

Lansdowne

oil & gas

Lansdowne Oil & Gas plc

Audited Results for the year ended 31 December 2013

27 June 2014

Lansdowne Oil & Gas (“Lansdowne” or “the Company”) is pleased to announce its audited results, for the year ended 31 December 2013. Lansdowne is an upstream oil and gas company, focused on exploration and appraisal activities in the North Celtic Sea Basin, off the south coast of Ireland. The Company has targeted the Irish offshore shelf areas close to existing operating infrastructure for exploration, as these provide shallow water (generally less than 100 metres), and relatively low drilling costs and the Directors believe that these factors, combined with favourable fiscal terms, have the potential to deliver high value reserves.

Operational highlights

- Netherland, Sewell & Associates, Inc. (NSAI) completed its audit of the Basal Wealden oil reservoir at Barryroe.
- Total on-block audited 2C resources at Barryroe are now estimated at 311 mmbbl plus 208 bcf (69 mmboe net to Lansdowne Oil & Gas).
- In recognition of potential field extensions to the south and southeast, the Barryroe partners were granted a 180 km² extension to SEL 1/11.
- On-behalf of the Barryroe partners, Providence Resources commenced a farm-out process and is currently in negotiations with a number of parties.
- The Amergin, Midleton, and Rosscarbery prospects have been de-risked by 3D seismic mapping and subsequent seismic inversion studies. Farm-out discussions are on-going.

Financial

- Cash balances at 31 December 2013 of £2.48 million (2012: £5.55 million).
- Operating expenses for the year were £1.0 million (2012: £1.0 million).
- Loss for year after tax of £0.81 million (2012: loss £1.09 million).
- Loss per share of 0.6 pence (2012: loss 0.9 pence).

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Lansdowne Oil and Gas plc

Results for the year ended 31 December 2013

Chairman's Statement

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 modelling 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.

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

Lansdowne Oil & Gas plc
Consolidated Statement of Financial Position

As at 31 December 2013

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

Lansdowne Oil & Gas plc
Consolidated Income Statement
For the year ended 31 December 2013

	2013	2012
	Audited	Audited
Note	£'000	£'000
Administrative expenses	(984)	(991)
Disposal of intangible assets	-	(29)
Operating loss	(984)	(1,020)
Finance costs	(61)	(140)
Finance income	24	13
Loss for the year before tax	(1,021)	(1,147)
Income tax credit	211	53
Loss for the year	(810)	(1,094)
Loss per share (pence):		
Basic loss per ordinary share	3 (0.6p)	(0.9p)
Diluted loss per ordinary share	3 (0.6p)	(0.9p)

The results for the period all arise on continuing operations

Lansdowne Oil & Gas plc
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013

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

Lansdowne Oil & Gas plc

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 reserves £'000	Accumulated deficit £'000	Total equity £'000
At 1 January 2012	6,118	16,736	576	65	(5,652)	17,843
Loss for the financial year	-	-	-	-	(1,094)	(1,094)
Currency translation difference	-	-	-	53	-	53
Total comprehensive income for the year	6,118	16,736	576	118	(6,746)	16,802
Share based payments charge	-	-	100	-	-	100
Issues of new shares – gross consideration	909	9,091	-	-	-	10,000
Cost of share issues	-	(554)	-	-	-	(554)
At 31 December 2012	7,027	25,273	676	118	(6,746)	26,348
At 1 January 2013	7,027	25,273	676	118	(6,746)	26,348
Loss for the financial year	-	-	-	-	(810)	(810)
Currency translation difference	-	-	-	(62)	-	(62)
Total comprehensive income for the year	7,027	25,273	676	56	(7,556)	25,476
Share based payments charge	-	-	127	-	-	127
At 31 December 2013	7,027	25,273	803	56	(7,556)	25,603

Lansdowne Oil & Gas plc

**Consolidated Statement of Cash Flows
For the year ended 31 December 2013**

	Note	2013 Audited £'000	2012 Audited £'000
Cash flows from operating activities			
Cash from operations	6	(1,674)	1,111
Net finance expense		3	127
Net cash from operating activities		(1,671)	1,238
Cash flows from investing activities			
Acquisition of intangible exploration assets		(1,397)	(8,063)
Interest received		24	13
Net cash from investing activities		(1,373)	(8,050)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	9446
Repayment of borrowings		-	(173)
Interest paid		-	(114)
Net cash from financing activities		-	9,159
Net (decrease)/increase in cash and cash equivalents		(3,044)	2,347
Cash and cash equivalents at beginning of year		5,549	3,228
Effect of exchange rate fluctuations on cash held		(27)	(26)
Cash and cash equivalents at end of year		2,478	5,549

Lansdowne Oil & Gas plc
Notes to the Financial Information
For the year ended 31 December 2013

1. Basis of presentation

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.

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 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 was unable to continue as going concerns.

2. 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.

3. Loss per ordinary share

The loss for the year was wholly from continuing operations.

	(pence per share)	
	2013	2012
Loss per share arising from continuing operations attributable to the equity holders of the Company - basic and diluted	(0.6)	(0.9)

The calculations were based on the following information.

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

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.

4. Goodwill and other intangible assets

	Exploration / appraisal assets	Goodwill	Total
	£'000	£'000	£'000
Cost			
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

Net book values

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.

The disposal in 2012 of £29,375 relates to the write off of expenditure on the Lee licence area as the directors have decided not to renew this licence because it is not considered a viable project.

5. Share capital and premium- Group and Company

	Number of shares (thousands)	Ordinary shares £'000	Share premium £'000	Total £'000
At 1 January 2013	140,540	7,027	25,273	32,300
Issued in year	-	-	-	-
At 31 December 2013	140,540	7,027	25,273	32,300

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

	2013 £	2012 £
Loss before income tax	(1,021)	(1,147)
Adjustment for:		
Disposal of intangible asset	-	29
Equity settled share-based payment transactions	127	100
Unrealised foreign exchange gains	(62)	53
Operating cash flows before movements in working capital	(956)	(965)
Change in trade and other receivables	(45)	(65)
Change in trade and other payables	(673)	2,141
Net cash used in operations	(1,674)	1,111

7. Accounts

Copies of the annual accounts for the year ended 31 December 2013 will be sent to shareholders shortly and will be available from the Company's office at 6 Northbrook Road, Ranelagh, Dublin 6, Ireland and the Company's website www.lansdowneoilandgas.com.

Notes to Editors

About Lansdowne

Lansdowne Oil & Gas (LOGP.LN) is a North Celtic Sea focussed, oil and gas exploration company quoted on the AIM market and head quartered in Dublin.

Lansdowne holds extensive acreage and has acquired widespread proprietary 3D seismic data in the North Celtic Sea basin, an emerging under-explored province. Lansdowne has a balanced, technically mature portfolio, covering both oil and gas prospects, in three play types with substantial equity stakes and adjacent to existing infrastructure.

In addition to its 20% stake in the transformational Barryroe field, Lansdowne has three drill ready prospects defined on 2011 3D seismic data, with a farm-out data room exercise on-going to identify partners for a three well drilling programme.

For more information on Lansdowne, please refer to www.lansdowneoilandgas.com

