

# Lansdowne Oil & Gas plc

("Lansdowne" or the "Company")

## Proposed acquisition of Milesian Oil & Gas Limited

### Highlights

- Proposed acquisition of Milesian for initial consideration of 8,921,118 shares in Lansdowne, representing 30 per cent. of the Enlarged Issued Share Capital.
- Milesian's principal assets are Licensing Options 05/2 and 05/1 in the Celtic Sea, offshore Ireland. Two large structures, Amergin and Eremon, have been identified and mapped by Milesian and are considered prospective for oil in Jurassic reservoir targets.
- Combining Milesian's and Lansdowne's respective Celtic Sea assets will broaden the portfolio, create greater critical mass furthering the objective of building a cost effective multi-well exploration programme.
- Loan facility of £1 million to be made available on completion of the Acquisition.
- Ramco Energy's shareholding in Lansdowne will be diluted down to below 50 per cent., currently 61 per cent.
- Emmet Brown, Richard Pollock and Thomas Anderson, all current directors of Milesian, will be appointed to the Lansdowne Board upon completion of the Acquisition.
- The proposed Acquisition is conditional on Lansdowne shareholders approval at a General Meeting to be held on 17 December 2007 – Lansdowne's largest shareholder, Ramco Hibernia Limited (61 per cent.), has undertaken to vote in favour of the proposed acquisition.

Steve Boldy, CEO of Lansdowne, commented:

***"We know Milesian and its assets well and they are an excellent fit with the Lansdowne assets and our strategy. This acquisition will create an enhanced entity which will better enable us to move forward our combined portfolio of prospects. I look forward to working with Emmet Brown in developing our exciting enlarged acreage to its full potential and delivering value to our shareholders."***

## **Introduction**

The Company announces the proposed acquisition of Milesian for an initial consideration to be satisfied by the issue of 8,921,118 new Ordinary Shares, representing 30.0 per cent. of the Enlarged Issued Share Capital. Further deferred consideration of up to 8,110,099 new Ordinary Shares may be payable dependent upon the results of a 2D seismic programme over Milesian's Celtic Sea acreage. The Acquisition is conditional upon, inter alia, Admission of the new Ordinary Shares to the AIM Market and the passing of all the resolutions at a General Meeting of the Company convened for 17 December 2007.

## **Information on Milesian**

Milesian's principal assets are Licensing Options 05/2 and 05/1 in the Celtic Sea (the "Licensing Options"). These were awarded in 2005 by the Department of Communications Marine and Natural Resources in Ireland and Milesian has carried out regional geological studies and detailed mapping of existing seismic data, resulting in the identification of a number of prospects and leads.

Both of the Licensing Options have been extended until the end of 2007. Under the terms of the Licensing Options, the holder has the first right, exercisable at any time during the period of the option, to an Exploration Licence over all or part of the area covered by the option. Milesian intends to apply for one or more 'Standard Exploration Licences' prior to the year-end.

The acreage covered by the Licensing Options is contiguous with some of Lansdowne's Celtic Sea acreage. Within Licensing Option 05/2, Milesian has identified and mapped two large structures, Amergin and Eremon, which are considered prospective for oil in Jurassic reservoir targets.

### ***Amergin prospect***

The Amergin prospect lies in water depth of c. 350ft, some 40km south of the Irish coast and approximately 60 km west of the Kinsale Head gas field.

The Amergin prospect is a tilted fault block mapped on 2D seismic data. Trial reprocessing of key existing 1986 seismic data has demonstrated the scope for some improvement in data quality and the planned forward programme is to acquire additional new 2D seismic data to improve structural definition of the Amergin and Eremon structures. A 2D seismic programme of c. 485km was planned for 2007, but boat availability issues in the fair weather acquisition season resulted in this being postponed. The planned start date is now in the spring of 2008.

The primary reservoir objective is the basal Upper Jurassic sandstone sequence proven productive in well 49/9-2 (Helvick discovery), where this sequence flowed on test at a rate of 6,467 bopd of excellent quality 44-degree API oil.

Milesian has estimated P50 potentially recoverable prospective resources of 90 MMBbls for the basal Upper Jurassic reservoir.

### ***Eremon lead***

The Eremon lead lies in water depth of c.350ft, some 40km south of the Irish Coast and approximately 70km west of the Kinsale Head gas field.

Secondary reservoir targets exist in deeper Jurassic horizons and in shallower Cretaceous Wealden sands.

The Eremon structure is a NE-SW trending horst block feature with probable dip closure demonstrated to the NE and SW. Milesian considers Eremon to be the only identified closed horst feature at Jurassic level, along the northern margin of the North Celtic Sea Basin. Eremon is classified as an exploration lead and one of the objectives of the additional seismic data programme planned for 2008 is to confirm closure and upgrade this structure to prospect status.

#### ***Financial information on Milesian***

Milesian made a loss of €167,042 for the seven month period ended 31 October 2007 and a loss of €798,849 for the year ended 31 March 2007 (year ended 31 March 2006: €25,485 loss). The loss in the year ended 31 March 2007 consisted mainly of a pre-production expenditure write-off, against a project outside of Ireland, of €692,030.

As at 31 October 2007, Milesian's net assets were €500,579 and as at 31 March 2007, its net liabilities were €39,155 (year ended 31 March 2006: net assets of €759,695).

#### **Proposed Directors**

It is proposed that Emmet Brown, Richard Pollock and Thomas Anderson will join the Board on completion of the Acquisition. Emmet Brown is currently Managing Director of Milesian and will join the Board as Director of Business Development. Thomas Anderson and Richard Pollock, currently Non-Executive Directors of Milesian, will join the Board as Non-Executive Directors. Further details are set out below under the heading "Additional information".

#### **Background to and reasons for the Acquisition**

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

#### **Terms of the Acquisition**

Lansdowne has conditionally agreed to acquire Milesian from the Vendors for a maximum consideration of up to approximately £8.17 million (based on the Company's closing mid-market share price on 28 November 2007), comprising:

- (a) an initial consideration of approximately £4.28 million, to be satisfied by the issue of 8,921,118 Initial Consideration Shares; and
- (b) deferred consideration of up to approximately £3.89 million, conditional upon the issue of the successor authorisation, option or licence in respect of Licensing Option 05/2, to be satisfied by the issue of a maximum of 8,110,099 Deferred Consideration Shares. The number of Deferred Consideration Shares to be issued to the Vendors will be:
  - (i) 2,333,419 Deferred Consideration Shares in the event of the provision by an independent technical consultant of an updated Independent Technical Report

(the “Updated Report”) addressed to Lansdowne relating to Milesian’s assets reporting there to be at least 63 MMBOE best case potentially recoverable prospective resources from the area covered by Licensing Option 05/2; and

- (ii) a further 62,790 Deferred Consideration Shares for every additional 1 MMBOE best case potentially recoverable prospective resources from Milesian’s assets (over the 63 MMBOE referred to above) reported in the Updated Report, up to a maximum of 5,776,680 Deferred Consideration Shares.

In order for the maximum number of Deferred Consideration Shares to be issued the best case potentially recoverable prospective resources from the Updated Report must exceed 155 MMBOE.

The Acquisition is conditional upon, *inter alia*; (i) each of the Resolutions (including a resolution to waive any obligation upon certain Vendors to comply with the requirements of Rule 9 of the Code being passed on a poll by the Independent Shareholders) at the General Meeting and (ii) Admission. Application will be made for the Consideration Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Consideration Shares will commence on AIM on 18 December 2007.

## **Loans Facility and Grant of Warrants**

### ***Loan Facility***

The Company also announces that it has entered into a loan agreement with each of Kevin Anderson and LC (Mr Anderson and LC being the “Lenders”) 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 drawdown of which is conditional upon completion of the Acquisition and the Company giving the Lenders certain representations and undertakings at the time of drawdown. The Company is permitted only to request drawdown of any loan monies pursuant to the said loan agreements when its cash reserves on short-term deposit reduce to below £100,000. Drawdown must be in not more than 4 separate instalments of at least £125,000 each with the last drawdown request requiring to be made on or before 30 September 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. Drawdowns pursuant to the loan agreements are required to be in equal amounts from each Lender.

### ***Warrants***

The Company has also executed warrant instruments, pursuant to which the Company has granted warrants to subscribe for up to 1,750,000 new Ordinary Shares to each of the Lenders at an exercise price of 50 pence per share, conditional upon completion of the Acquisition (the “Warrants”). The Warrants are exercisable in whole or in part on or prior to 31 May 2009. The number of warrants is subject to appropriate adjustment in the event of the Company’s ordinary share capital being sub-divided, consolidated or otherwise reorganised. The Company shall apply for all new Ordinary Shares issued upon the exercise of the Warrants to be admitted to trading on AIM or such other recognised investment exchange on which the Company’s ordinary share capital is traded at that time.

## **Key Shareholdings**

On Admission, the following persons will be interested in three per cent. or more of the Enlarged Issued Share Capital:

<i>Shareholder</i>	<b>At present</b>		<b>At Admission</b>	
	<i>Ordinary Shares held</i>	<i>Percentage of issued share capital</i>	<i>Ordinary Shares held</i>	<i>Percentage of issued share capital</i>
Ramco Hibernia Limited*	12,728,308	61.15	12,728,308	42.80
LC Capital Master Fund, Ltd*	5,225,000	25.10	5,225,000	17.57
Thomas Anderson	-	-	3,443,390	11.58
Emmet Brown	-	-	2,951,102	9.92
Kevin Anderson	-	-	1,212,781	4.08
Citigroup Global Market UK Equity Limited	989,296	4.75	989,296	3.33

\*LC Capital Master Fund, Ltd holds an option to acquire all or some only of the 12,728,308 Ordinary Shares currently held by Ramco Hibernia Limited

### **Current Trading**

The Company continues to employ one full time paid executive director (Stephen Boldy) and to receive administrative and technical support from Ramco under a service agreement. These costs and professional fees which are incurred in connection with the Company's quoted status, form the Company's ongoing administrative expenses and are in line with budget.

The Company was awarded two standard exploration licences by the Department of Communications Marine and Natural Resources in Ireland in August 2007 and is currently evaluating the options available for raising the requisite funding to support the work programmes associated with the licences. The Directors believe that these options will be enhanced by the completion of the Acquisition.

### **RHL Shareholding**

On 26 June 2007, LC purchased 5,225,000 Ordinary Shares, representing 25.1 per cent. of the current issued share capital of Lansdowne, from RHL and entered into an option agreement to acquire RHL's remaining interest in Lansdowne of 12,728,308 Ordinary Shares, representing 61.1 per cent. of the current issued share capital of Lansdowne. Accordingly, under the Code, LC would normally have incurred an obligation under Rule 9 of the Code to make a general offer to all the remaining shareholders of Lansdowne to acquire their shares. However, as RHL stated to the Panel that it would not accept such an offer in the event that an offer were to be made, the Panel waived the requirement on LC to make such an offer until such time as RHL holds less than 50 per cent. of the issued share capital of Lansdowne and an offer would be capable of acceptance.

On Admission, RHL will hold approximately 42.8 per cent. of the then issued share capital of Lansdowne and accordingly LC would be obliged to make a general offer to all the remaining shareholders of Lansdowne to acquire their shares. However, RHL has re-affirmed and certain Vendors who will, in aggregate, hold approximately 25.6 per cent. of the Enlarged Issued Share Capital on completion of the Acquisition, have confirmed that none of them would accept such an offer. As a result, the Panel has, conditional on Admission, waived the requirement on LC to make an offer until such time as RHL and those Vendors hold, in aggregate, less than 50 per cent. of the issued share capital of Lansdowne and an offer would be capable of acceptance.

### **Copies of the Shareholder Circular**

Copies of the circular, which will be sent to Shareholders later today, will be available from John East & Partners Limited, 10 Finsbury Square London EC2A 1AD and from the Company's website [www.lansdowneoilandgas.com](http://www.lansdowneoilandgas.com).

#### **Enquiries:**

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##### **John East & Partners Limited**

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#### **Additional Information**

Details of the Proposed Directors are as follows:

**Emmet Kevin Brown**, (*proposed Director of Business Development*), aged 57, is managing director and founder of Milesian. Mr Brown is a petroleum geologist with 30 years' experience, having worked in many facets of exploration & production worldwide. Mr Brown was employed initially by multinational companies in positions of increasing responsibility and later as CEO and Managing Director of two junior quoted E&P oil and gas companies. Mr Brown re-established Milesian in 2003 to explore the Irish offshore. He began his career with US-based Marathon Oil in Ireland. Experienced in technical and commercial due diligence evaluations, throughout his career he has advised banks, investment houses, private clients and oil and gas companies on matters of corporate and business development, asset management, mergers, acquisitions and divestments and oil and gas joint-ventures.

It is proposed that Mr. Brown shall enter into a service agreement with the Company on completion of the Acquisition pursuant to which he shall be employed as Director of Business Development of the Company, such appointment being terminable by the Company on giving 12 months' written notice or by Mr. Brown on giving six months' written notice. It is proposed that Mr Brown shall be entitled to a salary (subject to annual review) of €220,000 per annum and other benefits commensurate with his position including annual pension contributions equal to 15 per cent. of annual salary, accident and illness insurance, permanent health insurance and life assurance. Mr. Brown shall also be 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 Mr. Brown being required to utilise any such bonus payments to subscribe for Ordinary Shares. In addition, Mr. Brown shall be entitled to an annual bonus equal to 2 per cent. of the consolidated audited after tax profits of the Company and its subsidiaries from time to time, subject to a cap equal to his annual salary during the relevant financial year. Unless the Company consents otherwise, Mr. Brown shall be restricted from being engaged in any capacity in any activity relating to oil and/or gas exploration and/or production in Ireland for a period of one year following termination of his appointment.

**Richard Pollock**, (*proposed Non-Executive Director*), aged 59, is a petroleum geologist who completed a thirty year career with Marathon Oil in 2003 during which he worked extensively overseas in various roles as international exploration manager, general manager for Marathon in Gabon and general manager of CLAM Petroleum B.V. Throughout his career he developed business relations with both state and local government and other oil and oil supporting companies. He was appointed a non-executive director of Milesian in April 2005.

It is proposed that Mr. Pollock shall enter into a letter of appointment pursuant to which the Board proposes to appoint him as a non-executive director of the Company with effect from completion of the Acquisition. It is proposed that the Company shall pay Mr. Pollock an annual director's fee of £15,000. The appointment shall automatically expire on the third anniversary of the date of appointment unless otherwise agreed with the Company, with each party having the right to terminate the appointment on the serving of three months' notice.

**Thomas Anderson**, (*proposed Non-Executive Director*), aged 62, has over twenty five years' direct executive experience involved in running a private group in the leisure, entertainment, advertising, forestry and property development business in Ireland. Mr Anderson has focused on risk management, corporate finance and portfolio diversification. After graduating in Commerce and Economics, he subsequently completed a Master of Business Administration Degree at University College Dublin. Mr Anderson is currently non-executive chairman of Circle Oil Plc. He was appointed as non-executive chairman of Milesian in July 2005.

It is proposed that Mr. Anderson shall enter into a letter of appointment pursuant to which the Board proposes to appoint him as a non-executive director of the Company with effect from completion of the Acquisition. It is proposed that the Company shall pay Mr. Anderson an annual director's fee of £15,000. The appointment shall automatically expire on the third anniversary of the date of appointment unless otherwise agreed with the Company, with each party having the right to terminate the appointment on the serving of three months' notice.

## **Definitions**

<b>“Acquisition”</b>	the proposed acquisition of the entire issued share capital of Milesian pursuant to the Acquisition Agreement
<b>“Acquisition Agreement”</b>	the conditional agreement dated 29 November 2007 between the Company and the Majority Vendors relating to the acquisition of the entire issued share capital of Milesian
<b>“Admission”</b>	the admission of the Consideration Shares to trading on AIM and such admission become effective in accordance with the AIM Rules
<b>“AIM”</b>	the AIM Market of the London Stock Exchange
<b>“AIM Rules”</b>	the rules applicable to companies whose shares are traded on AIM, published by the London Stock Exchange entitled “AIM Rules for Companies”
<b>“Code”</b>	the City Code on Takeovers and Mergers
<b>“Consideration Shares”</b>	the 8,921,118 new Ordinary Shares to be issued to the Vendors as initial consideration pursuant to the Acquisition Agreement
<b>“Deferred Consideration Shares”</b>	up to 8,110,099 new Ordinary Shares that may be issued to the Vendors as deferred consideration pursuant to the Acquisition Agreement
<b>“Directors” or “Board”</b>	the directors of the Company
<b>“Enlarged Issued Share Capital”</b>	the 29,737,071 Ordinary Shares in issue at Admission
<b>“Existing Ordinary Shares”</b>	the 20,815,953 Ordinary Shares in issue at the date of this announcement
<b>“General Meeting”</b>	the general meeting of the Company convened for 12 noon on 17 December 2007
<b>“Independent Shareholders”</b>	the Shareholders other than LC and Steven Lampe
<b>“LC”</b>	LC Capital Master Fund, Ltd, whose investment manager is Lampe, Conway & Co LLC, of which Steven Lampe is a managing member
<b>“Milesian”</b>	Milesian Oil & Gas Limited



<b>“Ordinary Shares”</b>	ordinary shares of 5p each in the capital of the Company
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Proposed Directors”</b>	Emmet Brown, Richard Pollock and Thomas Anderson
<b>“Ramco”</b>	Ramco Energy plc and, where the context implies, its subsidiaries
<b>“RHL”</b>	Ramco Hibernia Limited, a wholly-owned subsidiary of Ramco
<b>“Resolutions”</b>	the resolutions set out in the notice of the General Meeting
<b>“Shareholders”</b>	holders of Existing Ordinary Shares
<b>“Vendors”</b>	Emmet Brown, Richard Pollock, Leo Mohan, Kevin Anderson, Thomas Anderson, Karen Hehir, Davycrest Nominees and certain other persons, being the legal holders of the entire issued share capital of Milesian

### **Glossary**

<b>“bopd”</b>	barrels of oil per day
<b>“Cretaceous”</b>	the period of geological time from 142 million years ago to 65 million years ago
<b>“Greensand”</b>	a sandstone development of Cretaceous age characterised by the presence of the mineral glauconite, giving the green colouration and indicating marine depositional conditions
<b>“Jurassic”</b>	the period of geological time from 205 million years ago to 142 million years ago
<b>“Lower Cretaceous”</b>	the rocks deposited in the Early Cretaceous, the period of geological time from 142 million to 100 million years ago
<b>“MMBbls”</b>	million barrels
<b>“MMBOE”</b>	million barrels of oil equivalent
<b>“Upper Jurassic”</b>	the rocks deposited in the late Jurassic, the period of geological time from 159 to 142 million years ago
<b>“Wealden”</b>	a sequence of estuarine and freshwater deposits of Early Cretaceous age

