

**Providence Resources P.I.c.  
("Providence" or the "Company")**

**2015 TRADING STATEMENT**

**GROWING A UNIQUE PORTFOLIO OF ASSETS  
IN THE IRISH OFFSHORE**

**Dublin and London – December 17, 2015** - Providence Resources P.I.c. (PVR LN, PRP ID), the Irish based Oil and Gas Exploration Company, today provides a trading update on activities for 2015.

Commenting today, Tony O'Reilly, Chief Executive of Providence said:

*"Despite the continued fall in commodity prices, we have seen a marked increase in interest in our portfolio and work continues with a number of parties to progress the Barryroe farm out to a satisfactory conclusion. The drop in costs, most notably drilling costs, which are now at a 7 year low, is helping to drive this activity. We are encouraged by ongoing discussions and hope to be in a position to update further in the new year.*

*"During the year, we expanded our participation in a number of licences offshore Ireland, including the acquisition of a further 26% in Spanish Point, the acquisition of a further 4% stake in Dunquin and an increase in our interest in Kish Bank to 100%. In early December, we also announced that we secured an option over 60% of the southern portion of OPL 1, which lies adjacent to and east of the Barryroe oil field, which we believe hosts a potential material extension to the Barryroe field.*

*"During 2015, the Company continued its evaluation of the extensive 2D and 3D seismic data acquired in 2014 over a number of its key exploration prospects in the Porcupine Basin resulting in a series of important technical updates. In September, we entered into a strategic exploration collaboration agreement with Schlumberger, designed to unlock the potential of our licences in the southern Porcupine and Goban Spur Basins. We also participated in the 2015 Atlantic Margin Licence Bidding Round, which attracted a record number of bids.*

*"We also continued with our efforts to attract investment into some of our other assets. We recently launched a farm out process for a portion of our equity in the Spanish Point discovery and we have advanced potential opportunities regarding Hook Head. Looking ahead to 2016, post the completion of the agreed work programme with Schlumberger, we intend to launch an industry wide farm out campaign for our Atlantic Margin assets (Drombeg/Druid/Diablo and Newgrange) which already has attracted a lot of interest from industry players.*

*"In view of the challenging global industry environment, the board continuously reviews the Company's capital structure and cost base to ensure it is appropriate to support its operations. In this regard, the Company can confirm that it has now agreed the basis for an extension of the Company's loan facility with Melody Finance LLP ("Melody") to May 2018, if required. During 2015, the board also initiated a cost reduction programme in order to remove non-essential costs from the business which will deliver meaningful savings going forward.*

*"Similar to other junior E&P companies, Providence has been impacted by the fall in oil prices which, in our opinion, has led to a significant divergence between the market value of our company and the intrinsic value of our substantial resource base. Despite the market turbulence of 2015, we believe the Company's Irish-centric strategy can deliver appreciable returns for our shareholders, as Providence is uniquely positioned to benefit from the inward investment and drilling activities which are planned for 2016/17. We also believe that the record number of applications for the 2015 Irish Atlantic Margin Licensing Round further support the value of our exploration and appraisal portfolio."*

## **APPRAISAL ASSETS:**

### **Barryroe Project, North Celtic Sea Basin (Providence 80%, Operator Providence)**

- Farm out discussions continue with a number of counterparties
- Successfully defended Transocean litigation case
- 2 year extension obtained to the term of the first phase of SEL 1/11 (to July 2017) as well as an extension to the term of the second phase (to July 2019)
- Areal extent of SEL 1/11 increased by c. 118 km<sup>2</sup> to accommodate for mapped potential extensions of the Barryroe accumulation, formerly within LO 12/4, which has now lapsed
- Assessing separate fast-track development options of the highly productive upper gas bearing reservoir

### **OPL 1 South Option, North Celtic Sea Basin (Providence 60%, Operator Providence)**

- Option agreed with Kinsale Energy Limited to take a 60% working interest in the southern portion of OPL 1 (subject to Ministerial consent)
- Option is earned through the financing and drilling of an exploration well within 3 years
- Based on mapping, this area has the potential to host significant incremental resources

### **Spanish Point Project, Northern Porcupine Basin (Providence 58%, Operator Cairn)**

- Acquisition of Chrysaor E&P Ireland Limited ('CEPIL') has increased the Company's equity in Spanish Point licence from 32% to 58%
- Operator estimated a revised HIIP of c. 730 MMBOE (2,034 BCF & 391 MMBC) and combined contingent plus prospective recoverable resources of up to 337 MMBOE (1,322 BCF & 117 MMBC)
- Updated well modelling indicated original 35/8-2 vertical well had an undamaged flow potential of c. 10,700 BOEPD (c. 500% flow rate increase over original 1981 well test, which had significant skin factor damage)
- Cenozoic oil prospectivity identified in Ruadhan 3D Survey (Spanish Point South), northern Porcupine Basin associated with previous 35/18-1 well
- Industry wide farm out campaign launched in October 2015
- The Operator now plans to commence operations for drilling during 2017, subject to governmental approval

## **EXPLORATION ASSETS:**

### **Drombeg/Druid Oil Prospects, Southern Porcupine Basin (Providence 80%, Operator Providence)**

- 3D seismic morphologies consistent with large stacked Lower Cretaceous and Paleocene deep-water fan systems
- Potential sediment input systems from the nearby Porcupine Bank
- Apparent depth consistent Class II AVO responses noted on both fan systems
- Large deeply buried pre-Cretaceous Diablo Ridge presence confirmed

### **Dunquin Prospect, Southern Porcupine Basin (Providence 20%, Operator ExxonMobil)**

- Acquisition of a further 4% stake in Dunquin licence from Atlantic Petroleum increasing equity stake to 20% (subject to Ministerial consent)

### **Kish Prospect, Kish Bank Basin (Providence 100%, Operator Providence)**

- Increase in equity to 100% (subject to Ministerial consent)

### **Newgrange Prospect, Goban Spur Basin (Providence 80%, Operator Providence)**

- New 2D seismic data confirm the presence of the large Newgrange Cretaceous four-way dip closure
- Marked improvement in both structural and stratigraphic imaging over previous 2D seismic data
- Seismic velocity analysis indicates significant porosity preservation within the Cretaceous reservoir target and seismic amplitude anomalies noted over structural crests
- Possible overburden shallow gas effects potentially supports hydrocarbon migration into licence area

### **Silverback Prospect, South Celtic Sea Basin (Providence 100%, Operator Providence)**

- Un-risked oil in place estimated at 1,360 MMBOE
- Licensing Option extended to November 2016

## **FINANCE:**

### **Melody Loan Facility**

- Providence has reached agreement with Melody Business Finance LLC, the controlling managing entity of Melody, on the basis for an extension, if required, of the repayment date of the Company's debt facility with Melody for a period of two years from May 22, 2016 with no material changes to the other commercial terms and conditions of the Facility
- Such an extension, if sought by Providence, would be subject to internal approvals of both Melody and Providence (including fees, if any, related thereto) and the completion of facility documentation mutually acceptable to the Company and Melody

### **Cost Reduction Programme**

- During 2015, the Board carried out a cost review exercise which is forecast to reduce G&A costs by 12% in 2015 (versus 2014)
- Further G&A cost reductions are planned for 2016
- The Company's capital expenditure programme is now forecast to reduce by c. 40% for 2015 (versus 2014)
- The Board is anticipating further capital expenditure savings in 2016

## **BOARD CHANGES & RENEWAL:**

- Having acted as Chairman since 1997, Dr. Brian Hillery retired from the Board in May
- Mr. James S.D. McCarthy accepted the Board's invitation to take up the role of Chairman
- The Board established a Nomination Committee and Dr. Phil Nolan was appointed Senior Independent Director

## **INVESTOR ENQUIRIES**

### **Providence Resources P.l.c.**

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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 and the UK. Providence's shares are quoted on AIM in London and the ESM in Dublin.

## **ANNOUNCEMENT**

This announcement has been reviewed by Dr. John O'Sullivan, Technical Director, Providence Resources P.l.c. John is a geology graduate of University College, Cork and holds a Masters in Applied Geophysics from the National University of Ireland, Galway. He also holds a Masters in Technology Management from the Smurfit Graduate School of Business at University College Dublin and a doctorate in Geology from Trinity College Dublin. John is a Chartered Geologist and a Fellow of the Geological Society of London. He is also a member of the Petroleum Exploration Society of Great Britain, the Society of Petroleum Engineers and the Geophysical Association of Ireland. John has more than 25 years of experience in the oil and gas exploration and production industry having previously worked with both Mobil and Marathon Oil. John is a qualified person as defined in the guidance note for Mining Oil & Gas Companies, March 2006 of the London Stock Exchange. Definitions in this press release are consistent with SPE guidelines.

SPE/WPC/AAPG/SPEE Petroleum Resource Management System 2007 has been used in preparing this announcement.

## **TERMS USED IN THIS ANNOUNCEMENT**

MMBO – Million Barrels of Oil

BCF – Billion Cubic Feet of Gas

BOEPD – Barrels of Oil Equivalent per Day

HIIP – Hydrocarbons Initially in Place

MMBC – Million Barrels of Condensate

SEL – Standard Exploration Licence

MMBOE - Million Barrels of Oil Equivalent

BOPD – Barrels of Oil Per Day

AVO – Amplitude Variation with Offset

REC – Recoverable

STOIP – Stock Tank Oil Initially in Place

LO – Licensing Option

## ASSET/RESOURCE BASE

### APPRAISAL ASSETS

- **Barryroe Project (80%)**  
**North Celtic Sea Basin**  
 Field Size (2C): 346 MMBOE REC Net to PVR: 277 MMBOE REC
  
- **Hook Head Project (72.5%)**  
**North Celtic Sea Basin**  
 Field Size (2C): 35 MMBOE REC Net to PVR: 25 MMBOE REC
  
- **Option over southern portion of OPL 1 (60%)**  
**North Celtic Sea**  
 Field Size (P50): Under Review Net to PVR: Under Review
  
- **Spanish Point Project (58%)**  
**Northern Porcupine Basin**  
 Field Size (2C): 97 MMBOE REC Net to PVR: 56 MMBOE REC

**GROSS 2C RESOURCES OF  
478 MMBOE REC**

**NET TO PVR: 358 MMBOE REC**

### EXPLORATION ASSETS

- **Drombeg/Druid Prospects (80%)**  
**Southern Porcupine Basin**  
 Prospect Size (P50): 1,090 MMBOE REC Net to PVR: 872 MMBOE REC  
 Druid prospect size (P50): Under Review
  
- **Dunquin South Prospect (20%)**  
**Southern Porcupine Basin**  
 Prospect Size (Pmean): 1,389 MMBOE REC Net to PVR: 278 MMBOE REC
  
- **Kish Prospect (100%)**  
**Kish Bank Basin**  
 Prospect Size (P50): 210 MMBO REC Net to PVR: 210 MMBOE REC
  
- **Newgrange Prospect (80%)**  
**Goban Spur Basin**  
 Prospect Size (P50): 1,126 MMBOE REC Net to PVR: 900 MMBOE REC
  
- **Polaris Prospect (100%)**  
**Rathlin Basin**  
 Prospect Size (P50): 159 MMBO REC Net to PVR: 159 MMBOE REC
  
- **Silverback Prospect (100%)**  
**South Celtic Sea Basin**  
 Prospect Size: 1,360 MMBO STOIIIP  
 REC estimated @ 20% = 272 MMBOE REC Net to PVR: 272 MMBOE REC
  
- **Spanish Point Exploration Prospects (58%)**  
**Northern Porcupine Basin**  
 Prospect sizes (P50): 749 MMBOE REC Net to PVR: 434 MMBOE REC

**GROSS UN-RISKED PROSPECTIVE  
RESOURCES OF 4,995 MMBOE REC**

**NET TO PVR: 3,125 MMBOE REC**