

## COMMERCIAL COURT RULING ISSUED

### PROVIDENCE SUCCESSFULLY DEFENDS TRANSOCEAN'S PART 36 COSTS APPLICATION

**Dublin and London – October 21, 2016** - Providence Resources P.l.c. (PVR LN, PRP ID), the Irish based Oil and Gas Exploration Company (the "Company"), today provides an update regarding the litigation between Providence and Transocean Drilling U.K. Limited ("Transocean"), a subsidiary of Transocean Ltd, relating to the use of the semi-submersible drilling unit, Arctic III, on the Barryroe oilfield offshore Ireland (Providence 80%, Lansdowne Oil & Gas plc 20%). A hearing of Transocean's application in respect of Part 36 of the English Civil Procedure Rules was heard by Mr Justice Popplewell in the Commercial Court in London on October 14, 2016. The Commercial Court handed down its Judgment (the "Judgment") on October 20, 2016.

The Judgment states that, as a result of the decision of the Court of Appeal in April 2016, Transocean is entitled to its costs of the first instance proceedings from August 30, 2014 on the Standard Basis (i.e. approximately 70%) but that the other Part 36 cost consequences in relation to obtaining costs on the indemnity basis, interest on costs and the principal sum and the surcharge of £75,000 do not apply. In coming to this conclusion, the judge found that it would be unjust to apply the full Part 36 costs consequences in the circumstances of this case, including his previous criticisms of Transocean's conduct which he said "*was not merely unreasonable but dishonest*". Based on the Judgment, Providence will pay Transocean a gross figure of approximately £1.10 million (equivalent to approximately \$1.35 million) in respect of all outstanding costs, interest and principal sums, which compares to the estimated gross figure of \$3.90 million described in the Company's Interim Results. Lansdowne, the Company's joint venture partner in Barryroe (20% interest), is liable for its share of all costs associated with the litigation.

Commenting on the announcement, Mr. Tony O'Reilly said:

*"This is a very positive result for Providence, with significantly less cost exposure than had been provided for, justifying our defence of our position. With this matter now behind us, our focus remains on unlocking the value within our extensive asset portfolio offshore Ireland, with a particular emphasis on the farm-out processes for Barryroe and Spanish Point as well as completing our preparations for the drilling of Druid next June."*

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#### **ABOUT PROVIDENCE RESOURCES**

Providence Resources is an Irish based Oil and Gas Exploration Company with a portfolio of appraisal and exploration assets located offshore Ireland. Providence's shares are quoted on AIM in London and the ESM in Dublin.

## **ABOUT THE LITIGATION**

### **Commercial Court Ruling – December 2014**

In May 2012, Transocean initiated proceedings against the Company for c. \$19 million. The Company counterclaimed pleading that Transocean was in breach of contract because their rig and their equipment were not in good working condition or adequate to conduct the drilling activities over most of a period from late December 2011 through to early February 2012. In December 2014, a judgment was handed down by the Commercial Court in London (the “First Instance Judgment”) which confirmed the Company’s pleadings that it should not have to pay Transocean for those periods when the rig was not operable, due to breaches of contract arising from Transocean’s failure to carry out maintenance on safety critical parts of its sub-sea equipment. The First Instance Judgment provided that the Company should also be allowed to set-off certain third party costs against Transocean’s claim. Pursuant to the First Instance Judgment, the Company paid a net amount of c. \$6.15 million and Lansdowne paid c. \$1.54 million.

### **Court of Appeal Ruling – April 2016**

Transocean was granted the right to appeal one aspect of the First Instance Judgment. In April 2016, the Court of Appeal ruled in favour of Transocean’s appeal (the “Appeal Judgment”). The appeal of this one aspect of the First Instance Judgment turned on the Court of Appeal’s interpretation of the wording of the consequential loss clause in the rig contract.

By Order of Her Majesty’s Court of Appeal of England and Wales in April 2016 (the “EWCA Order”), the Company was ordered to pay Transocean a gross amount of c. \$6.77 million in respect of certain costs claimed by Transocean in the context of the original legal proceedings issued against the Company by Transocean in May 2012. The EWCA Order further stated that the Company was required to pay part of Transocean’s legal costs of the appeal in the sum of gross £225,000. As confirmed on July 20, 2016, the Company discharged the sums owing to Transocean in respect of the Court of Appeal order. The EWCA Order also stated that any other matters in dispute between the Company and Transocean in the legal proceedings would be the subject of a further hearing in the Commercial Court in London unless otherwise resolved between the parties. As notified on September 29, 2016, a date of October 14, 2016 was set for this hearing.

### **Part 36 Matter**

The matter considered by the Commercial Court on October 14, 2016 was whether Transocean was entitled to its legal costs (and interest thereon) in respect of the First Instance Judgment for the period from August 30, 2014, on the basis of Transocean having previously made an offer to the Company to reach a settlement in respect of those proceedings pursuant to Part 36 of the English Civil Procedure Rules (the “CPR”). Part 36.14 of the CPR provides that, where judgment against a defendant (in this case, the Company) is at least as advantageous as the proposals in the Part 36 offer, the offeror (in this case, Transocean) would be entitled to its legal costs and interest on those costs together with interest on the principal sums from the date upon which the period for acceptance of the offer expired. The Company had previously estimated that, in the event that Transocean was successful in the Commercial Court in relation to this matter, an additional gross payment of c. \$3.90 million would be required to be made to Transocean.

### **Commercial Court Ruling – October 2016**

The judgment of Justice Popplewell on the Part 36 matter was handed down on October 20, 2016. Based on the Judgment, Providence will pay Transocean a gross figure of approximately £1.10 million (equivalent to approximately \$1.35 million) in respect of all outstanding costs, interest and principal sums, which compares to the previous estimated gross figure of \$3.90 million outlined in the Company’s Interim Results. Lansdowne, the Company’s joint venture partner in Barryroe, is liable for its (20% interest) share of all costs associated with the litigation.

### **Supreme Court Appeal - Pending**

The Company has sought leave to appeal the April 2016 Appeal Judgment to the Supreme Court in the United Kingdom. A decision on the grant of such leave to appeal is expected to take between nine months and one year to be reached and further announcements will be made in this regard in due course.