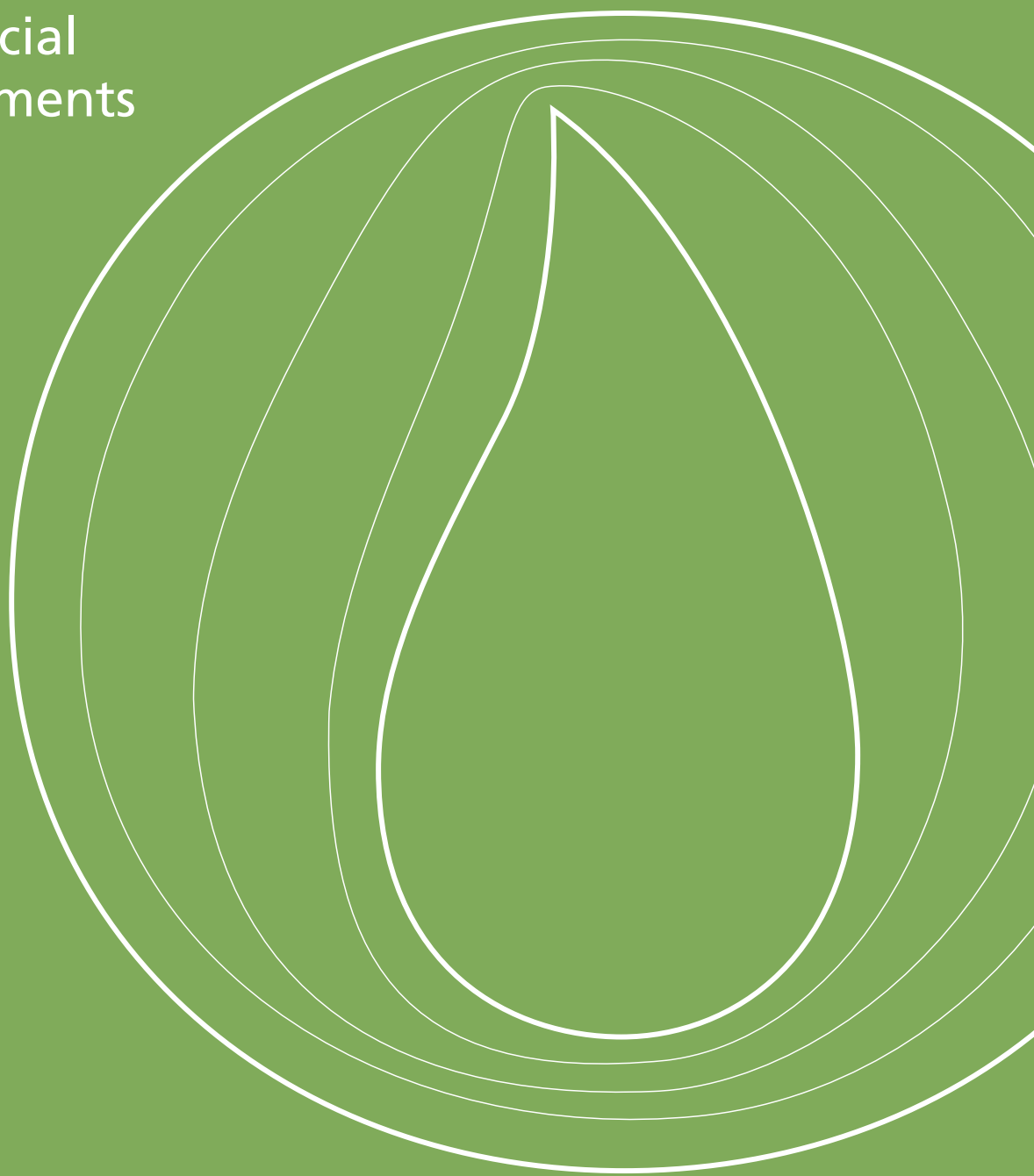


Annual
Report
and
Financial
Statements
2014





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

Contents

- 2** Chairman's Statement
- 3** Operations Review
- 7** Oil and Gas Interests
- 8** Strategic Report
- 10** Directors' Report
- 13** Corporate Governance Statement
- 16** Remuneration Report
- 19** Independent Auditor's Report
- 20** Consolidated Income Statement
- 20** Consolidated Statement of Comprehensive Income
- 21** Consolidated Statement of Financial Position
- 22** Company Statement of Financial Position
- 23** Consolidated Statement of Cash Flows
- 24** Company Statement of Cash Flows
- 25** Consolidated Statement of Changes in Equity
- 26** Company Statement of Changes in Equity
- 27** Statement of Accounting Policies
- 32** Notes to the Financial Statements
- 40** Notice of Annual General Meeting
- 42** Advisers

Chairman's Statement

Operations

The focus of our activities in 2014 was to conclude farm-out agreements for the various assets in our Celtic Sea portfolio. Although the market for such deals was challenging even before the oil price collapsed in the fourth quarter of the year, we were able to make some progress in this regard.

Under the terms of a deal completed by the company in February 2015, PSE Kinsale Energy Limited (KEL) will acquire an 80% interest in SEL 4/07 in return for paying 100% of the cost of an exploration well. In addition, KEL will pay Lansdowne's share of any testing costs up to a maximum of US\$2.5 million (net). The well will target the 268 bcf Middleton prospect and will be drilled later this year or in 2016.

Meanwhile, throughout 2014 Providence Resources continued its farm-out efforts on behalf of the Barryroe partnership. Lansdowne has a 20% stake in this oil field that, subject to further appraisal, has the potential to be a truly significant asset. Indeed, its gross 2C resources have been independently estimated at 339 MMBOE.

There has been considerable industry interest in Barryroe and many well known companies have visited the dataroom. This culminated in commercial terms being agreed with a potential new partner but completion of the transaction remains subject to the satisfaction of a number of conditions. Most notable of these is the farminee raising the required level of finance.

Litigation

In a dispute relating to the use of the Arctic III semi-submersible drilling unit on the Barryroe oilfield in 2011/12, Transocean Drilling UK claimed approximately US\$19 million from Providence Resources. In line with its working interest in the field, Lansdowne Oil & Gas was liable for 20% of any amount paid to Transocean and supported Providence in its decision to defend its position and launch a counter-claim.

After hearing evidence in October 2014, a Judgment was handed down by the Hon. Mr Justice Popplewell in the Commercial Court in London in December 2014. This concluded that Transocean was in breach of contract for failing to maintain various parts of its subsea equipment and that Transocean was not, therefore, entitled to the full amount claimed. Recently the Company has been informed that Transocean have been granted leave to appeal this judgement.

Financial results

In the year to 31 December 2014, the Group's administrative expenses were £1.30 million (2013: £0.98 million) and this resulted in a pre-tax loss of £1.30 million (2013: £1 million). At the end of 2014 group cash balances were £0.30 million (2013: £2.5 million) and total equity attributable to the ordinary shareholders was £24.4 million (2013: £25.6 million).

Post-balance sheet events and outlook

Over the last few years, 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. We remain focused on delivering this programme, starting with a well at Middleton, but it is taking longer than originally anticipated.

Hence, in order to satisfy our on-going working capital requirements, we secured access to £2.9 million of additional funding in the first quarter of 2015. Of this, £1.04 million came from a placing of 20.75 million new shares at 5p each while £1.86 million came from issuing a senior secured loan note to our largest shareholder, LC Capital Master Fund.

The fund-raising exercise was followed in April 2015 by a decision to launch a Strategic Review. Although continuing with the current strategy and structure of the Group remains a viable option, this process is designed to ensure that all opportunities for maximising value for shareholders are considered. Other options may include a corporate transaction such as a merger with, acquisition of, or subscription for the Company's securities by a third party, a sale of the business or a farm down or disposal of assets.

John Greenall

Chairman

Operations Review

Licences

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

Licence	Licence Period	Block No. ((p)= part block)	Area (sq. km)	Lansdowne interest	Operator
SEL 2/07 Helvick	1 February 2007 – 31 July 2013 (Follow-on application under consideration)	49/9 (p)	12	10%	Providence Resources
SEL 4/07	1 August 2007 – 31 July 2017	49/11(p), 49/12(p), 49/13(p), 49/17(p), & 49/18(p)	542	20%	PSE Kinsale Energy ⁽¹⁾
SEL 5/07	1 August 2007 – 31 July 2017	48/17(p), 48/18(p), 48/19(p), 48/22(p), & 48/24(p)	366	99%	Lansdowne Celtic Sea ⁽²⁾
SEL 5/08	1 April 2008 – 31 July 2017	47/25(p), 48/21(p) & 48/22(p)	449	100%	Milesian Oil & Gas ⁽²⁾
SEL 1/11	14 July 2011 – 13 July 2017	48/22(p), 48/23(p), 48/24(p), 48/27(p), 48/28(p), 48/29(p), & 48/30(p)	496	20%	Exola ⁽³⁾
LO 12/4	1 August 2012 – 31 July 2015	48/19(p), 48/22(p), 48/23(p), 48/24(p), & 48/27(p)	521	20%	Exola ⁽³⁾

⁽¹⁾ A subsidiary of PETRONAS ⁽²⁾ A subsidiary of Lansdowne Oil & Gas ⁽³⁾ A subsidiary of Providence Resources

Highlights

Barryroe Oilfield

- Barryroe Licence area increased to cover potential field extensions to the south and south-east
- First phase of SEL 1/11 and the term of LO 12/4 extended by a year to July 2015
- Change of Operator from Providence Resources plc to Exola Limited, a 100% subsidiary of Providence
- Phased Development envisaged
 - Phase 1 FPSO scheme centred around the 48/24-10Z well with planned output of up to 30,000 b/d
 - Phase 2 to develop the full field utilising multiple fixed platforms and expected to deliver peak output of up to 100,000 b/d
- Farm-out process continuing

Helvick Oilfield

- Application for Lease Undertaking submitted

Exploration

- Farm-out completed on Licence 4/07 with PSE Kinsale Energy Limited (“Kinsale Energy”)
 - Kinsale Energy acquired an 80% interest with Lansdowne retaining 20%
 - Kinsale Energy to fund 100% of the costs of drilling a well on the Middleton prospect
 - Kinsale Energy to fund Lansdowne’s share of the costs of any testing programme up to US\$2.5 million (net to Lansdowne)
 - Well planning commenced
- Farm-out campaign on Licences 5/07 (Rosscarbery) and 5/08 (Amergin) continuing

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

Licence 1/11 (“Barryroe”) is held by Lansdowne (20%) with the Providence Resources subsidiary, Exola Ltd., (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 barrels per day and the 48/28-1 well tested oil from a Middle Wealden sand at a rate of 1,527 barrels per day. A third well, 48/24-3 was drilled by Marathon in 1990 and tested oil from the Basal Wealden sand at a rate of 1,619 barrels per day.

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 plus 2.93 mmscfd 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° 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.

In April 2013, the results of a third party audit, or Competent Persons Report (“CPR”), of the Barryroe oilfield, were announced. This work was conducted by Netherland Sewell & Associates Inc. (“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 estimated that the Basal Wealden oil reservoir contained 2C gross in-place on-block volume of 761 million barrels of oil, with recoverable resources of 266 million barrels and 148 billion cubic feet of associated gas, based on a 35% recovery factor.

A similar third party audit (“CPR”) of the shallower Middle Wealden reservoir sands, carried out by RPS Energy (RPS) in 2011, reported a 2C gross in-place on-block volume of 287 million barrels with technically recoverable resources of 45 million barrels and 21 billion cubic feet of associated gas.

The total combined audited gross on block 2C recoverable resources in the Barryroe Oilfield therefore amount to 339 million barrels of oil equivalent (68 million barrels of oil equivalent net to Lansdowne), comprising 311 million barrels of oil (62 million barrels net to Lansdowne) and 169 billion cubic feet of gas (34 billion cubic feet 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 STOIP (NSAI)	338	761	1,135
Basal Wealden Recoverable (NSAI)	85	266	511
Middle Wealden STOIP (RPS)	31	287	706
Middle Wealden Recoverable (RPS)	4	45	113
TOTAL STOIP	369	1,048	1,841
TOTAL RECOVERABLE OIL RESOURCES	89	311	624

Notes:

1. The table above excludes recoverable solution gas (i.e. 169 BCF or 28 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 volumes of 456 MMBO, 778 MMBO, and 1,165 MMBO respectively. As there is currently limited reservoir and well test data available over these two intervals, future well data over these specific zones would be required in order to estimate their associated final recoverable resource estimates.

In February 2014, the Barryroe partnership announced an increase in the area of Standard Exploration Licence (SEL) 1/11 to take in additional acreage to the south and east. The overall area of the Licence has increased from 316 square kilometres to 495 square kilometres in recognition that Barryroe’s structural closure as mapped extends further to the south and east and this area could contain significant volumetric upside. These potential volumes were excluded from the figures quoted in the NSAI CPR report.

In December 2014, a judgement was handed down in the case relating to certain cost claims made by Transocean Drilling UK against Providence Resources regarding the use of the Arctic III semi-submersible drilling unit to drill the 48/24-10z well on the Barryroe oilfield in 2011/12. The judgement found that Transocean was in breach of contract for failing to maintain parts of its subsea equipment and paved the way for the parties to finalise a cost settlement. Recently the Company has been informed that Transocean have been granted leave to appeal this judgement.

Throughout 2014 and on behalf of the Barryroe partnership, Providence Resources sought to farm-out an interest in the Barryroe asset and this process is continuing.

Licensing Option 12/4 (“Barryroe North”) – Lansdowne 20%

Licensing Option 12/4 (“Barryroe North”) covers an area of 521 square kilometres to the north of Barryroe where seismic mapping suggests that parts of the Barryroe oilfield may extend. Technical evaluation work continued through the year, integrating additional studies with the previous work.

Standard Exploration Licence 4/07 (“Midleton”) - Lansdowne 20%

Licence 4/07 lies to the northeast of the producing Kinsale Head Gas field and contains the Midleton and East Kinsale gas prospects.

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

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 3D seismic data acquired in 2011, the Midleton Prospect is identified as a four-way dip closed faulted anticline at the primary Lower Cretaceous Greensand level.

A pre-stack seismic 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 and Wealden should generate a characteristic seismic response.

The results of the seismic inversion have highlighted positive fluid anomalies, likely indicative of the presence of gas, in the “A” Greensand reservoir over the Midleton prospect and also in some of the Upper Wealden horizons.

In November 2014, Lansdowne announced that it had entered into a farm-in agreement with PSE Kinsale Energy Limited, a wholly owned subsidiary of PETRONAS, and the operator of the Kinsale Head area producing gas fields (Kinsale Head, Ballycotton and Seven Heads).

Under the terms of the agreement, Kinsale Energy will:

- Acquire an 80% interest in and be appointed operator of SEL 4/07.
- Fund 100% of the costs of drilling a well on the Midleton prospect.
- Fund Lansdowne’s share of the costs of any testing programme up to US\$2.5 million (net to Lansdowne).

In February 2015, it was announced that the farm-in had received Irish Governmental approval and that well planning had commenced.

Additional follow-on features have been identified for future drilling in the licensed area in the event of a successful result on Midleton.

Standard Exploration Licence 5/08 (“Amergin”) – Lansdowne 100%

Licence 5/08 lies on the north-western flank of the North Celtic Sea Basin, in water depths of c.100 metres, and approximately 30km from the south coast of Ireland.

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

The “Amergin” Prospect has been interpreted to have probabilistic STOIP for the primary targets (Basal Wealden and Upper Jurassic) P50 un-risked case as 472 MMBO, with potential ultimate recoverable resources estimated internally as 151 MMBO.

In addition, the two secondary targets in the Cretaceous Wealden have been estimated to contain P50 un-risked STOIP of 267 MMBO with potential ultimate recoverable resources of 80 MMBO. Additional follow-on structures have been identified in the licensed area which could be pursued in the event of a successful test of the “Amergin” structure.

Efforts continue to farm-out the Amergin prospect for drilling.

Standard Exploration Licence 5/07 (“Rosscarbery”) – Lansdowne 99%

Licence 5/07 lies immediately north-west of the Kinsale Head Gas field in water depth of c.100 metres and is currently held 99% by Lansdowne as operator.

The Galley Head gas discovery, which displays amplitude and fluid anomalies at the “A” Greensand reservoir level, is interpreted as having gross P50 in-place volume of 30 BSCF with 25 BSCF technically recoverable.

The SE Rosscarbery prospect displays amplitude and fluid anomalies at both “A” Greensand and Upper Wealden reservoir levels and is interpreted by Lansdowne to contain combined prospective P50 in place volumes of 121 BSCF with 96 BSCF recoverable.

The Main Rosscarbery prospect displays amplitude and fluid anomalies at Upper Wealden reservoir level and is interpreted by Lansdowne to contain gross prospective P50 in place volume of 202 BSCF with 151 BSCF recoverable.

In summary, the Rosscarbery licence contains the Galley Head gas discovery along with a number of other identified gas prospects interpreted on the 2011 3D seismic. Should drilling prove successful, there is scope for a cluster development of these prospects.

Efforts continue to farm-out the Rosscarbery prospects for drilling.

Licence 2/07 (“Helvick”) - Lansdowne 10%

The undeveloped Helvick oilfield, with Providence Resources as operator, is situated some 40 kilometres offshore Ireland in c. 80 metres of water. The field was discovered in 1983 by Gulf

Operations Review

Continued

Oil with the drilling of the 49/9-2 well. This was tested and flowed at a cumulative rate of c.10,000 bopd from four zones. The Helvick oil is a light (44° API) and non-waxy crude oil, 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 late 2013 Providence announced that an application had been submitted to convert the Helvick licence into a Lease Undertaking. Conditional on the Lease Undertaking being granted, an agreement has been reached for ABT Oil & Gas (ABTOG) to farm-in and carry out a phased work programme.

Phase 1 would determine if the discovery can be developed commercially through the application of ABTOG's innovative low cost development technologies. Should this be the case, Phase 2 would require ABTOG to prepare and submit an outline plan of development. In the third and final phase, ABTOG would prepare and submit a formal plan of development. Subject to this being approved, ABTOG would earn a 50% interest in the discovery.

The application for a Lease Undertaking remains under consideration at the Department of Communications Energy and Natural Resources (DCENR).



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	20 per cent	PSE Kinsale Energy
5/07 Rosscarbery Exploration Licence	99 per cent	Lansdowne Celtic Sea
5/08 Amergin Exploration Licence	100 per cent	Milesian Oil & Gas
01/11 Barryroe Exploration Licence	20 per cent	Exola
12/4 Barryroe North Licensing Option	20 per cent	Exola
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.

Strategic Report

For the year ended 31 December 2014

This Strategic Report has been prepared to inform shareholders and help them to assess how the Directors have performed their duty to promote the success of Lansdowne Oil & Gas plc ("the Company") and its subsidiaries together ("the Group").

Principal activities

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

Review of business

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.

The Group and Company Statements of Financial Position as at 31 December 2014 and 31 December 2013 are shown on pages 21 and 22. Group net assets at 31 December 2014 were £24.4 million (2013: £25.6 million). At 31 December 2014, the Group held £0.3 million (2013: £2.5 million) as cash or short-term deposits.

The Group had intangible assets totalling £27.1 million (2013: £27.2 million) at the reporting date. These assets relate to the Group's exploration licences in the Celtic Sea and their associated work programmes.

The Group has two full-time Executive Directors. During the year, administration and technical support was provided by LHM Casey McGrath under a service agreement. These costs, together with fees associated with the Company's listed status and general overheads account for the administrative expenses of £1.3 million (2013: £1.0 million).

A loss after tax of £1.3 million was recorded in the year (2013: £0.8 million), and the basic and diluted loss per share for the year was 0.9p (2013: 0.6p).

Key performance indicators

The Group is not yet producing oil and gas and so has no income. Consequently, the Group is not expected to report profits until it disposes of or is able to profitably develop or otherwise turn to account its exploration and development projects.

The Board monitors the activities and performance of the Group on a regular basis and uses both financial and non-financial indicators to assess the Group's performance.

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, the Group 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 co-venturers
- Material fall in oil or gas prices

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 10. 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
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
2013	1.65	1.56	1.65	1.49
2014	1.56	1.65	1.72	1.55

Euro/Sterling Exchange Rates (Euro per Pound Sterling)

	At end of year	Average rate *	High	Low
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
2013	1.20	1.18	1.23	1.14
2014	1.28	1.24	1.29	1.19

* 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 set out in note 10.

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 Exploration & Petroleum 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 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.

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.

Stephen Boldy
Chief Executive Officer
28 May 2015

Directors' Report

For the year ended 31 December 2014

The Directors present their directors' report and audited financial statements for the year ended 31 December 2014.

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 and Richard Slape has a service contract with an unexpired notice period of six months. 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 16 to 18.

Details of executive directors and company secretary

Dr Stephen Boldy (*Chief Executive Officer*), aged 59, 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 49, 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 65, retired from the Board in February 2014.

Con Casey, aged 54, was appointed Company Secretary in January 2013. Mr. 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 30 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 76, 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, including Venture Production, before he retired in 2002.

Steven Lampe (*Non-Executive Director*)†, aged 56, 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 Tim Torrington (*Non-Executive Director*)†*, aged 71, 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.

John Aldersey-Williams (*Non-Executive Director*)*, aged 52, has worked in energy since 1984. He started his career as an oil company geologist before completing an MBA. He then spent some years in investment banking, with an energy focus, before returning to the oil industry in financial and commercial roles. From 1999 to 2001, he served as finance director to Texaco's North Sea Upstream Business Unit. From 2001 until 2008, he was a consultant active across the energy sector, before being appointed a Director and subsequently CEO of SeaEnergy PLC in 2012. He has been a director of Lansdowne Oil & Gas plc since 2012.

Jeffrey Auld (*Non-Executive Director*)*, aged 48, 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 and Oilex 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 in September 2013.

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

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 2014 and 30 April 2015:

	31 December 2014		30 April 2015	
	No. of shares	% of Capital	No. of shares	% of Capital
Lampe Conway & Co LLC/LC Capital Master Fund Limited	36,401,552	25.90%	45,356,746	28.10%
Ramco Hibernia Limited (a subsidiary of SeaEnergy plc)	30,194,193	21.48%	30,194,193	18.72%
Aviva Plc & subsidiaries	13,053,632	9.29%	15,049,016	9.33%
Thomas Anderson	9,688,693	6.89%	9,688,693	6.01%
Artemis Investment Management	6,500,000	4.63%	10,500,000	6.51%
Walker Crips, Stockbrokers	1,651,050	1.17%	5,511,288	3.42%
Davy, Stockbrokers	4,806,665	3.42%	4,814,320	2.98%

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

Dividends

The directors do not recommend the payment of a dividend (2013: £Nil).

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 10. 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.

Post Balance Sheet Events

On 10 March 2015, the Company placed 20,753,636 new ordinary shares with new and existing investors at a placing price of 5 pence per placing share, raising approximately £1.04 million before costs. The Company also issued a loan note to the value of £1,862,318 to LC Capital Master Fund Ltd, a significant shareholder of the Company.

On 8 April 2015, the Company announced that it had launched a strategic review with the intention of considering all opportunities for maximising value for shareholders.

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

Future developments

The Group's future outlook is described in the Chairman's Statement on page 2.

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 into one or more of the Group's licences.

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.

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 financial statements as discussed further in the Statement of Accounting Policies section (d) on page 27.

Directors' Report

Continued

Financial instruments

Risk exposures and financial risk management policies and objectives are discussed in note 10 to the financial statements.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG as auditor of the Group is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Con Casey FCCA

Company Secretary

28 May 2015



Corporate Governance Statement for the year ended 31 December 2014

Lansdowne Oil & Gas plc, as an AIM-listed company, is not required to comply with the UK Corporate Governance Code (“the Code”) published by the Financial Reporting Council. 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.

Directors

At 31 December 2014, 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 10. John Greenall is the senior Non-Executive Director and Chairman.

2014 Board Meeting attendance record	2014 Eligible	2014 Attended *
S A R Boldy	10	10
R Slape (appointed March 2014)	8	7
J Greenall	10	9
T Torrington	10	4
S G Lampe	10	6
J Aldersey-Williams	10	6
J Auld	10	5

*During the year 4 board meetings were administrative where attendance by all board members was not necessary.

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 Committee

The Audit Committee comprises John H Aldersey-Williams (Chairman), Jeffrey Auld and Viscount Torrington. 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 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.

The Audit Committee reviews the independence and objectivity of the 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 12 to the accounts. The Committee is satisfied that KPMG are independent.

Corporate Governance Statement

Continued

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 required 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 Group 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 16 to 18 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, 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 21 days ahead of the meeting.

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;
 - monthly reporting of actual performance compared to budget, reviewed by the Board quarterly;
 - 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.

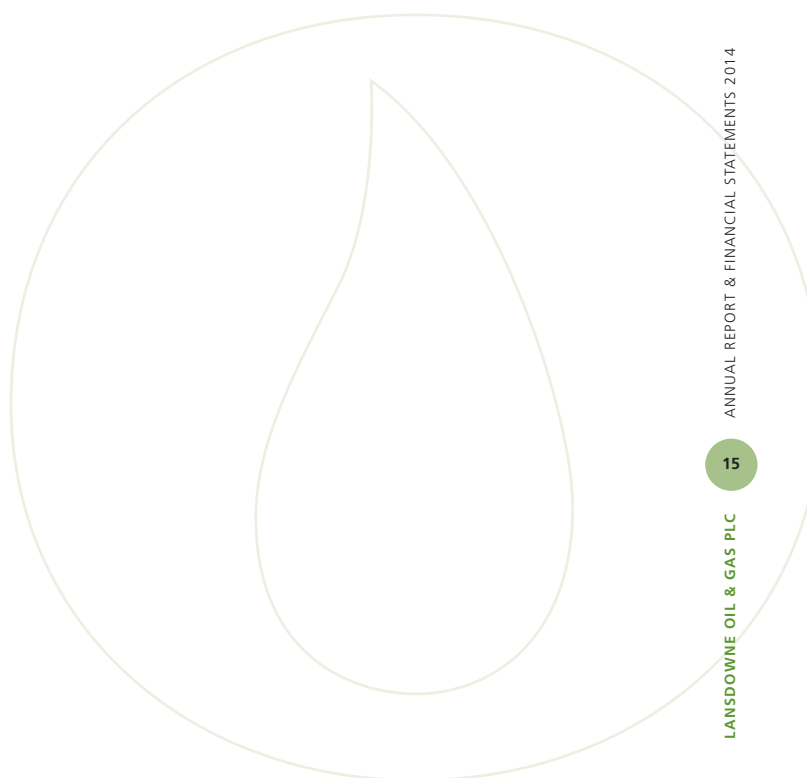
The maintenance and integrity of the Lansdowne Oil & Gas plc website is the responsibility of the Directors. The work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial 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 2014

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 the Group.

Remuneration policy

The Group 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 and R Slape have service contracts with the Company with a rolling notice period of one year and six months respectively. 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.

Directors' remuneration package

Executive 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 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 accrue to the two Executive Directors under the Group's defined contribution scheme where the Company contributes at a rate of between 7 and 15 per cent of salary, dependent on contractual obligations.

Directors' detailed emoluments

	Salary and fees £'000	Performance Related Bonus £'000	Benefits £'000	Pension Contributions £'000	2014 Total £'000	2013 Total £'000
Executive Directors						
SAR Boldy	180	70	11	22	283	234
R Slape (appointed Mar 2014)	131	–	–	–	131	–
E Brown (retired Feb 2014)	103	–	127	16	246	254
Non-Executive Directors						
J Greenall	40	–	–	–	40	40
T Torrington	30	–	–	–	30	30
SG Lampe ⁽¹⁾	15	–	–	–	15	15
J H Aldersey-Williams ⁽²⁾	–	–	–	–	–	–
JD Auld	30	–	–	–	30	8
2014	529	70	138	38	775	–
2013	548	–	12	21	–	581

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

⁽²⁾ Waived fees from 11 September 2012.

In addition to the above cash based emoluments, the expense in the year for share options previously awarded to S A R Boldy was £49,000 (2013: £68,000), E Brown £14,000 (2013: £27,000), J Greenall £4,000 (2013: £6,000), T Torrington £4,000 (2013: £6,000), and SG Lampe £3,000 (2013: £3,000).

Interests in shares

The beneficial interests of the Directors who held office at 31 December 2014 in the ordinary shares of 5p of the Company are as follows:

	At 31 Dec 2013*	At 31 Dec 2014	At 30 April 2015
SAR Boldy	52,660	52,660	252,660
R Slape (appointed March 2014)	–	–	–
J Greenall	85,380	85,380	85,380
T Torrington	105,880	105,880	2,105,880
SG Lampe	196,078	196,078	196,078
J H Aldersey-Williams	40,000	40,000	240,000
J D Auld	–	–	–
	479,998	479,998	2,879,998

*On date of appointment if later

S G Lampe has an interest in 45,160,668 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.

Remuneration Report

Continued

Interests in share options

	Exercise Price	At 31 Dec 2013	2014 Granted	2014 Lapsed	At 31 Dec 2014	Normal Exercise Dates
SAR Boldy	36.5p	600,000	–	–	600,000	1 June 2015 to 31 May 2022
SAR Boldy	25p	1,000,000	–	–	1,000,000	20 May 2014 to 19 May 2021
E Brown (retired Feb 2014)	36.5p	240,000	–	66,630	173,370	Exercisable Immediately
E Brown (retired Feb 2014)	25p	400,000	–	–	400,000	Exercisable Immediately
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
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
		2,590,000	–	66,630	2,523,370	

Details of the performance criterion, conditional upon which the options are exercisable, is set out in note 14 to the financial statements. During 2014, the share price ranged between a high of 28.50p and a low of 6.25p. The quarterly highest and lowest closing share prices are detailed in note 11.

On behalf of the Board

T Torrington

Chairman, Remuneration Committee

28 May 2015



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 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity, the Statement of Accounting Policies and the related notes 1 to 21. 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 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 pages 16 and 17, 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 Financial Reporting Council'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 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 and to identify any information that is apparently materially incorrect based on, our materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made on page 27 of the financial statements concerning the Group and Company's ability to continue as a going concern. The Group incurred a net loss of £1.3 million

during the year ended 31 December 2014 and, at that date, had net current liabilities of £1.5 million. These conditions, along with the other matters explained on page 27 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group or the Company were unable to continue as a going concern.

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 2014 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.

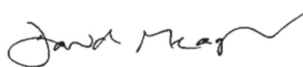
Opinion on other matter prescribed by the Companies Act 2006

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

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.



David Meagher

(Senior statutory auditor)

for and on behalf of KPMG, Statutory Auditor
Dublin

28 May 2015

Consolidated Income Statement

for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Administrative expenses		(1,302)	(984)
Operating loss		(1,302)	(984)
Finance costs	15	(21)	(61)
Finance income	15	3	24
Loss for the year before tax		(1,320)	(1,021)
Income tax credit	16	–	211
Loss for the year		(1,320)	(810)
Loss per share (pence):			
Basic loss per ordinary share	2	(0.9p)	(0.6p)
Diluted loss per ordinary share	2	(0.9p)	(0.6p)

The results for the period all arise on continuing operations.

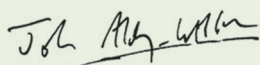
Consolidated Statement of Comprehensive Income

for the year ended 31 December 2014

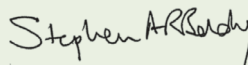
	2014 £'000	2013 £'000
Loss for the year	(1,320)	(810)
Items that may be reclassified to profit and loss:		
Currency translation differences	3	(62)
Total comprehensive loss for the year	(1,317)	(872)

The accompanying notes on pages 32-39 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28 May 2015.



John Aldersey-Williams
Director



Stephen Boldy
Director


Consolidated Statement of Financial Position

as at 31 December 2014

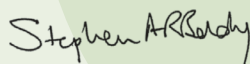
Assets	Notes	2014 £'000	2013 £'000
Non-Current Assets			
Intangible assets	3	27,151	27,217
Property, plant and equipment	4	–	1
		27,151	27,218
Current Assets			
Trade and other receivables	6	197	146
Cash and cash equivalents		276	2,478
		473	2,624
Total Assets		27,624	29,842
Equity and Liabilities			
Shareholders' Equity			
Share capital	11	7,027	7,027
Share premium		25,273	25,273
Currency translation reserve		59	56
Share-based payment reserve		894	803
Accumulated deficit		(8,876)	(7,556)
Total Equity		24,377	25,603
Non-Current Liabilities			
Provision for liabilities	8	217	197
Deferred income tax liabilities	9	1,052	1,052
		1,269	1,249
Current Liabilities			
Trade and other payables	7	1,978	2,990
Total Liabilities		3,247	4,239
Total Equity and Liabilities		27,624	29,842

The accompanying notes on pages 32-39 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28 May 2015.



John Aldersey-Williams
Director



Stephen Boldy
Director

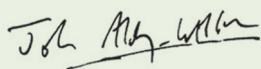
Company Statement of Financial Position

as at 31 December 2014

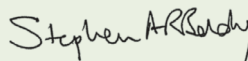
Assets	Notes	2014 £'000	2013 £'000
Non-Current Assets			
Property, plant and equipment	4	–	1
Investments in subsidiaries	5	5,432	5,432
		5,432	5,433
Current Assets			
Trade and other receivables	6	172	128
Cash and cash equivalents		275	2,477
		447	2,605
Total Assets		5,879	8,038
Equity and Liabilities			
Shareholders' Equity			
Share capital	11	7,027	7,027
Share premium		25,273	25,273
Share-based payment reserve		894	803
Accumulated deficit		(29,285)	(28,042)
Total Equity		3,909	5,061
Current Liabilities			
Trade and other payables	7	1,970	2,977
Total Liabilities		1,970	2,977
Total Equity and Liabilities		5,879	8,038

The accompanying notes on pages 32-39 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28 May 2015.



John Aldersey-Williams
Director



Stephen Boldy
Director

Consolidated Statement of Cash Flows

for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Cash flows from operating activities			
Cash from operations	17	(2,268)	(1,674)
Net finance expense		(2)	3
Net cash from operating activities		(2,270)	(1,671)
Cash flows from investing activities			
Acquisition of intangible exploration assets, net	3	66	(1,397)
Interest received		3	24
Net cash from investing activities		69	(1,373)
Net (decrease) in cash and cash equivalents		(2,201)	(3,044)
Cash and cash equivalents at beginning of year		2,478	5,549
Effect of exchange rate fluctuations on cash held	15	(1)	(27)
Cash and cash equivalents at end of year		276	2,478

The accompanying notes on pages 32-39 form an integral part of these financial statements.

Company Statement of Cash Flows

for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Cash flows from financing activities			
Cash used in financing	17	(2,202)	(3,071)
Net finance expense		(2)	3
Net cash from operating activities		(2,204)	(3,068)
Cash flows from investing activities			
Interest received		3	24
Net cash from investing activities		3	24
Net (decrease) in cash and cash equivalents		(2,201)	(3,044)
Cash and cash equivalents at beginning of year		2,477	5,548
Effect of exchange rate fluctuations on cash held	15	(1)	(27)
Cash and cash equivalents at end of year		275	2,477

The accompanying notes on pages 32-39 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

	Share Capital £'000	Share Premium £'000	Share Based Payment Reserve £'000	Currency Translation Reserve £'000	Accumulated Deficit £'000	Total Equity £'000
Balance at 1st 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	–	–	–	(62)	(810)	(872)
Share based payments charge (note 14)	–	–	127	–	–	127
Balance at 31st December 2013	7,027	25,273	803	56	(7,556)	25,603
Balance at 1st January 2014	7,027	25,273	803	56	(7,556)	25,603
Loss for the financial year	–	–	–	–	(1,320)	(1,320)
Currency translation difference	–	–	–	3	–	3
Total comprehensive income for the year	–	–	–	3	(1,320)	(1,317)
Share based payments charge (note 14)	–	–	91	–	–	91
Balance at 31st December 2014	7,027	25,273	894	59	(8,876)	24,377

The accompanying notes on pages 32-39 form an integral part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 December 2014

	Share Capital £'000	Share Premium £'000	Share Based Payment Reserve £'000	Accumulated Deficit £'000	Total Equity £'000
Balance at 1st January 2013	7,027	25,273	676	(25,736)	7,240
Loss for the financial year	–	–	–	(2,306)	(2,306)
Share based payments charge (note 14)	–	–	127	–	127
Balance at 31st December 2013	7,027	25,273	803	(28,042)	5,061
Balance at 1st January 2014	7,027	25,273	803	(28,042)	5,061
Loss for the financial year	–	–	–	(1,243)	(1,243)
Share based payments charge (note 14)	–	–	91	–	91
Balance at 31st December 2014	7,027	25,273	894	(29,285)	(3,909)

The accompanying notes on pages 32-39 form an integral part of these financial statements.

Statement of Accounting Policies

for the year ended 31 December 2014

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, are set out at (w) below.

(c) Functional and presentation currency

The consolidated financial statements are presented in Sterling, the Company's 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 the approval of these financial statements as described below.

The Directors have carried out a detailed assessment of the Group's current and prospective exploration activity, its relationship with the holder of its loan note, and the cash flow projections for the period to 30 June 2016. The following represent the key assumptions underpinning the cash flow projections:

Barryroe farm out

The Directors remain confident that, with the positive results from the seismic surveys and the successful Barryroe well test, as well as the level of interest shown by potential partners in the prospect, they will be able to conclude a farm out deal(s) on attractive commercial terms which will provide sufficient resources for the Group to continue with the development of the licences it holds.

Further fundraising

Should a farm out deal not be concluded in relation to Barryroe, the Directors believe that the Group has a number of available funding options; while the Group'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, as stated in the post balance sheet event note, the Company raised £1.04 million before costs by placing 20,753,636 new ordinary shares with new and existing shareholders. The Company also issued a loan note to the value of £1.9 million to LC Capital Master Fund, a significant shareholder of the Company.

The Directors have considered the various matters set out above and have concluded that these assumptions are affected by material uncertainties that may cast significant doubt on the ability of the Group and Company to continue as going concerns and that they may therefore be unable to realise assets and discharge liabilities in the normal course of business. Nevertheless, having considered the assumptions underlying the Group's cashflow projections, the directors have a reasonable expectation that the Group and Company will have sufficient cash resources available to meet their liabilities for at least 12 months from the date of approval of these financial statements.

It is on this basis that the directors consider it appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustment that would result from the going concern basis of preparation being inappropriate.

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 (policies (i) and (j) below)
- Share based payments (note 13)
- Deferred tax (note 8)

Those areas believed to be key areas of judgements are;

- Going concern (policy (d) above)
- Oil and Gas Intangible exploration/ appraisal assets (policy (i) below)

Further details of the assumptions used can be found in this statement of accounting policies 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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 arrangements

The Group participates in a number of joint arrangements where control of the arrangement is shared with one or more other parties. A joint arrangement is classified as a joint operation or as a joint venture, depending on the rights and obligations of the parties to the arrangement.

The classification can have a material impact on the consolidated financial statements. The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the consolidated financial statements on a line-by-line basis, whereas the Group's investment and share of results of joint ventures are shown within single line items in the consolidated statement of financial position and consolidated income statement respectively.

(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 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 will be 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 depreciation charge is spread equally over the expected useful economic lives of the assets as follows:

Fittings 4-5 years

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

(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 cost of decommissioning 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. The cost will be 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.

(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.

Statement of Accounting Policies

Continued

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 Directors with access to equity-settled share option schemes, details of which are given in the Directors' Remuneration Report and note 14 of these financial statements.

The cost of awards 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.

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 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. 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 costs arise. These accounts have been presented in Sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet 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 financial instruments and risk management are given in note 10.

(v) Segmental Reporting

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.

(w) Changes in accounting policies

New and amended standards and interpretations

The following new standards and amendments were adopted by the Group for the first time in the current financial reporting period with no resulting impact to the consolidated financial statements:

	Effective Date
IFRS 10 'Consolidated Financial Statements'	1 January 2014
IFRS 11 'Joint Arrangements'	1 January 2014
IFRS 12 'Disclosure of Interests in Other Entities'	1 January 2014
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
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
IFRIC 21 levies	1 January 2014

New Standards and interpretations effective that have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2014, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early; instead it will apply them from their effective date as determined by their dates of EU endorsement. The Group is still reviewing the impact of the upcoming standards to determine their impact.

Standard	Effective date
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 February 2015
Annual improvements to IFRSs 2010-2012 Cycle, and to IFRSs 2011-2013 Cycle	1 February 2015
Amendments to IFRS 11: Accounting for acquisitions of interests in Joint Operations	Not yet endorsed
IFRS 14: Regulatory Deferral Accounts	Not yet endorsed
Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation	Not yet endorsed
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Bearer Plants	Not yet endorsed
Amendments to IAS 27 Equity method in Separate Financial Statements	Not yet endorsed
Amendments to IFRS 10 and IAS 28: Sale or Contribution of assets between an investor and its associate or joint venture (September 2014)	Not yet endorsed
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the consolidation exception (December 2014)	Not yet endorsed
Amendments to IAS 1: Disclosure Initiative	Not yet endorsed
Annual Improvements to IFRSs 2012-2014 Cycle	Not yet endorsed
IFRS 15: Revenue from contracts with customers	Not yet endorsed
IFRS 9 Financial Instruments (2009, and subsequent amendments in 2010 and 2013)	Not yet endorsed

Notes to the Financial Statements

for the year ended 31 December 2014

1. Segmental Reporting

The Group has 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.

2. Loss per ordinary share

The loss for the year was wholly from continuing operations.

	2014 £'000	2013 £'000
Loss for the year attributable to equity holders	(1,320)	(810)
Weighted average number of ordinary shares in issue – basic and diluted	140,540,159	140,540,159
Loss per share arising from continuing operations attributable to the equity holders of the Company - basic and diluted (in pence)	(0.9)	(0.6)

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 one class of potential ordinary shares being share options. As a loss was recorded for both 2014 and 2013, potentially issuable shares would have been antidilutive. The number of potentially issuable shares at 31 December 2014 is 143,306,029 (2013: 143,372,659).

3. Intangible assets

Group	Exploration / appraisal assets £'000
Cost	
At 1 January 2013	24,399
Additions	1,397
Reclassification of goodwill	1,421
At 31 December 2013	27,217
Cost	
At 1 January 2014	27,217
Additions, net of re-imburement from partners	(66)
At 31 December 2014	27,151

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.

4. Property, plant and equipment

Furniture, fittings & equipment	Group £'000	Company £'000
Cost		
At 1 January 2014	4	2
Additions	–	–
Disposals	–	–
At 31 December 2014	4	2
Accumulated depreciation		
At 1 January 2014	3	1
Charge for the year	1	1
At 31 December 2014	4	2
Net book amount		
At 31 December 2014	–	–
At 31 December 2013	1	1

5. Investments in subsidiaries

	Company £'000
Cost	
At 1 January 2013, 31 December 2013 and 31 December 2014	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
Significant joint operation	Principal activity	Effective Interest		
		2014%	2013%	
Midleton (i)	Hydrocarbon exploration	20	100	
Barryroe	Hydrocarbon exploration	20	20	
Helvick	Hydrocarbon exploration	10	10	

(i) During the year, the Group farmed out 80% of its interest in the Midleton licence.

6. Trade and other receivables

Amounts falling due within one year:	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Value added tax and other taxes	116	69	91	51
Prepayments	81	77	81	77
	197	146	172	128

Notes to the Financial Statements

Continued

7. Trade and other payables

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Amounts falling due within one year:				
Trade payables	1,597	2,668	1,592	2,657
Other taxes and social security	122	116	122	116
Accruals	259	206	256	204
	1,978	2,990	1,970	2,977

8. Provision for liabilities

	Group 2014 £'000	Group 2013 £'000
At 1 January	197	–
Asset retirement obligation provision	–	163
Unwinding of discount	20	34
At 31 December	217	197

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

9. Deferred income tax liabilities

The movement on the deferred tax provision is shown below:

	Group 2014 £'000	Group 2013 £'000
As at 1 January	1,052	1,263
Movement for the year	–	(211)
As at 31 December	1,052	1,052

Deferred tax liabilities comprise of the tax provision on the potential future income stream arising on a successful discovery of oil and/or gas.

An unprovided deferred tax asset, in respect of unused losses, amounts to £1.4 million (2013: £1.1 million).

10. 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 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 2014 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 raising 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 2014, all trade and other payables were due within one year.

No derivative financial instruments are held by the Group at 31 December 2014 (2013: nil).

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.

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

11. Share capital – Group and Company

	2014	2013
Authorised		
140,540,159 ordinary shares at £0.05 pence each	140,540,159	140,540,159
	£'000	£'000
Issued, called up and fully paid:		
140,540,159 ordinary shares at £0.05 pence each	7,027	7,027

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.

	2014		2013	
	Pence per share		Pence per share	
	High	Low	High	Low
First quarter	28.50	14.75	57.50	45.62
Second quarter	23.75	14.50	48.12	37.25
Third quarter	15.38	10.63	42.00	38.12
Fourth quarter	15.13	6.25	44.25	23.88

12. Statutory information

	2014	2013
	£'000	£'000
The loss for the year is stated after (crediting)/charging:		
Foreign exchange gains, net	(2)	(52)
Operating lease rentals – premises	51	24

Audit Services:

Fees payable to Group's auditor for the audit of the Company and consolidated financial statements.	26	22
Fees payable to the Group's auditor for the audit of Company's subsidiaries pursuant to legislation.	6	4

13. Employee costs

Number of employees	2014	2013
	Number	Number
The average monthly number of employees (including Executive Directors) during the year was:		
Oil and gas exploration	2	2

	2014	2013
Staff costs during the year amounted to:	£'000	£'000
Wages and salaries	652	471
Social security costs	85	89
Pension costs (note 18)	38	21
Share based payment	91	121
	866	702

Remuneration of the Directors is disclosed in note 20 and within the Remuneration Report on page 17.

14. 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 16 to 18. As at 31 December 2013, the following options were outstanding:

Option exercise price	Number	Exercisable at 31 Dec '14	Exercisable at 31 Dec '13	Normal exercise dates	Target variable	Target
25p	1,950,000	1,950,000	175,900	19/05/2014 to 18/05/2021	Share price	(1)
36.5p	1,090,000	241,270	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 may 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.

A charge of £91,000 (2013: £121,000) has been recorded in the Income Statement in relation to share options awarded in prior years.

15. Finance income and costs

	2014 £'000	2013 £'000
Finance income		
Bank interest	3	24
	3	24
	2014 £'000	2013 £'000
Finance costs		
Unwinding of discount (note 8)	20	34
Retranslation of foreign currency cash balances	1	27
	21	61

16. Income Tax

	2014 £'000	2013 £'000
Current tax charge	-	-
Deferred tax credit	-	211
Total income tax credit	-	211

The tax assessed for the year is different from the standard rate of corporation tax in the UK as follows;

	2014 £'000	2013 £'000
Loss before income tax	(1,320)	(1,021)
Loss before income tax multiplied by standard rate of tax 21.5% (2013: 23.25%)	(284)	(237)
Effects of:		
Expenses not deductible for tax purposes	24	25
Losses carried forward	260	213
Rate adjustment for deferred tax	-	(211)
Total tax credit	-	(211)

Notes to the Financial Statements

Continued

17. Reconciliation of loss after income tax to cash used in: operations – Group and financing – Company

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Loss after income tax	(1,320)	(810)	(1,243)	(2,307)
Adjustment for:				
Equity settled share-based payment transactions	91	127	91	127
Unrealised foreign exchange gains	5	(62)	–	–
Tax credit	–	(211)	–	–
Operating cash flows before movements in working capital	(1,224)	(956)	(1,152)	(2,180)
Change in trade and other receivables	(51)	(45)	(45)	(30)
Change in trade and other payables	(993)	(673)	(1,005)	(861)
Net cash used in operations/financing	(2,268)	(1,674)	(2,202)	(3,071)

18. 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 £38,000 (2013: £21,000) for the year. 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 page 17.

19. Capital commitments

The Group has no unprovided contractual commitments for capital expenditure.

20. Related party transactions

(a) Transactions with LHM Casey McGrath

Con Casey is a partner in the accountancy practice, LHM Casey McGrath and he is the company secretary of the Company. The Company entered into a services agreement with LHM Casey McGrath pursuant to which the practice provides the Group with certain management, accounting, IT support, insurance and administrative services required by the Group in connection with its business in consideration of an annual fee totalling £72,000 (2013: £72,000). 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 at fair value on an arm's length basis. As at 31 December 2014, the Group owed LHM Casey McGrath £nil (2013: £nil) under the agreement.

The company has an operating lease in place with LHM Casey McGrath for the use of rented office space at a monthly consideration of £1,360, cancellable at one month's notice. Total rent paid in the year amounted to £15,840 (2013: £15,840).

(b) Amounts due by subsidiaries

At 31 December 2014 amounts owed to the Company by its subsidiaries totalled £22.1 million (2012: £21.1 million). These amounts have been provided in full in the Company's financial statements as there is no immediate prospect of repayment. Amounts due to the Company are unsecured, non-interest bearing and have no fixed repayment terms.

(c) Compensation of key management personnel

The Board has determined that the Board of Directors comprise the Group's key management personnel. Their compensation was as follows:

	2014 £'000	2013 £'000
Short-term benefits	737	560
Post employment benefits	38	21
Share-based payment expense	74	110
	849	691

21. Post Balance Sheet events

On 10 March 2015, the Company placed 20,753,636 new ordinary shares with new and existing investors at a placing price of 5 pence per placing share, raising approximately £1.04 million before costs. The Company also issued a loan note to the value of £1,862,318 to LC Capital Master Fund, Ltd, a significant shareholder of the Company.

On 8 April 2015, the Company announced that it had launched a strategic review with the intention of considering all opportunities for maximising value for shareholders.

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 9th Annual General Meeting of the members of Lansdowne Oil & Gas plc ("the Company") will be held at the offices of Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES, on 30 June 2015 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 2014 and the Auditors' Report thereon.
- 2 To consider the re-election of Viscount Tim Torrington who retires by rotation and being eligible offers himself for re-election as a Director.
- 3 To consider the re-election of John Aldersey-Williams who retires by rotation and being eligible offers himself for re-election as a Director.
- 4 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.
- 5 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 £2,661,348 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).
- 6 To consider the following Resolution as a Special Resolution:

THAT, subject to and conditional upon the passing of Resolution 5 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:

 - 6.1 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 fractional 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
 - 6.2 the allotment (otherwise than pursuant to paragraph 6.1 above) to any person or persons of equity securities up to an aggregate nominal amount of £1,612,938;

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).
- 7 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:

 - 7.1 the maximum number of ordinary shares hereby authorised to be acquired is 16,129,380 ordinary shares of 5 pence each, being approximately 10 per cent. of the Company's existing issued share capital;
 - 7.2 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;

-
- 7.3 the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company; and
- 7.4 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.
- 8 To consider the following Resolution as a Special Resolution:

That the Articles of Association contained in the document produced to the Meeting and signed by the Chairman for the purposes of identification, be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the Current Articles, with effect from the conclusion of this Annual General Meeting.

It is proposed to adopt new articles of association ("the New Articles") in order to update the Current Articles to increase the limit on the aggregate annual sum payable to directors for their services under article 24.1 from £100,000 to £115,000. A copy of the New Articles showing the proposed change to the Current Articles is available from the Company Secretary for inspection prior to the Annual General Meeting.

By order of the Board

Con Casey

Company Secretary

28 May 2015

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, Computershare Investor Services (Ireland) Ltd., Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 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 28 June 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, Computershare Investor Services (Ireland) Ltd. (CREST participant ID: 3RA50), 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 Computershare 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

Cantor Fitzgerald Europe
One Churchill Place
Canary Wharf
London E14 5RB

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

Computershare Investor Services
(Ireland) Ltd.
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18

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

Notes

Notes

Lansdowne
oil & gas plc

www.lansdowneoilandgas.com