

**Embargo: 7:00am**  
**22<sup>nd</sup> December 2011**



## **PROVIDENCE RESOURCES P.I.c.**

# **END OF YEAR TRADING STATEMENT, 2011**

### **2011 HIGHLIGHTS**

#### **PRODUCTION**

- Singleton, Onshore UK
  - Production rate running at c. 900 BOEPD
  - Increase in audited oil reserve base by 44 % to 7.7 MMBO (2P)

#### **DRILLING ACTIVITIES**

- Offshore Ireland, commencement of its multi-well, multi-year drilling programme. This programme, which is the largest and most comprehensive in the history of the State, represents an investment of upwards of \$500 million by Providence and its partners in a number of exploration and development wells in six different basins offshore Ireland.
  - Appraisal drilling operation underway at Barryroe oil discovery, Celtic Sea
- Onshore UK, commenced drilling of a new production well (X12) at the Singleton field. This is the third production well to be drilled over the past three years.

#### **KEY APPRAISAL ACTIVITIES**

- Barryroe, North Celtic Sea Basin
  - Conversion of Licensing Option 08/1 to Standard Exploration Licence 1/11
  - GSF Arctic III semi-submersible rig currently drilling 48/24-10 appraisal well
  - 240 sq km good quality 3D seismic survey acquired and processed
  - Memorandum of Agreement with Shell for oil off take sale and purchase agreement
- Spanish Point, Main Porcupine Basin
  - Chrysaor exercised its option to increase its stake to 60.0% in FEL 2/04
  - Well commitment given on FEL 2/04 (Spanish Point) by partners
  - 220 sq km 3D seismic (Galleon Survey) acquired over FEL 4/08
  - Six new blocks awarded through Licensing Options under Irish Atlantic Margin Round
- Dragon, St George's Channel Basin
  - Extension of the first phase of Standard Exploration Licence 1/07 to 31 December 2012
  - Submittal of drilling proposal for 2012 well

## KEY EXPLORATION ACTIVITIES

- Dunquin, South Porcupine Basin
  - Farm-in by Repsol to Dunquin licence leading to revised equity percentages of: ExxonMobil (27.5%), ENI (27.5%), Repsol (25.0%), Providence (16.0%) and Sosina (4.0%)
- Rathlin Island, Rathlin Basin
  - Formal award of Rathlin Island Licence Prospecting Licence 5/10 (onshore)
- Dalkey Island, Kish Bank Basin
  - Conversion of Licensing Option 08/2 to Standard Exploration Licence 2/11, with well commitment given
  - Foreshore licence application underway for 2012 drilling
  - Geochemical study indicates presence of highly mature oil prone source rock
  - AMEC completed ULYSSES gas storage conceptual study
- Irish Atlantic Margin Licensing Round
  - Bid and award of Licensing Options over 22 new blocks in four areas covering c. 5,000 sq km:
    - Newgrange - Providence (40.0%), Repsol (40.0%), Sosina (20.0%)
    - Drombeg - Providence (80.0%), Sosina (20.0%)
    - Kylemore - Providence (66.6%), First Oil (33.3%)
    - Spanish Point (South) - Providence (32.0%), Chrysaor (58.0%), Sosina (10.0%)

## KEY FINANCIAL ACTIVITIES

- Raised \$65.7 million in a share placing in March
- Sold Gulf of Mexico offshore portfolio for consideration of up to \$22 million\* in March
- Refinanced BNP Paribas facility with Deutsche Bank \$60 million pre-paid swap transaction in July
- Agreed sale of interest in AJE asset, offshore Nigeria, for \$16 million in September

\*Consideration for sale of Gulf of Mexico assets was \$15 million cash at closing, plus potential for a further deferred \$7 million dependent on production levels.

## PLANS FOR 2012

### Onshore UK

- Conclude X12 drilling programme at Singleton and commission for production
- Continue other production enhancement opportunities at Singleton
- Advance Baxter's Copse development programme

### Offshore Ireland

- Complete drilling of 48/24-10 appraisal well on the Barryroe oil discovery
- Continue with multi-well, multi-year drilling programme over six basins offshore Ireland
- Complete drilling preparation work for other wells in the forward programme

Commenting on activity during 2011 and the future plans for 2012 and beyond, Tony O'Reilly, Chief Executive of Providence Resources P.l.c., said:

*"2011 has been an extremely busy and productive year for the Company and its partners. Whilst the highlight has undoubtedly been the commencement of the biggest concerted drilling programme ever carried out offshore Ireland, there has been widespread activity across all of Providence's functions and interests.*

*"The Company's balance sheet was substantially strengthened during the year by the divestment of non-core assets in the Gulf of Mexico and Nigeria, a new banking facility with Deutsche Bank and the success of the Company's largest equity placing. We introduced new partners in the form of Repsol and First Oil, who joined us in new licence ventures offshore Ireland, and we doubled our acreage footprint in this region with the award of 22 new blocks under the 2011 Atlantic Margin Licensing Round. In the UK, we remained focussed on our objective of increasing our production rates at Singleton and, through a series of initiatives, including the commencement of drilling of a new production well, we have established a clear strategy that should see us take production levels up to 1,500 BOEPD. We are also evaluating the development pathway for the Baxter's Copse oil discovery on the adjacent licence, in which we hold an equal 50% stake with Northern Petroleum.*

*"However, it was after much planning and preparation, Providence's year was defined by the successful launch of its major drilling programme offshore Ireland, representing an investment of upwards of \$500 million by Providence and its partners. The spudding of an appraisal well on the Barryroe oil discovery in November was a momentous occasion for the Company and its shareholders. Whilst the drilling operations are still ongoing, last week we provided an interim update where we confirmed that we are geologically on prognosis, with the main oil bearing reservoir objectives lying ahead of the drill bit. We also commented that the accuracy of the new 3D seismic data in mapping the overlying gas reservoir section gives us confidence in relation to the delineation of our underlying primary and secondary oil targets.*

*"The significance of the appraisal drilling at Barryroe should not be underestimated, and the successful demonstration of a commercial flow rate should not only unlock the substantial value of this particular asset, but should also trigger a complete industry re-appraisal of the Irish offshore. Other existing licences have also had further technical studies carried out, and firm well commitments have been made on a number of assets including Dalkey Island, Spanish Point, Dragon and Dunquin to be drilled in 2012 and beyond.*

*"Given recent industry advances in technology and pricing, as well as Ireland's now established infrastructure and fiscal regime, it is our firm view that the time has now come for Ireland's hydrocarbon potential to be realised. Providence's shareholders have waited patiently for this moment and, as the leading Irish based E&P company, with extensive acreage position, outstanding technical capabilities and world class international partners, we are hopeful of being able to create significant sustainable value for them over the period ahead."*

**Tony O'Reilly**  
**Chief Executive**

**December 22<sup>nd</sup>, 2011**

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**About Providence**

Providence Resources P.I.c. is an Irish based oil and gas exploration company whose shares are traded on the AIM market in London and on Dublin's ESM market. Providence's portfolio of production, appraisal and exploration assets includes licence interests in Ireland (offshore) and the United Kingdom (onshore). In 2011, Providence announced plans to invest with its partners upwards of \$500 million in the drilling of a number of exploration and development wells in 6 different basins offshore Ireland. This multi-year programme represents the largest drilling campaign ever carried out offshore Ireland. [www.providenceresources.com](http://www.providenceresources.com).

**Announcement**

In accordance with the AIM Rules – Guidance for Mining and Oil & Gas Companies, the information contained in this announcement has been reviewed and approved by John O'Sullivan, Exploration Manager of Providence Resources P.I.c. John O'Sullivan is a Geology graduate of University College Cork and holds a Masters in Geophysics from The National University of Ireland, Galway. John also holds a Masters in Technology Management from the Smurfit Graduate School of Business at University College Dublin and is presently completing a dissertation leading to a PhD in Geology at Trinity College, Dublin. John is a Fellow of the Geological Society and a member of the Petroleum Exploration Society of Great Britain. He has over 20 years experience in the oil and gas exploration and production industry and is a qualified person as defined in the guidance note for Mining Oil & Gas Companies, March 2006 of the London Stock Exchange.

**Glossary of terms used in this Announcement**

**ALL FIGURES QUOTED ARE GROSS FIGURES, UNLESS OTHERWISE STATED**

MMBO	Millions of Barrels of Oil
BOEPD	Barrels of Oil Equivalent per Day
LO	Licensing Option (Ireland)
SEL	Standard Exploration Licence (Ireland)
FEL	Frontier Exploration Licence (Ireland)
PL	Prospecting Licence (United Kingdom)

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



## LIST OF ASSETS

<u>Licence</u>	<u>Asset</u>	<u>Basin</u>	<u>Operator</u>	<u>Partners</u>	<u>PVR %</u>	<u>Type</u>
<b>IRELAND</b>						
SEL 1/11	Barryroe	Celtic Sea	Providence	Lansdowne; San Leon	50.0%	Oil discovery
SEL 2/07	Hook Head	Celtic Sea	Providence	Atlantic; Sosina	72.5%	Oil & gas discovery
SEL 2/07	Dunmore	Celtic Sea	Providence	Atlantic; Sosina	72.5%	Oil discovery
SEL 2/07	Helvick	Celtic Sea	Providence	Atlantic; Sosina; Lansdowne	62.5%	Oil & gas discovery
SEL 2/07	Nemo	Celtic Sea	Providence	Atlantic; Sosina; Nautical	54.4% <sup>1</sup>	Oil & gas discovery
LO 10/1	Baltimore	Celtic Sea	Providence	Nautical	60.0%	Oil discovery
LO 10/1	Marlin	Celtic Sea	Providence	Nautical	30.0% <sup>2</sup>	Oil & gas exploration
SEL 2/11	Dalkey Island	Kish Bank	Providence	Petronas	50.0%	Oil & gas exploration
SEL 2/11	ULYSSES	Kish Bank	EIRGAS <sup>3</sup>		100.0%	Gas storage evaluation
LO 11/12	Kylemore	Slyne Trough	Providence	First Oil	66.66%	Oil & gas exploration
FEL 2/04	Spanish Point	Main Porcupine	Providence	Chrysaor; Sosina	32.0%	Oil & gas discovery
FEL 2/04	Burren	Main Porcupine	Providence	Chrysaor; Sosina	32.0%	Oil discovery
FEL 2/04	Wilde / Beehan	Main Porcupine	Providence	Chrysaor; Sosina	32.0%	Oil discovery
FEL 4/08	Cama (North & South)	Main Porcupine	Providence	Chrysaor; Sosina	32.0%	Oil & gas exploration
FEL 4/08	Rusheen (North & South)	Main Porcupine	Providence	Chrysaor; Sosina	32.0%	Oil & gas exploration
FEL 4/08	Costelloe (Main, North & South)	Main Porcupine	Providence	Chrysaor; Sosina	32.0%	Oil & gas exploration
FEL 4/08	Shaw	Main Porcupine	Providence	Chrysaor; Sosina	32.0%	Oil & gas exploration
FEL 4/08	Synge	Main Porcupine	Providence	Chrysaor; Sosina	32.0%	Oil & gas exploration
LO 11/2	Spanish Point South	Main Porcupine	Providence	Chrysaor; Sosina	32.0%	Oil & gas exploration
FEL 3/04	Dunquin	South Porcupine	ExxonMobil	Eni; Repsol; Sosina	16.0% <sup>4</sup>	Oil & gas exploration
FEL 1/99	Cuchulain	South Porcupine	ENI	ExxonMobil; Sosina	3.2%	Oil & gas exploration
LO 11/9	Drombeg	South Porcupine	Providence	Sosina	80.0%	Oil & gas exploration
LO 11/11	Newgrange	Goban Spur	Providence	Repsol; Sosina	40.0%	Oil & gas exploration
SEL 1/07	Pegasus	St George's Channel	Providence		100.0%	Oil & gas exploration
SEL 1/07	Orpheus	St George's Channel	Providence		100.0%	Oil & gas exploration
SEL 1/07	Dionysus	St George's Channel	Providence		100.0%	Oil & gas exploration
SEL 1/07	Dragon (part)	St George's Channel	Providence		100.0%	Gas discovery

<sup>1</sup> Subject to terms of farm out with Nautical

<sup>2</sup> Providence holds 60% of licence; Equity shown is net for Marlin Prospect

<sup>3</sup> EIRGAS Limited is a 100% owned SPV established by Providence to invest in gas storage/ CCS opportunities offshore Ireland/UK

<sup>4</sup> Subject to terms of farm out with ExxonMobil

## **UNITED KINGDOM**

PL 240	Singleton	Onshore, Weald	Providence	Noble	99.13%	Oil & gas production
PELD 233	Baxter's Copse	Onshore, Weald	Providence	Northern	50.0%	Oil discovery
PELD 233	Burton Down	Onshore, Weald	Providence	Northern	50.0%	Oil & gas exploration
PL 5/10	Rathlin Island	Rathlin, N. Ireland	Providence		100.0%	Oil & gas exploration