26.09.08

Lansdowne Oil & Gas plc

Interim Results for the six months to 30 June 2008

Lansdowne Oil & Gas, ("Lansdowne" or "the Company" or "the Group") is pleased to announce its interim results for the six months to 30 June 2008.

Financial Highlights

- Loss after tax for period of £483,000 (6 months to June 2007 £816,000).
- Placing of 2,973,707 shares completed in May 2008 raising £892,000.
- Canaccord Adams Limited appointed as Nominated Adviser and Broker.

Operational highlights

- New Licensing Option (08/1 "Barryroe") awarded to Lansdowne (40%) and partners in July.
    - Oil discovery where three previous wells have tested oil at between 1,300 and 1,600 bopd.
    - Oil tested was light crude (30 to 42 API), with a relatively high wax content.
    - Scoping study for acquisition of 3D seismic underway.
    - Potential development synergies with other Celtic Sea projects are being reviewed.
- Licence 5/08 granted in April 2008 to the Company (100%) over area including the Amergin prospect and Eremon lead.
    - Seismic survey acquired in May 2008 over Amergin and Eremon to improve data available for drilling programme planning.
    - Survey acquired ahead of schedule and under budget.
    - Seismic processing completed, yielding good quality data.
    - Interpretation nearing completion.
- Farm-in option granted to Island and partners over the prospective Old Head Gas Trend in the southern part of Licence 4/07.
    - Seismic survey acquired in early June at no cost to Lansdowne.
    - Data processing completed and interpretation expected to commence within next week or so.
- RPS Energy engaged to produce revised Competent Person Report ("CPR").
    - Update previous work in light of current oil and gas prices.
    - Incorporate the results of new seismic over Amergin/Eremon and Old Head Gas Trend.
    - Updated report expected in November.

John Greenall, Chairman of Lansdowne commented,

“Lansdowne is now at a point where it can expect to be involved in a multi-well drilling programme over the next two or three years. It promises to be an exciting period in the company’s development and hopefully a rewarding one”

Contacts

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Chairman's Statement

In July 2008 Licensing Option 08/1 ("Barryroe licence") was granted to Lansdowne (40 per cent.), Island Oil & Gas plc (30 per cent.) and Providence Resources plc ("Providence") (30 per cent.).

Within the Barryroe licence area oil has been successfully tested at flow rates of between 1,300 and 1,600 bopd, from three exploration or appraisal wells. The reservoir sands are in the Cretaceous, Middle and Lower Wealden sequences between 1,400m and 2,300m (approximately 4,600 to 7,550ft) below sea level. The oil is light (30 to 42 degrees API) and contains relatively high wax contents ranging from 12 to 22 per cent., which may require treatment to avoid production difficulties.

From the previous technical work carried out, the two main challenges to commercial development have been identified as the reservoir continuity and the high pour point of the oil caused by the high wax content.

The significant increase in the price of oil since 2006 has materially improved the likelihood that these reserves could be exploited commercially.

The improvement in seismic data quality seen in this year's programme over Amergin and Eremon indicates what can be achieved using the latest technology. We believe that on an established discovery like Barryroe, 3D seismic is the logical next step in appraisal. The work programme for the Barryroe licence will focus upon this and reviewing the potential synergies of development options in parallel with other established oil accumulations in the Celtic Sea.

Following the acquisition of Milesian Oil & Gas Limited ("Milesian") in December 2007, an application was submitted for a successor authorisation to Milesian's Licensing Option 05/2. In April 2008 Standard Exploration Licence 5/08 was awarded over parts of blocks 47/25, 48/21, and 48/22, within which two large structures had been mapped, Amergin and Eremon, which are considered prospective at Jurassic levels. This mapping was carried out on released seismic data, mostly acquired during the 1980's.

Amergin had previously been independently verified as having best case potentially recoverable prospective resources of 63 million barrels of oil equivalent ("MMBOE").

We considered that the quality of seismic data over the Amergin and Eremon structures could be improved greatly through the use of modern seismic acquisition and processing techniques. Consequently, in May 2008, we completed a 2D seismic survey of approximately 489 kms over Amergin and Eremon to define these structures better.

The survey was completed ahead of schedule and under budget. Processing of the data has been completed and remapping and re-evaluation of the structures is underway and is on schedule to complete by the end of September. The data quality appears to be very good and marks a very significant improvement in what has historically been considered a difficult area for seismic data collection.

In June 2008 Lansdowne, executed an Option Agreement (the "Option") with a subsidiary of Island Oil and Gas plc ("Island") to farm out the southern part of Standard Exploration Licence 4/07 (the "Option Area"), covering the Old Head Gas Trend, established by Island through the successful drilling of the 49/23-1, 49/23-2 and 49/23-2z wells.

Under the terms of the Option, in June 2008 Island acquired, at no cost to Lansdowne, a seismic survey of approximately 100 km of 2D data over the Option Area. This data has been processed and interpretation is expected to commence within a week or so. Island now has the right to carry out the drilling and testing of a farm-in well. The Option extends to the 31 December 2008 and, if exercised, the well is expected to commence before 31 July 2010.

Upon exercise of the Option, Island will acquire a 58.34% equity interest in the Option Area and become the operator and Lansdowne will retain a 41.66% equity interest.

Financial results

The Group recorded a loss after tax of £483,000 for the first six months of 2008 compared to a loss of £816,000 for the first six months of 2007. The loss for the prior period included the write off of £544,000 of intangible exploration assets held against the Donegal Licence.

Group operating expenses for the first half of 2008 were £470,000 compared to operating expenses of £286,000 for the first six months of 2007. The increase in operating expenses arises from the additional overheads incurred following the acquisition of Milesian Oil and Gas Limited in December 2007.

Net finance expense was £10,000 for the current period and net finance income was £17,000 for the prior period. The increased net finance expense arises from the loan drawn down in 2008.

Cash balances at 30 June 2008 were £1.1 million (30 June 2007 £0.7 million). The Company drew down the loan facility of £1,000,000, provided by major shareholders, in the first half of 2008. Additionally the Company placed 2,973,707 new ordinary shares in May 2008 raising £892,000.

Total equity attributable to the equity holders of the Company has increased from £1.7 million as at 30 June 2007 to £7.3 million as at 30 June 2008. The increase arises primarily from new equity of £5.4 million issued in connection with the acquisition of Milesian Oil & Gas Limited.

Outlook

Once we have completed the mapping of the new seismic data over Amergin/Eremon and the Old Head Trend we will have finalised interpretation over all the prospects in our Celtic Sea portfolio and brought them to 'ready to drill' status.

The revised Competent Person Report which we expect to be completed in November will bring together all this new work and also incorporate evaluation of the Barryroe oil discovery.

In preparation for drilling we are planning a site survey programme that will cover at least two of the prospects in our inventory.

Discussions are continuing with a number of parties, with a view to them farming in to our planned 2009 drilling programme. In addition, the Group continues to evaluate the options available for raising the requisite funding to support the well programme against the background of strong oil and gas prices. The recent moderation in these prices, will hopefully lead to a reduction in the cost of drilling rigs and associated services and also greater availability of equipment for carrying out our planned work programme.

Consolidated Interim Income Statement

	Note	Half-year ended 30 June 2008 (unaudited) £'000	2007 (unaudited) £'000
Continuing operations			
Cost of sales		(3)	(3)
Write-off of intangible exploration assets	4	-	(544)
Gross loss		(3)	(547)
Operating expenses		(470)	(286)
Operating loss		(473)	(833)
Finance income		10	19
Finance expense		(20)	(2)
Loss before taxation		(483)	(816)
Taxation		-	-
Loss for the financial period		(483)	(816)
Loss per share			
Basic and diluted	3	(1.59)p	(3.92)p

Consolidated Statement of Recognised Income and Expense

	Half-year ended 30 June **2008 (unaudited) £'000**	2007 (unaudited) £'000
Currency translation differences	**28**	-
Net income recognised directly in equity	**28**	-
Loss for the period	**(483)**	(816)
Total recognised loss for the period	**(455)**	(816)

Consolidated Interim Balance Sheet

	Note	**30 June 2008 (unaudited) £'000**	31 December 2007 (audited) £'000	30 June 2007 (unaudited) £'000
Assets				
Non-current assets				
Goodwill and other intangible assets	4	**8,930**	8,112	1,176
Property, plant & equipment		**5**	4	1
		8,935	8,116	1,177
Current assets				
Trade and other receivables		**235**	217	49
Cash and cash equivalents		**1,104**	343	671
		1,339	560	720
Liabilities				
Current liabilities				
Trade and other payables		**(548)**	(420)	(199)
Loans and borrowings	5	**(1,000)**	-	-
Net current (liabilities) / assets		**(209)**	140	521
Non-current liabilities				
Deferred income tax liabilities		**(1,413)**	(1,413)	-
Net assets		**7,313**	6,843	1,698
Equity				
Share capital		**1,636**	1,487	1,041
Shares to be issued		**1,120**	1,120	-
Share premium		**6,123**	5,380	1,712
Other reserves		**27**	(1)	-
Retained earnings – deficit		**(1,593)**	(1,143)	(1,055)
Total equity		**7,313**	6,843	1,698

Consolidated Interim Statement of Cash Flows

	Note	Half-year ended 30 June 2008 (unaudited) £'000	2007 (unaudited) £'000
Cash flows from operating activities:			
Continuing operations	6	**(542)**	(203)
Net finance expense / (income)		**10**	(17)
Net cash used in operating activities		**(532)**	(220)
Cash flows from investing activities:			
Interest received		**4**	16
Acquisition of intangible exploration assets		**(600)**	(90)
Acquisition of property, plant and equipment		**(1)**	(1)
Net cash used in investing activities		**(597)**	(75)
Cash flows from financing activities:			
Issue of share capital in Company		**892**	-
Proceeds from borrowings		**1,000**	-
Net cash from financing activities		**1,892**	-
Net increase /(decrease) in cash and cash equivalents		**763**	(295)
Cash and cash equivalents at start of period		**343**	968
Effect of exchange rate fluctuations on cash held		**(2)**	(2)
Cash and cash equivalents at end of period		**1,104**	671

Consolidated Statement of Changes in Equity

	Share Capital £'000	Shares to be issued £'000	Share Premium £'000	Other Reserves £'000	Retained Earnings £'000	Total £'000
At 1 January 2008	**1,487**	**1,120**	**5,380**	**(1)**	**(1,143)**	**6,843**
Loss for the period	-	-	-	-	(483)	(483)
Share based payments charge	-	-	-	-	33	33
Currency translation differences	-	-	-	28	-	28
21 May 2008 – Placing of new shares	149	-	743	-	-	892
At 30 June 2008	**1,636**	**1,120**	**6,123**	**27**	**(1,593)**	**7,313**
At 1 January 2007	**1,041**	**-**	**1,712**	**-**	**(253)**	**2,500**
Loss for the year	-	-	-	-	(1,093)	(1,093)
Share based payments charge	-	-	-	-	203	203
Issue 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**
At 1 January 2007	**1,041**	**-**	**1,712**	**-**	**(253)**	**2,500**
Loss for the period	-	-	-	-	(816)	(816)
Share based payments charge	-	-	-	-	14	14
At 30 June 2007	**1,041**	**-**	**1,712**	**-**	**(1,055)**	**1,698**

Notes to the Interim Statement

1. Basis of Presentation

The interim statement has been prepared on the basis of the accounting policies which will be adopted in the 2008 Annual Report and Accounts. The interim statement does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. The results for the six months to 30 June 2008 and the comparative results for six months to 30 June 2007 are unaudited. The comparative figures for the year ended 31 December 2007 do not constitute the statutory financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and include the auditor's report which was unqualified and did not contain a statement either under Section 237(2) or Section 237(3) of the Companies Act 1985. It did, however, contain an emphasis of matter over the going concern basis of preparation for the Group. Therefore, this interim statement should be read with due regard to the uncertainties described within note 1 of the financial statements for the year ended 31 December 2007.

The balance sheet, as at 30 June 2008, shows net current liabilities of £209,000. Included within this figure are loans from two major shareholders totalling £1,000,000 which are repayable in March 2009. The loan agreements provide for extension of the repayment date at the discretion of the lenders. The directors have obtained confirmation from the lenders that the repayment of these loans will be extended unless the Company has raised further finance from other sources. This confirmation is valid for a minimum of 12 months from the date of approval of the interim financial statements. On this basis the directors consider that it is appropriate to prepare these financial statements on a going concern basis.

2. Segmental Reporting

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

3. Loss per Share

The loss for the period was wholly from continuing operations.

	Half year ended 30 June (pence per share)	
	2008	2007
Loss per share for loss from continuing operations attributable to the equity holders of the Company - basic and diluted	**(1.59)**	(3.92)

The calculations were based on the following information.

	£'000	£'000
Loss attributable to equity holders of the Company	**(483)**	(816)
Weighted average number of shares in issue - basic and diluted	**30,390,633**	20,815,953

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 June 2008 share options over 900,000 ordinary shares were granted at an exercise price of 31.5p. These share options are not exercisable until July 2011 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 since they were issued. On that basis the warrants are not considered dilutive for the current period.

4. Goodwill and Other Intangible Assets

	Exploration/ Appraisal Assets £'000	Goodwill £'000	Total £'000
Six months ended 30 June 2007			
Opening net book amount at 1 January 2007	**1,645**	**-**	**1,645**
Additions	75	-	75
Write off of intangible exploration assets	(544)	-	(544)
Closing net book amount at 30 June 2007	**1,176**	**-**	**1,176**
Year ended 31 December 2007			
Opening net book amount at 1 January 2007	**1,645**	**-**	**1,645**
Acquisition of subsidiary (note 7)	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**
Six months ended 30 June 2008			
Opening net book amount at 1 January 2008	**6,699**	**1,413**	**8,112**
Additions	818	-	818
Closing net book amount at 30 June 2008	**7,517**	**1,413**	**8,930**

Oil and gas project expenditures, including geological, geophysical and seismic costs, are accumulated as intangible fixed assets prior to the determination of commercial reserves. At 30 June 2008, intangible fixed assets totalled £7.5 million (30 June 2007 £1.2 million), all of which relate to Ireland.

5. Loan

During 2007 the Company entered loan agreements with each of Kevin Anderson, father of Non-Executive Director, Thomas Anderson, and LC Capital Master Fund Limited ("LC") (Mr Anderson and LC being the "Lenders"). S Lampe, a Non-Executive Director of the Company, is a managing member of LC Capital Advisors LLC, a limited liability company organised in the state of Delaware. LC Capital Advisors LLC is the general partner of LC. Each loan agreement is on the same terms, pursuant to which each Lender has agreed to provide the Company with a loan facility of up to £500,000 (total facility of up to £1 million). The Company drew down the full amount of the facility in two instalments in March and May 2008. Interest shall accrue at the rate of LIBOR plus one per cent. per annum and shall be paid at the same time as repayment of any outstanding loan monies. Repayment in full and in cash together with all accrued interest shall be effected on the date 364 days after the date of first drawdown (or such other date as the Company and the Lenders may agree). The loan becomes repayable immediately on the occurrence of certain specified events.

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

	Six months ended 30 June	
	2008	2007
	£'000	£'000
Loss for period	**(483)**	(816)
Adjustments for:		
Depreciation of property, plant and equipment	**1**	-
Intangible assets written off	**-**	544
Equity settled share-based payment transactions	**33**	14
Unrealised foreign exchange losses	**27**	-
Operating cash flows before movements in working capital	**(422)**	(258)
Change in trade and other receivables	**(13)**	78
Change in trade and other payables	**(107)**	(23)
Net cash used in operating activities	**(542)**	(203)

7. Business Combination

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 £5.4 million. Acquisition accounting was used.

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 assets acquired	**3,989**
Goodwill (note 4)	**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 and 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).

(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.

8. Copies of the Interim Report

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