



PROVIDENCE RESOURCES P.l.c.

END OF YEAR TRADING STATEMENT 2013

OVERVIEW:

2013 has been a year of steady progress for Providence Resources P.l.c. (“Providence” or the “Company”), the Irish oil and gas exploration and appraisal company whose shares are quoted in London (AIM) and Dublin (ESM).

The Company’s operations were focussed on progressing its multi-well drilling programme offshore Ireland, in particular, the Barryroe oil field and the drilling of the Dunquin exploration prospect, which comprised the first and second wells respectively in the programme. This is the largest and most comprehensive concerted drilling operation offshore Ireland and represents an investment of up to \$500 million by Providence and its partners in a range of exploration and appraisal/development wells spread across six different basins. Pre-drill operations are currently underway for the four remaining wells to be drilled during 2014 and 2015 at Spanish Point, Dragon, Polaris and Kish Bank.

During the year, the Company consolidated its acreage portfolio offshore Ireland with: the award of the new Silverback Licensing Option in the South Celtic Sea Basin; applications being made to convert the Spanish Point South, Drombeg and Newgrange Licensing Options into exploration licences; and Lease Undertaking applications being made for Helvick, Hook Head and Dunmore. The Company has also continued to attract new partners to offshore Ireland, most notably with the arrival of Cairn Energy as Operator at Spanish Point, and ABT Oil and Gas at Helvick and Dunmore.

HIGHLIGHTS:

APPRAISAL ASSETS

- **Barryroe Oil Project, North Celtic Sea**
 - Publication of NSAI Competent Person’s Report
 - 2C Recoverable Resources of 346 MMBOE
 - 311 MMBO & 207 BCF gas in solution (or 34.5 MMBOE)
 - 2C Financials (after tax) attributable to Providence
 - Net contingent cash-flow of \$10.6 billion
 - NPV 10% of \$2.6 billion
 - Commencement of industry-wide farm-out process
 - Currently in negotiations with a number of parties
 - Underlying Upper Jurassic potential highlighted by re-analysis of existing well in adjacent Providence operated acreage

- **Spanish Point Gas/Oil Project, Northern Porcupine Basin**
 - Farm in by Cairn Energy Plc, who assumed an operated 38% equity interest
 - Rig confirmed for Q2 2014 appraisal drilling, targeting up to 200 MMBOE REC
 - Per its original farm-out with Chrysaor, Providence has a capped exposure of up to \$20 million
- **Dragon Gas Project, St George's Channel**
 - Discussions commenced with UK/Irish government regulators on potential field development
 - Commercial discussions with potential partner ongoing
 - Work ongoing on the consent process for the drilling of a development well
- **Helvick/Dunmore Oil Discoveries, North Celtic Sea Basin**
 - Application made for Lease Undertakings
 - Farm out (on staged basis) to ABT Oil and Gas to advance these projects to commercialisation
- **Hook Head Oil Discovery, North Celtic Sea Basin**
 - Application made for a Lease Undertaking

EXPLORATION ASSETS

- **Dunquin Oil Prospect, Southern Porcupine Basin**
 - Completion of drilling of Dunquin North well
 - Massive over-pressured, high porosity carbonate reservoir encountered close to prognosis, with interpreted 144' residual oil column
 - 2nd phase of Frontier Exploration Licence extended by 12 months to November 2014
- **Drombeg Oil Prospect, Southern Porcupine Basin**
 - Application made to convert Drombeg Licence Option 11/9 into an exploration licence with 3D seismic surveying offered as the principle element of the forward work programme
- **Cuchulain Oil Prospects, Southern Porcupine Basin**
 - Incorporation of recent 44/23-1 Dunquin North well data into subsurface geological modelling
- **Newgrange Oil Prospect, Goban Spur Basin**
 - Application made to convert Newgrange Licence Option 11/11 into an exploration licence with 2D seismic surveying offered as the principle element of the forward work programme
- **Spanish Point South, Oil & Gas Prospects, Northern Porcupine Basin**
 - Application made to convert Licencing Option 11/2 into an exploration licence with 3D seismic surveying offered as the principle element of the forward work programme
- **Silverback Oil Prospect, South Celtic Sea Basin**
 - Award of new Licensing Option
 - Initial seismic interpretation and mapping of existing vintage 2D data has identified a number of structures including a significant mid-basinal Mesozoic anticlinal closure, (named 'Silverback').

- Petroleum systems analyses suggest that this structure may be prospective for the stacked entrapment of hydrocarbons in possible Lower Triassic, Lower Jurassic and Lower Cretaceous reservoir intervals
- **Polaris Oil Prospect, Rathlin Basin**
 - Five anomalies have been identified in the offshore acreage, based on Full Tensor Gradiometry (FTG) Data, with the Polaris oil prospect highlighted
 - Electro-magnetic survey was acquired on Rathlin Island to fine tune FTG modelling
 - To date, just one deep hydrocarbon exploration well has been drilled in the basin by Rathlin Energy, with planning commenced for an appraisal well on their 2008 onshore Ballinlea-1 oil discovery
 - Consent/planning meetings have commenced with UK regulators for drilling of the Polaris oil prospect
- **Kish Bank Oil Prospect, Kish Bank Basin**
 - Continual work with regulators on consent process for the drilling of a well on the Kish Bank oil prospect

As would be standard, all planned drilling, site and seismic activities are based on relevant permit requirements and appropriate equipment availability / procurement.

CORPORATE ACTIVITY

- **Sale of Onshore UK assets (Singleton) for \$66 million**
- **Repayment of all corporate debt**

Commenting on activity during 2013 and the future drilling plans offshore Ireland for 2014 and beyond, Tony O'Reilly, Chief Executive of Providence, said:

"2013 has been another busy year, as we continued with our multi-well drilling programme. Following the Company's drilling success at Barryroe, our focus has been on the completion and publication of NSAI's Competent Person's report and the launch of our farm-out process to identify an appropriate strategic partner to farm-in to this project. Such a partnership would be designed to take Barryroe through detailed appraisal and, ultimately, into production. There has been good industry interest and discussions are ongoing with a select number of international E&P companies from Asia, North America and Europe. Whilst the Company is currently in negotiations with parties on deal terms, there can be no certainty on timing for a mutually acceptable agreement or that an agreement will be reached.

"In addition to Barryroe, activity continued on the necessary preparatory work for the remaining four wells in our multi-basin drilling programme, with the next scheduled well for Q2 2014 at Spanish Point, where we are targeting up to 200 MMBOE REC. This will be followed by a gas appraisal/ development well at Dragon, and then oil exploration wells at Polaris and Kish Bank.

"The Company also continued to expand its acreage portfolio with the award of a Licensing Option in the South Celtic Sea which contains the Silverback oil prospect, a very large mid-basinal Mesozoic anticlinal closure. The Company, following on from the completion of the original work programmes, applied to convert

its Spanish Point South, Drombeg and Newgrange Licensing Options into Frontier Exploration Licences and is currently considering the acquisition of new seismic over these areas in 2014. Finally, during the period, the Company concluded a staged farm out agreement covering the Helvick and Dunmore oil discoveries to ABT Oil and Gas, which will see these marginal oil accumulations progressed towards development using newly emerging and innovative low cost production technologies.

“The results from the Dunquin North well are still the subject of extensive post well studies, but we continue to be very encouraged by the data that we have seen so far. As this was the first well to be drilled in the southern Porcupine Basin, we believe that the demonstration of a residual oil column in a high porosity massive carbonate reservoir system has acted as both a play and basin opener. The confirmation of a working oil-prone petroleum system has also vindicated our licensing strategy, where we are the key player across the basin.

“Recent comments by Kosmos Energy, the company that discovered the giant Tullow-operated Jubilee Field offshore Ghana, are equally upbeat about the southern Porcupine Basin. It has just completed a major 3D survey in the basin and sees the potential for multiple Jubilee-type fields, with Providence’s operated Drombeg prospect being a similar play-type. In addition, the recently announced giant Statoil-operated Bay du Nord oil discovery in the Flemish Pass Basin, offshore Canada, which is considered to have been geologically on-trend with the southern Porcupine Basin, adds even further impetus for further exploration in the area. As the largest acreage holder in the southern Porcupine Basin, with interests in Dunquin, Cuchulain, Newgrange and Drombeg, we are exceptionally well placed to capitalize on this growing industry interest at one end of what has is now being termed the ‘North Atlantic Jurassic oil source-rock superhighway’.

“The arrival of new entrants such as Cairn Energy, Woodside and Kosmos to offshore Ireland during 2013 is another positive development for the industry, which we hope will lead to more drilling activity as there are still too few wells being drilled in the region - averaging only one a year. Providence takes pride that, as an Irish independent oil company, we have led with the drill-bit: the only new exploration and appraisal wells drilled offshore Ireland in 2012 and 2013, and being planned for 2014, are on Providence-originated projects.

“As the most active company offshore Ireland, partnership is a key component of Providence’s strategy. Today, we work with an array of co-venture companies - including ExxonMobil, ENI, PETRONAS, Repsol, Chrysaor, Sosina, Lansdowne and Atlantic Petroleum - and this year we were very pleased to welcome Cairn Energy Plc into our Spanish Point consortium and ABT Oil and Gas at Helvick and Dunmore. These partners bring both technical capabilities and financial support, which allow us to move forward with our extensive programme. We fully expect to add new companies to our family of international partners during 2014.

“Ireland’s offshore oil and gas sector is undergoing a major renaissance. Providence with its shareholders has led the way, and with the increasing level of offshore activity through the arrival of new industry players, coupled with the ongoing promotional efforts of the Government, Ireland can now talk credibly about developing a meaningful oil and gas industry.

“Given the scale and quality of our portfolio and our partners, together with the growing industry focus on the North Atlantic Conjugate margins, in general and offshore Ireland specifically, it is very surprising to see the significant erosion in our stock market valuation over the past six months. Your Board is keenly focused on the issue and, in addition to its focus on its various commercial negotiations, the Company is working to rectify this by ensuring that the Providence investment proposition is known to as broad an investment community as possible.

“Looking ahead, the prospects for the Irish oil and gas sector have never looked brighter, and Providence fully intends to carry on leading the way in realising the significant potential that exists in the region. We continue to look to the future with confidence”.

Tony O’Reilly
Chief Executive

19th December 2013

Contacts:

Providence Resources P.l.c.

Tel: +353 1 219 4074

Tony O’Reilly, Chief Executive

John O’Sullivan, Technical Director

Powerscourt

Tel: +44 207 250 1446

Lisa Kavanagh/Rob Greening

Murray Consultants

Tel: +353 1 498 0300

Pauline McAlester

Cenkos Securities Plc

Tel: +44 207 397 8900

Nick Wells/Max Hartley

J&E Davy

Tel: + 353 1 679 6363

Eugene Mulhern

Liberum

Tel: +44 203 100 2000

Clayton Bush

TERMS USED IN THIS ANNOUNCEMENT:

CPR – Competent Person’s Report

MMBO – Million Barres of Oil

MMBOE - Million Barrels of Oil Equivalent

BCF – Billion Cubic Feet of Gas

REC – Recoverable

ABOUT PROVIDENCE

Providence Resources P.l.c. is an Irish based oil & gas exploration and appraisal 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.

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 is presently working part-time on a PhD dissertation at Trinity College, Dublin. John has worked in the offshore business for 20 years and is a fellow of the Geological Society of London and member of The Petroleum Exploration Society of Great Britain. 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



LIST OF ASSETS

<u>Asset</u>	<u>Basin</u>	<u>Operator</u>	<u>%</u>	<u>Type</u>
<u>IRELAND</u>				
Barryroe	North Celtic Sea	Providence	80.0%	Oil development
Hook Head	North Celtic Sea	Providence	72.5%	Oil and gas discovery
Dunmore	North Celtic Sea	Providence	72.5%	Oil discovery
Helvick	North Celtic Sea	Providence	62.5%	Oil and gas discovery
Kish Bank	Kish Bank	Providence	50.0%	Oil and gas exploration
ULYSSES	Kish Bank	EIRGAS	50.0%	Gas storage evaluation
Silverback	South Celtic Sea	Providence	100.0%	Oil and gas exploration
Spanish Point	Northern Porcupine	Cairn	32.0%	Oil and gas development
Burren	Northern Porcupine	Cairn	32.0%	Oil discovery
Wilde/Beehan	Northern Porcupine	Cairn	32.0%	Oil and gas exploration
Cama (North and South)	Northern Porcupine	Cairn	32.0%	Oil and gas exploration
Rusheen (North and South)	Northern Porcupine	Cairn	32.0%	Oil and gas exploration
Costelloe (Main, North and South)	Northern Porcupine	Cairn	32.0%	Oil and gas exploration
Shaw	Northern Porcupine	Cairn	32.0%	Oil and gas exploration
Synge	Northern Porcupine	Cairn	32.0%	Oil and gas exploration
Spanish Point South	Northern Porcupine	Cairn	32.0%	Oil and gas exploration
Dunquin North	Southern Porcupine	ExxonMobil	16.0%	Oil exploration
Dunquin South	Southern Porcupine	ExxonMobil	16.0%	Oil exploration
Drombeg	Southern Porcupine	Providence	80.0%	Oil exploration
Cuchulain	Southern Porcupine	ENI	3.2%	Oil and gas exploration
Newgrange	Goban Spur	Providence	80.0%	Oil and gas exploration
Pegasus	St George's Channel	Providence	100.0%	Oil and gas exploration
Orpheus	St George's Channel	Providence	100.0%	Oil and gas exploration
Dionysus	St George's Channel	Providence	100.0%	Oil and gas exploration
Dragon	St George's Channel	Providence	100.0%	Gas development

Note:
EIRGAS is a wholly owned subsidiary of Providence

UNITED KINGDOM

Polaris	Rathlin, N. Ireland	Providence	100.0%	Oil and gas exploration
Dragon	St Georges Channel	Providence	100.0%	Gas development

Note:
Dragon sits c. 75% in Irish territorial waters/c. 25% in UK territorial waters