
		560	1,070
Liabilities			
Current Liabilities			
Trade and other payables		**(420)**	(215)
Net current assets		**140**	855
Non-current liabilities			
Deferred income tax liabilities		**(1,413)**	-
Net assets		**6,843**	2,500
Shareholders Equity			
Share capital	5	**1,487**	1,041
Shares to be issued	6	**1,120**	-
Share premium		**5,380**	1,712
Other reserves		**(1)**	-
Retained earnings - deficit		**(1,143)**	(253)
Total Equity		**6,843**	2,500

Lansdowne Oil & Gas plc
Consolidated Income Statement
For the year ended 31 December 2007

	Note	**2007 (unaudited) £'000**	2006 (unaudited) £'000
Cost of sales		**(5)**	(10)
Write-off of intangible exploration assets	4	**(544)**	-
Gross loss		**(549)**	(10)
Administration expenses		**(578)**	(434)
Operating loss		**(1,127)**	(444)
Finance income		**37**	43
Finance costs		**(3)**	-
Loss before income tax		**(1,093)**	(401)
Income tax expense		**-**	-
Loss for the year attributable to equity holders of the company		**(1,093)**	(401)
Loss per share attributable to equity holders of the company			
Basic and diluted	3	**(5.2p)**	(2.2p)

All activities relate to continuing operations.

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

	Share capital £'000	Shares to be issued £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Year ended 31 December 2007						
At 1 January 2007	**1,041**	**-**	**1,712**	**-**	**(253)**	**2,500**
Loss for the financial year	**-**	**-**	**-**	**-**	**(1,093)**	**(1,093)**
Share based payments charge	**-**	**-**	**-**	**-**	**203**	**203**
Issues of new shares – gross consideration	**446**	**1,120**	**3,836**	**-**	**-**	**5,402**
Costs of issue	**-**	**-**	**(168)**	**-**	**-**	**(168)**
Currency translation differences	**-**	**-**	**-**	**(1)**	**-**	**(1)**
At 31 December 2007	**1,487**	**1,120**	**5,380**	**(1)**	**(1,143)**	**6,843**
Year ended 31 December 2006						
At 1 January 2006	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the financial year	**-**	**-**	**-**	**-**	**(401)**	**(401)**
Share based payments charge	**-**	**-**	**-**	**-**	**148**	**148**
Issues of new shares – gross consideration	**1,041**	**-**	**2,459**	**-**	**-**	**3,500**
Costs of issue	**-**	**-**	**(747)**	**-**	**-**	**(747)**
At 31 December 2006	**1,041**	**-**	**1,712**	**-**	**(253)**	**2,500**

Lansdowne Oil & Gas plc
Consolidated Statement of Cash Flows
For the year ended 31 December 2007

	Note	2007 (unaudited) £'000	2006 (unaudited) £'000
Cash flows from operating activities			
Cash used in operations	8	**(426)**	(348)
Net finance income		**(34)**	(43)
Net cash used in operating activities		**(460)**	(391)
Cash flows from investing activities			
Interest received		**35**	21
Acquisition of intangible exploration assets		**(212)**	(398)
Acquisition of subsidiary net of cash acquired		**16**	-
Acquisition of property, plant and equipment		**(1)**	-
Net cash used in investing activities		**(162)**	(377)
Cash flows from financing activities			
Proceeds of issue of share capital		**-**	2,350
Payment of transaction costs		**-**	(611)
Net cash from financing activities		**-**	1,739
Effect of exchange rate fluctuations on cash held		**(3)**	(3)
Net (decrease) / increase in cash and cash equivalents		**(625)**	968
Opening cash and cash equivalents		**968**	-
Closing cash and cash equivalents		**343**	968

Lansdowne Oil & Gas plc
Notes to the Financial Statements
For the year ended 31 December 2007

1. Basis of presentation

This consolidated financial information for the year ended 31 December 2007 is unaudited, and has been prepared on the basis of the IFRS accounting policies to be adopted in the financial statements for the period ended 31 December 2007.

The preliminary results 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. Particular attention is drawn to uncertainty as to whether or not the Group can be considered a going concern.

This uncertainty surrounds the future funding of the Group's activities. The Directors have prepared cash flow forecasts for the Group for the period ending 12 months from the date of approval of these preliminary results. These indicate that the Group will have adequate cash resources to meet its obligations as they fall due. All work programme obligations will have to be financed either by a farm-out arrangement or from an issue of new shares or a combination of both.

The Directors consider that it is appropriate to adopt a going concern assumption in preparing these preliminary results as:

- the Directors intend that a private placing of new shares in the Company will take place shortly after the release of these preliminary results;
- permission will be sought at the AGM for further authority to issue up to 10% of the enlarged share capital, on a non pre-emptive basis. A major shareholder has indicated support in principle, subject to the expiration of any close period, for such an issue of shares if necessary; and
- a number of potential partners have expressed an interest in entering into farm-in arrangements to fund future exploration activities.

If for any reason the uncertainties described above cannot be successfully resolved, the going concern basis may no longer be applicable and adjustments to the Group profit and loss account and Group balance sheet would be required to record additional liabilities and write down assets to their recoverable amounts.

The financial information set out in these preliminary results does not constitute the Company's statutory accounts for the year ended 31 December 2007 under s 240 of the Companies Act 1985. The 2007 statutory accounts have not yet been delivered to the Registrar, nor have the auditors reported on them.

2. Segmental Reporting

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

Notes to the Financial Statements (continued)
For the year ended 31 December 2007

3. Loss per ordinary share

The loss for the year was wholly from continuing operations.

	Year ended 31 December (pence per share)	
	2007	2006
Loss per share for loss from continuing operations attributable to the equity holders of the Company - basic and diluted	(5.2)	(2.2)

The calculations were based on the following information.

Loss attributable to equity holders of the Company	(£1,093,000)	(£401,000)
Weighted average number of shares in issue - basic and diluted	21,158,133	18,400,167

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has two classes of dilutive potential ordinary shares; share options and share warrants.

In July 2006 share options over 200,000 ordinary shares were granted at an exercise price of 85p. These share options are not exercisable until July 2009 and are therefore not potential ordinary shares for the current period.

In April 2006 warrants over 312,239 ordinary shares were issued to the Group's brokers at an exercise price of 85p. In December 2007 further warrants over 3,500,000 ordinary shares were issued to the providers of the Loan Facility at an exercise price of 50p. Warrants are only considered dilutive if their exercise price is below the average market price of the shares for the period. On that basis the warrants are not considered dilutive for the current period.

Notes to the Financial Statements (continued)
For the year ended 31 December 2007

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4. Goodwill and other intangible assets

	Exploration / appraisal assets	Goodwill	Total
	£'000	£'000	£'000
Year ended 31 December 2006			
Opening net book amount at 1 January 2006	-	-	-
Acquisition	**474**	**-**	**474**
Additions	**386**	**-**	**386**
Transfers from Ramco group at fair value	**785**	**-**	**785**
Closing net book amount at 31 December 2006	**1,645**	**-**	**1,645**
Year ended 31 December 2007			
Opening net book amount at 1 January 2007	**1,645**	**-**	**1,645**
Acquisition of subsidiary (note 9)	**5,386**	**1,413**	**6,799**
Additions	**212**	**-**	**212**
Write-off of intangible exploration assets	**(544)**	**-**	**(544)**
Closing net book amount at 31 December 2007	**6,699**	**1,413**	**8,112**

Oil and gas project expenditures, including geological, geophysical and seismic costs, are accumulated as intangible fixed assets prior to the determination of commercial reserves. At 31 December 2007, intangible fixed assets totalled £6.7 million (31 December 2006 £1.6 million), all of which relate to Ireland.

Exploration costs of £544,000 capitalised against the Donegal Licence have been written off during the year. The Group participated in the Inishbeg exploration well which was drilled in August 2006. The well was plugged and abandoned in August 2006. In the 2006 financial statements the Group reported that an extension to Phase I of the Donegal Licence had been applied for, in return for a limited work programme. The response from the Irish Petroleum Affairs Division ("PAD") indicated that to continue with the original Licence would require a further well commitment. The majority of the Group's partners in the joint venture did not wish to continue with the Licence and the Group and the remaining partner were not prepared to support a well commitment on their own. For these reasons the Licence was relinquished

Notes to the Financial Statements (continued)
For the year ended 31 December 2007

5. Share Capital

	2007	2006
	£'000	£'000
Authorised:		
50,000,000 ordinary shares of 5p each	**2,500**	2,500
Allotted, called up and fully paid:		
29,737,071 (2006 20,815,953) ordinary shares of 5p each	**1,487**	1,041

On 29 November 2007, the Company allotted and issued 8,921,118 shares to the shareholders of Milesian Oil & Gas Limited (Milesian) to satisfy the consideration of the acquisition of Milesian.

The share capital comprises the following:

	£'000	£'000
Acquisition of Milesian Oil & Gas Limited (note 9)	**446**	-
Acquisition of Donegal Exploration Limited	**286**	286
Acquisition of assets from Ramco Oil and Gas Limited	**614**	614
Initial Public Offering	**141**	141
Total share capital	**1,487**	1,041

The principal trading market for the shares in the UK is the London Stock Exchange's Alternative Investment Market ("AIM") 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.

	2007		2006	
	Pence per share		Pence per share	
	High	**Low**	High	Low
First quarter	**60.5**	**59.5**	-	-
Second quarter	**61.0**	**55.5**	106.0	70.0
Third quarter	**55.5**	**54.5**	82.5	59.5
Fourth quarter	**54.5**	**46.5**	63.5	60.0

6. Shares to be issued

	2007	2006
	£'000	£'000
Shares to be issued:		
2,333,419 ordinary shares of 5p each (note 9)	**1,120**	-
	1,120	-

Notes to the Financial Statements (continued)
For the year ended 31 December 2007

7. Warrants

Warrants over 3,500,000 ordinary shares were issued to the providers of the Loan Facility at an exercise price of 50p. The Company considers that the fair value of the warrant instruments can be reliably estimated using a Black Scholes valuation model. The valuation given by this method for the warrants granted was £175,000. There were no performance conditions attached to the warrants, so they vest immediately. The full value has been treated as a prepayment at the year end as the loan facility had not been drawn down

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

	2007	2006
	£'000	£'000
Loss before income tax	**(1,093)**	(401)
Adjustments for:		
Intangible assets written off	**544**	-
Equity settled share-based payment transactions	**28**	12
Unrealised foreign exchange gains	**(1)**	-
Operating cash flows before movements in working capital	**(522)**	(389)
Change in trade and other receivables	**62**	(40)
Change in trade and other payables	**34**	81
Cash used in operations	**(426)**	(348)

Notes to the Financial Statements (continued)
For the year ended 31 December 2007

9. Business combination

Acquisition accounting was used for the acquisition made in the period.

Milesian Oil & Gas Limited

On 29 November 2007 the Group acquired the entire issued share capital of Milesian Oil & Gas Limited for a consideration of £5.6 million.

Details of net assets acquired and goodwill are as follows:

	Fair value £'000
Purchase consideration:	
Shares issued	**4,282**
Deferred consideration (shares to be issued)	**1,120**
Total purchase consideration	**5,402**
Fair value of net assets acquired	**3,989**
Goodwill	**1,413**

The assets and liabilities acquired are set out below:

	Book value £'000	Fair value adjustment £'000	Fair value £'000
Intangible assets	**340**	**5,046**	**5,386**
Property, plant & equipment	**3**		**3**
Cash	**16**		**16**
Trade and other payables	**(3)**		**(3)**
Deferred income tax liabilities	**-**	**(1,413)**	**(1,413)**
	356	**3,633**	**3,989**

The goodwill is attributable to the deferred taxation arising on the difference between the fair values attributed to the net assets acquired and the taxation base of the net assets acquired.

The fair value of the shares issued was based on the published share price (28 November 2007).

There are two elements of deferred consideration as follows:

(i) £1.1 million relating to 2,333,419 ordinary shares to be issued in the event of provision of an updated Independent Technical Report which shows that there are at least 63 MMBOE best case potentially recoverable prospective resources from the area covered by Standard Exploration Licence 5/08 (the successor authorisation to licensing option 05/2.

9. Business combination (continued)

(ii) a further 62,790 ordinary shares for every additional 1 MMBOE best case potentially recoverable prospective resources from the area covered by Standard Exploration Licence 5/08 (over the 63 MMBOE referred to above) reported in the updated report, up to a maximum of 5,776,680 ordinary shares.

The Directors believe that it is probable that the first element of deferred consideration will be payable and as the fair value can be measured reliably have included this element in the total purchase consideration. The required technical report will be prepared following the interpretation of the 2D seismic data referred to in the Chairman's Statement. The Directors do not believe that the second element is probable and are not able to reliably estimate this element of consideration. It has therefore been excluded from the total purchase consideration.

10. Accounts

Copies of the annual accounts for the year ended 31 December 2007 will be sent to shareholders shortly and will be available from the Company's office at Britannia House, Endeavour Drive, Arnhall Business Park, Westhill, Aberdeenshire and the Company's website www.lansdowneoilandgas.com.

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