



# MARKET UPDATE

## SPANISH POINT PROJECT

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## BARRYROE PROJECT

- Farm Out Process

Providence Resources P.l.c., (“Providence”) the Irish oil and gas exploration and appraisal company, whose shares are quoted in London (AIM) and Dublin (ESM), announces the acquisition of 100% of the issued share capital of Chrysaor Exploration & Production Ireland Limited (“CEPIL”) from Chrysaor Holdings Limited (the “Acquisition”), and provides an update on the Barryroe farm out process.

### Acquisition of Chrysaor E&P Ireland Limited

CEPIL holds a 26% equity interest in the Spanish Point field, located in FEL 2/04, as well as a 26% equity interest in FEL 4/08 and a 26% equity interest in FEL 1/14 (all collectively referred to as “the Licences”) pursuant to an original farm out agreement with Providence in 2008. The Licences, all located within Quadrant 35 in the northern Porcupine Basin, offshore Ireland, are operated by Cairn Energy PLC (38%) (“Cairn”), through its wholly owned subsidiary Capricorn Ireland Limited (the “Operator”), on behalf of its partners, Providence Resources (32%), CEPIL (26%) and Sosina Exploration (4%). The Licences, which cover an area of c. 2,000 km<sup>2</sup>, are located c. 175 km off the west coast of Ireland in water depths of c. 400 metres, the majority of which is covered by modern, high-quality 3D seismic data.

Under the terms of the Acquisition, Providence has acquired the entire issued share capital of CEPIL for a nominal consideration of US\$1 and has agreed to make a future, contingent success fee payment of US\$5 million to Chrysaor Holdings Limited in the event that a Final Investment Decision is made for the Spanish Point discovery. As part of the Acquisition, Chrysaor CNS Limited (“Chrysaor”) will take a 15% interest in FEL 1/14, subject to Ministerial approval.

Following completion of the Acquisition, the equity stakes in FEL 2/04 and FEL4/08 are now Capricorn Ireland Limited (38%), Providence (58%) and Sosina Exploration (4%). Subject to Ministerial consent, the equity stakes in FEL 1/14 will be Capricorn Ireland Limited (38%), Providence (43%), Chrysaor (15%) and Sosina Exploration (4%). Providence has received a number of third party expressions of interest in the area, which it will continue to evaluate in the context of maximising value for shareholders.

## **Recent Technical Studies**

Detailed re-analysis of the original 35/8-2 well data is now supportive of the stacked reservoir contact scenario with an associated un-risked 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). Modelling studies indicate that the original vertical 35/8-2 well had a zero skin flowing potential of c. 10,700 BOEPD (30 MMSCFD & 5,700\*\* BCPD) from the uppermost 'A' Sand interval.

\* based on a recovery factor of 65% for gas and 30% for condensate

\*\*based on a CGR estimate of c. 192 BBL/MMSCF derived from the 35/8-2 well test data

## **Spanish Point Appraisal Well**

As previously advised, an appraisal well on the Spanish Point discovery is planned to be drilled later this summer (the "Well"), further details of which will be announced once received from the Operator. As a result of the Acquisition, Providence will benefit from the partial carry on the Well provided to CEPIL pursuant to its farm out agreement with Cairn in May 2013. Under the terms of that farm-in, Cairn will fund 63.33% of future exploration and appraisal costs of CEPIL for up to two wells, subject to a cap. Costs in excess of the cap will be shared by the parties according to their equity interests. Based on the current estimate of the expected well cost, Providence expects that it will be contributing c.43% of the cost of the Well whilst Cairn anticipates that it will be contributing c.55% of the cost of each well. The timing and location of the second well will be determined following the results of the initial appraisal well.

## **BARRYROE PROJECT**

### **Farm Out Process**

In response to continued market speculation, Providence can confirm that it has now reached agreement on commercial terms with a proposed farminee on its Barryroe asset, offshore Ireland. However, as this farm in is subject to closing conditions, most specifically the proposed farminee raising the required level of financing, terms are not being disclosed at this time. Given its conditional nature, shareholders should note that there is no certainty that the farm in will be concluded with the proposed farminee and further announcements will be issued in due course as appropriate.

Providence currently holds an 80% interest in Barryroe, located in SEL 1/11 and LO 12/4 in the North Celtic Sea Basin, offshore Ireland, through its wholly-owned subsidiary, EXOLA Limited, with Lansdowne Oil and Gas Plc ("Lansdowne") holding the remaining 20% interest through its wholly-owned subsidiary, Lansdowne Celtic Sea Limited ("LCSL").

Speaking today, Tony O'Reilly, Chief Executive of Providence commented,

"We are pleased to announce the acquisition of CEPIL, which has materially increased our equity position in the flagship Spanish Point project. Whilst the project is still at appraisal stage, the recent technical studies have highlighted the upside resource potential at Spanish Point, which, if realized, would confirm the field to be a major hydrocarbon accumulation. Appraisal well planning is continuing with operations expected to commence in Q2 2015. We will provide further updates over the coming period as the Operator finalises rig selection and progresses into the operational phase."

"The agreement of commercial terms for Barryroe is a positive step forward. We continue to work towards the conclusion of a transaction and we look forward to updating shareholders on this and the proposed forward programme for Barryroe in due course."

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## **NOTES TO EDITORS**

### **ABOUT PROVIDENCE**

Providence Resources Plc is an Irish based oil & gas exploration, appraisal and development company with a portfolio of appraisal and exploration assets offshore Ireland and the U.K. The Company is currently leading a circa \$500 million multi-year drilling programme on a number of exploration/development wells over 6 different basins offshore Ireland, representing the largest drilling campaign ever carried out offshore Ireland [www.providenceresources.com](http://www.providenceresources.com).

### **ANNOUNCEMENT**

This announcement has been reviewed by John O'Sullivan, Technical Director, Providence Resources P.l.c. John holds a B.Sc. in Geology from University College Cork, Ireland, an M.Sc. in Applied Geophysics from the National University of Ireland, Galway and a M.Sc.in Technology Management from The Smurfit School of Business at University College Dublin. John has recently completed a PhD dissertation at Trinity College, Dublin. John has worked in the offshore business for 25 years and is a fellow of the Geological Society of London and member of The Petroleum Exploration Society of Great Britain and Society of Petroleum Engineers. 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

### **GLOSSARY OF TERMS**

BBL/MMSCF ; barrels of condensate per million standard cubic foot of gas

BCF; billions of cubic feet of gas

BCPD; barrels of condensate per day

CGR; condensate to gas ratio

HIIP; hydrocarbon initially in-place

MMBC; millions of barrels of condensate

MMBOE; millions of barrels of oil equivalent: 6,000 cubic feet of gas equals 1 barrel of oil equivalent (BOE)

MMSCFD; millions of standard cubic feet of gas per day