

Providence Resources P.I.c. - 2014 Preliminary Results

FUNDING IN PLACE TO EXECUTE, PERFORM AND GROW

Dublin and London - May 27, 2015 - Providence Resources P.I.c. (PVR LN, PRP ID), the Irish based Oil and Gas Exploration Company, today announces Preliminary Results for the year ended December 31, 2014.

Tony O'Reilly, Chief Executive Officer commented:

"2014 was a year of significant progress on a number of fronts for Providence despite a very challenging backdrop for the Oil and Gas industry. With the support of our existing shareholders and new investors, we have secured additional financing in recent months to allow us continue to execute our strategy. Providence remains focused on building on its diversified material exploration and appraisal portfolio offshore Ireland and will do so by continuing to leverage in partners with whom we can co-venture and who can help validate the prospectivity of our acreage."

2014 OPERATIONAL HIGHLIGHTS

▪ **Barryroe Oil Project, North Celtic Sea Basin**

- Licence area increased to cover potential field extensions outside of the originally licensed area
- Development of First Phase Production System development concept with initial oil production rates of c. 30,000 BOPD
- Continuation of farm out discussions with a number of counterparties (see below)
- Successfully defended Transocean litigation case

▪ **Dunquin Oil Prospect, Southern Porcupine Basin**

- Operator estimated 600 MMBO residual oil accumulation at Dunquin North
- Operator estimated 1,389 MMBOE REC (Pmean) in undrilled Dunquin South exploration prospect
- Well data confirmed potential for Southern Porcupine Basin to be major new NW European oil exploration arena

▪ **Other Projects**

- Conversion of three Atlantic Margin Licensing Options into Frontier Exploration Licences:
 - Drombeg Oil Prospect, Southern Porcupine Basin
 - Spanish Point South Gas Prospect, Northern Porcupine Basin
 - Newgrange Gas Project, Goban Spur Basin
- New seismic surveys carried out over three prospects:
 - Drombeg Oil Prospect (3D)
 - Spanish Point South Gas Prospect Area (3D)
 - Newgrange Gas Prospect (2D)
- EU legal transposition issue corrected by Irish government
 - Progress Kish Oil Prospect consents for drilling of exploration well

2014 FINANCIAL HIGHLIGHTS

- \$24 million debt facilities (comprising \$20 million and \$4 million) agreed with Melody
- Operating loss for the period of €6.463 million (€7.230 million in 2013)
- Loss for the year of €11.489 million (€2.797 million in 2013)
- Loss per share of 17.77 cents (4.33 cents in 2013)
- At December 31, 2014, total cash & cash equivalents were €8.552 million (€8.998 million as at December 31, 2013)

POST YEAR-END PROGRESS

- **Barryroe Oil Project, North Celtic Sea Basin**
 - Farm out discussions ongoing with a number of counterparties (see below)
 - Application made to extend both the first phase of the licence as well as the areal extent in order to cover potential further field extensions outside of the currently licensed area

- **Spanish Point Gas Condensate Project, Northern Porcupine Basin**
 - Acquisition of CEPIL increased the Company's equity in Spanish Point licence from 32% to 58%
 - Operator estimated a revised hydrocarbons initially in place 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) (c. 250% resource increase versus previous 2011 Senergy Competent Persons Report)
 - Most recent 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)

- **Silverback Oil Prospect, South Celtic Sea Basin**
 - Initial work indicated un-risked oil in place of 1.36 BBOE
 - Application made to extend the Company's option in respect of the acreage by 12 months in order to complete critical source rock modelling studies

- **Drombeg Oil Prospect, Southern Porcupine Basin**
 - 3D seismic processing completed and interpretation has now commenced
 - 3D seismic morphologies consistent with a large deep-water fan system
 - Potential sediment input systems from the nearby Porcupine Bank
 - Class II AVO response evident on initial seismic gather inspection

- **Other Projects**
 - Spanish Point South Gas Prospect - 3D seismic processing completed and interpretation has commenced
 - Newgrange Gas Prospect – 2D seismic processing completed and interpretation has commenced
 - Dragon Gas Project, St. George's Channel Basin – seismic reprocessing ongoing

- **Financial**
 - Raised gross proceeds of €25.9 million (c. \$28 million) via a Placing Offer and Open Offer
 - Fundraise supported by both existing and new institutional investors
 - Significant increase in depth of institutional shareholder base
 - Repayment of 1st Melody debt facility (\$20 million) re-scheduled to May 2016
 - Repayment of 2nd Melody debt facility (\$4 million) to be made on June 1, 2015 out of restricted cash

BARRYROE FARM OUT UPDATE

In February, in response to media speculation, Providence confirmed that it had reached agreement on commercial terms with a proposed farminee on its Barryroe asset, offshore Ireland, with such farm in being subject to closing conditions, most specifically financing. The Company advises that the closing conditions referred to have yet to be satisfied and that it is seeking to clarify the status of those conditions and the proposed farminee's position. Shareholders are reminded that there is no certainty that a farm in will be concluded with the proposed farminee and that further announcements will be issued in due course, as appropriate. In the interim, as this was not an exclusive arrangement, Providence has continued commercial discussions in respect of its Barryroe asset with various counterparties, a number of whom are currently active in the data room process.

BOARD CHANGES

Having acted as Chairman since 1997, Dr. Brian Hillery has retired from the Board with effect from May 26, 2015. On behalf of our colleagues at Providence, we wish to extend our most sincere thanks to Brian for his leadership over the years. During his tenure, the Company has substantially grown its asset base to become the leading and most diversified operator offshore Ireland. We wish him well in his retirement. Mr. James S.D. McCarthy has accepted the Board's invitation to take up the role as Chairman with effect from May 26, 2015.

OUTLOOK

The industry backdrop remains challenging both at a macro level and specifically within our peer group. The current oil price environment has continued to hamper investment within our sector, but recent market dynamics have changed and the recent rise in oil prices, combined with increasing M&A activity, is a positive signal for the sector. In such an environment, Providence remains well-placed to deliver on its plans and we remain optimistic about the prospects both for the Company and the overall Irish Oil and Gas sector. We are determined to lead the industry in identifying and realising the significant potential that exists offshore Ireland.

NEXT REPORTING

Providence will next update the market at its AGM which is scheduled for June 26, 2015. The provisional date for the release of Interim Results for the period ending June 30, 2015 is September 29, 2015.

INVESTOR ENQUIRIES

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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 the AIM in London and the ESM in Dublin.

TERMS USED IN THIS ANNOUNCEMENT

MMBO – Million Barrels of Oil

BCF – Billion Cubic Feet of Gas

AVO – Amplitude Variation with Offset

MMBOE - Million Barrels of Oil Equivalent

BOPD – Barrels of Oil Per Day

ANNOUNCEMENT

This announcement has been reviewed by Dr. John O'Sullivan, Technical Director, Providence Resources P.I.c. John holds a B.Sc. in Geology from University College Cork, Ireland, a 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 was recently awarded a PhD in Geology from Trinity College Dublin. John has worked in the offshore business for more than 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.

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Condensed consolidated income statement

For the year ended 31 December 2014

	Notes	Year ended 31 December 2014 Audited €'000	Year ended 31 December 2013 Audited €'000
Revenue – continuing operations	1	-	-
Administration expenses		(6,119)	(6,484)
Pre-licence expenditure		(245)	(68)
Impairment of exploration, and evaluation assets		(99)	(678)
Operating loss	1	(6,463)	(7,230)
Finance income		39	180
Finance expense	3	(5,065)	(713)
Loss before income tax		(11,489)	(7,763)
Income tax expense		-	(5)
Loss for the year from continuing operations		(11,489)	(7,768)
Profit/(loss) from discontinued operations (net of income tax)	2	-	4,971
Loss for the financial year		(11,489)	(2,797)
Loss per share (cent) – continuing operations			
Basic loss per share	7	(17.77)	(12.03)
Diluted loss per share	7	(17.77)	(12.03)
Earnings/(loss) per share (cent) – discontinued operations			
Basic earnings/(loss) per share	7	-	7.70
Diluted profit/(loss) per share	7	-	7.70
Loss per share (cent) – total			
Basic loss per share	7	(17.77)	(4.33)
Diluted loss per share	7	(17.77)	(4.33)

The total loss for the year is entirely attributable to equity holders of the Company.

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Condensed consolidated statement of comprehensive income

For the year ended 31 December 2014

	Year ended 31 December 2014 Audited €'000	Year ended 31 December 2013 Audited €'000
Loss for the financial year	(11,489)	(2,797)
Continuing operations		
<i>OCI items that can be reclassified into profit and loss</i>		
Foreign exchange translation differences	2,257	1,426
Net change in fair value of cash flow hedges transferred to income statement	-	-
Cashflow hedges – net fair value loss	-	-
- related deferred tax	-	-
Total income recognised in other comprehensive income from continuing operations	2,257	1,426
Total comprehensive expense for the year	(9,232)	(1,371)

The total comprehensive expense for the period is entirely attributable to equity holders of the Company.

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Condensed consolidated statement of financial position

As at 31 December 2014

	Notes	31 December 2014 Audited €'000	31 December 2013 Audited €'000
Assets			
Exploration and evaluation assets	4	89,733	80,089
Property, plant and equipment		31	35
Total non-current assets		89,764	80,124
Trade and other receivables		1,887	2,891
Restricted cash		3,296	-
Cash and cash equivalents		5,256	8,998
Total current assets		10,439	11,889
Total assets		100,203	92,013
Equity			
Share capital	5	18,151	18,151
Capital conversion reserve fund		623	623
Share premium	5	210,230	210,230
Foreign currency translation reserve		4,643	2,386
Share based payment reserve		4,282	5,382
Retained deficit		(176,339)	(165,950)
Total equity attributable to equity holders of the Company		61,590	70,822
Liabilities			
Decommissioning provision		6,034	5,105
Total non-current liabilities		6,034	5,105
Trade and other payables		13,231	16,086
Loans and borrowings	6	19,348	-
Total current liabilities		32,579	16,086
Total liabilities		38,613	21,191
Total equity and liabilities		100,203	92,013

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Condensed consolidated statement of changes in Equity

For the year ended 31 December 2014

	Share Capital €'000	Capital Conversion Reserve Fund €'000	Share Premium €'000	Singleton Revaluation Reserve €'000	Foreign Currency Translation Reserve €'000	Share Based Payment Reserve €'000	Retained Deficit €'000	Total €'000
At 1 January 2013	18,136	623	209,975	2,471	(3,752)	4,942	(164,297)	68,098
<i>Total comprehensive income</i>								
Loss for financial year	-	-	-	-	-	-	(2,797)	(2,797)
Currency translation	-	-	-	-	1,426	-	-	1,426
Cashflow hedge	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,426	-	(2,797)	(1,371)
Transactions with owners, recorded directly in equity								
Shares issued in year	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	1,584	-	1,584
Share options exercised in year	15	-	255	-	-	-	-	270
Share options forfeited in year	-	-	-	-	-	(217)	217	-
Reclassified to gain on disposal	-	-	-	(2,471)	4,712	-	-	2,241
Share options lapsed in year	-	-	-	-	-	(927)	927	-
At 31 December 2013	18,151	623	210,230	-	2,386	5,382	(165,950)	70,822
At 1 January 2014	18,151	623	210,230	-	2,386	5,382	(165,950)	70,822
<i>Total comprehensive income</i>								
Loss for financial year	-	-	-	-	-	-	(11,489)	(11,489)
Currency translation	-	-	-	-	2,257	-	-	2,257
Cashflow hedge	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,257	-	(11,489)	(9,232)
Transactions with owners, recorded directly in equity								
Shares issued in year	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-
Share options exercised in year	-	-	-	-	-	-	-	-
Share options forfeited in year	-	-	-	-	-	-	-	-
Share options lapsed in year	-	-	-	-	-	(1,100)	1,100	-
Reclassified to gain on disposal	-	-	-	-	-	-	-	-
At 31 December 2014	18,151	623	210,230	-	4,643	4,282	(176,339)	61,590

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Condensed consolidated statement of cash flows

For the year ended 31 December 2014

	Year ended 31 December 2014	Year ended 31 December 2013
	Audited	Audited
	€'000	€'000
Cash flows from operating activities		
Loss before income tax for year – continuing operations	(11,489)	(7,763)
Profit/(loss) before income tax for the year – discontinued operations	-	4,971
	(11,489)	(2,792)
Adjustments for:		
Depletion and depreciation	18	272
Gain on sale of discontinued operations	-	(6,096)
Abandonment provision	-	(379)
Impairment of exploration and evaluation assets	99	678
Finance income	(39)	(180)
Finance expense	5,065	3,455
Equity settled share based payment charge	-	1,584
Foreign exchange	(441)	101
Change in trade and other receivables	1,004	2,907
Change in trade and other payables	(2,855)	(8,869)
Interest paid	(1,350)	(363)
Hedge repayments	-	(33)
Net cash outflow from operating activities	(9,988)	(9,715)
Cash flows from investing activities		
Interest received	39	180
Acquisition of exploration and evaluation assets	(8,221)	(13,691)
Acquisition of development and production assets	-	-
Acquisition of property, plant and equipment	(14)	(14)
Disposal of development and production assets - AJE	-	-
Change in restricted cash	(3,296)	910
Disposal of development and production assets - Singleton	-	16,235
Net cash from investing activities	(11,492)	3,620
Cash flows from financing activities		
Proceeds from issue of share capital	-	270
Share capital issue costs	-	-
Repayment of loans and borrowings	-	(1,565)
Proceeds from drawdown of loans and borrowings	16,699	-
Net cash from financing activities	16,699	(1,295)
Net decrease in cash and cash equivalents	(4,781)	(7,390)
Cash and cash equivalents at 1 January	8,998	16,831
Effect of exchange rate fluctuations on cash and cash equivalents	1,039	(443)
Cash and cash equivalents at 31 December	5,256	8,998

Basis of preparation

The consolidated preliminary financial results announcement of the Company, for the year ended 31 December 2014 comprises of the Company and its subsidiaries (together referred to as the “Group”). The financial information included in this preliminary financial results announcement, has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS) which comprises standards and interpretations approved by the International Accounting Standards Board (IASB).

The consolidated preliminary financial information presented herein does not constitute the Company's statutory financial statements for the years ended 31 December 2014, with the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations, 1992 of Ireland, insofar as such Group accounts would have to comply with disclosure and other requirements to those Regulations. The statutory financial statements for the year ended 31 December 2014, together with the independent auditor's report thereon, will be filed with the Irish Registrar of Companies following the Company's Annual General Meeting and will also be available on the Company's website www.providenceresources.com. The consolidated financial statements were approved by the Board of Directors on 26 May 2015.

The preparation of the condensed consolidated preliminary financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results could differ materially from these estimates. In preparing this financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

The accounting policies applied in the condensed consolidated preliminary financial information are the same as those applied in the consolidated financial statements as at and for the year ended 31 December 2013, as set out on pages 25 to 31 of the 2013 Annual Report. There were no new standards or amendments to standards which were mandatory for the first time for the financial year beginning 1 January 2014 which had a significant impact on the financial information.

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Note 1

Operating segments

All revenue is generated from assets in the UK, and is included in discontinued operations.

	Year ended 31 December 2014	Year ended 31 December 2013
	Audited	Audited
	€'000	€'000
Segment net loss for the period		
Republic of Ireland – exploration assets	(99)	(678)
Corporate expenses	(6,364)	(6,552)
Operating loss	(6,463)	(7,230)
Segment assets		
UK – exploration assets	1,799	1,141
Republic of Ireland – exploration assets	89,908	78,948
US	30	189
Group assets	8,466	11,735
Total assets	100,203	92,013
Segment Liabilities		
UK – exploration assets	(37)	(74)
Republic of Ireland – exploration assets	(16,176)	(21,047)
US - liabilities	-	(7)
Group liabilities	(22,400)	(63)
Total Liabilities	(38,613)	(21,191)
Capital Expenditure		
UK – exploration assets	417	367
Republic of Ireland – exploration assets	7,804	13,324
Republic of Ireland - property, plant and equipment	14	14
Total capital expenditure, net of cash calls	8,235	13,705
Impairment charge		
Republic of Ireland – exploration assets	97	678
UK – exploration assets	2	-
	99	678

PROVIDENCE RESOURCES P.I.c.**Note 2****Discontinued Operations****Held for sale assets and liabilities****UK disposal – 28th February 2013.**

	2014	2013
	Audited	Audited
Assets	€'000	€'000
Development and production assets	-	39,637
Derivative instruments	-	1,411
Trade and other receivables	-	1,779
Cash and cash equivalents	-	1,425
	-	44,252
Liabilities		
Loans and borrowings	-	31,918
Decommissioning provision	-	822
Deferred tax	-	1,733
Trade and other payables	-	1,881
	-	36,354

Gain on sale of discontinued operations – UK disposal

	€'000
Net proceeds received	17,028
Disposal costs	(793)
	16,235
Net assets disposed of	7,898
Transfer from revaluation reserve	(2,471)
Transfer from FCTR	4,712
	10,139
Gain on sale of discontinued operation	6,096

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Note 2

Discontinued Operations - continued

The gain on sale of discontinued operations – UK disposal

	Year ended 31 December 2014	Year ended 31 December 2013
	Audited	Audited
	€'000	€'000
Results of discontinued operations		
Revenue	-	2,411
Cost of sales	-	(615)
Gross profit	-	1,796
Administration expenses	-	(179)
Impairment of assets	-	-
Results from operating activities	-	1,617
Finance expense	-	(2,742)
Results from operating activities before tax	-	(1,125)
Income tax credit/(charge)	-	-
Results from operating activities after tax	-	(1,125)
Gain on sale of discontinued operations	-	6,096
Profit / (loss) for the year	-	4,971
Cashflows from discontinued operations		
Net cash from operating activities	-	1,772
Net cash from investing activities	-	-
Net cash from financing activities	-	(1,565)
Net cash flows for the year	-	207

The profit/(loss) from discontinued operations is attributable entirely to the owners of the company. The results for 2013 represent two months of activity.

Earnings per share from discontinued operations

	2014	2013
	€ cent	€ cent
Basic earnings / (loss) per share	-	7.70
Diluted earnings / (loss) per share	-	7.70

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Note 3

Finance Expense

	Year ended 31 December 2014	Year ended 31 December 2013
	Audited	Audited
	€'000	€'000
Recognised in income statement:		
Amortisation of arrangement fees and other amounts	516	-
Unwinding of discount on decommissioning provision	929	713
Interest Charge	1,467	-
Foreign exchange loss on revaluation of loan, net	2,153	-
Total finance expense recognised in income statement	5,065	713
Recognised directly in other comprehensive income		
Foreign currency differences on foreign operations	2,257	6,138
Reclassified to gain on disposal	-	(4,172)
Net change in fair value of cashflow hedge transferred to income statement	-	-
Total finance expense recognised in comprehensive income	2,257	1,426

Note 4

Exploration and evaluation assets

	Republic of Ireland	UK	Total
	€'000	€'000	€'000
Cost and book value			
At 1 January 2013	66,302	774	67,076
Additions	13,006	127	13,133
Administration expenses	1,517	240	1,757
Cash calls received in year	(1,199)	-	(1,199)
Impairment charge	(678)	-	(678)
At 31 December 2013	78,948	1,141	80,089
At 31 December 2013	78,948	1,141	80,089
Additions	6,815	367	7,182
Cash calls received in year	(750)	-	(750)
Administration expenses	1,739	50	1,789
Impairment charge	(97)	(2)	(99)
Foreign exchange translation	1,440	82	1,522
At 31 December 2014	88,095	1,638	89,733

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Note 5

Share Capital and Share Premium

		Number	
Authorised:		'000	€'000
At 1 January and 31 December 2012			
Deferred shares of €0.011 each		1,062,442	11,687
Ordinary shares of €0.10 each		123,131	12,313
	Number	Share Capital	Share Premium
Issued:	000's	€'000	€'000
Deferred shares of €0.011 each	1,062,442	12,750	5,691
Ordinary share of €0.10 each	49,809	5,386	204,284
At 1 January 2013	64,498	18,136	209,975
Share options exercised in year	151	15	255
At 31 December 2013	64,649	18,151	210,230
At 31 December 2014	64,649	18,151	210,230

Note 6

Loans and Borrowings

	Melody loan facility	Melody loan fees	Total
	€'000	€'000	€'000
Repaid during year	-	-	-
Drawn down in year	17,572	(873)	16,699
Written off to income statement	-	496	496
Foreign exchange difference	2,155	(2)	2,153
At 31 December 2014	19,727	(379)	19,348

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Note 7

Earnings per share

	31 December 2014	31 December 2014	31 December 2014	31 December 2013	31 December 2013	31 December 2013
	Audited	Audited	Audited	Audited	Audited	Audited
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
(Loss) / profit attributable to equity holders of the company from continuing operations (€'000)	(11,489)	-	(11,489)	(7,768)	4,971	(2,797)
The basic weighted average number of ordinary shares in issue						
In issue at beginning of year ('000s)	64,649	64,649	64,649	64,498	64,498	64,498
Adjustment for shares issued in year ('000s)	-	-	-	64	64	64
Weighted average number of ordinary shares ('000s)	64,649	64,649	64,649	64,562	64,562	64,562
Basic and diluted (loss) / earnings per share (cent)	(17.77)	-	(17.77)	(12.03)	7.70	(4.33)

There is no difference between the loss per ordinary share and the diluted loss per ordinary share for the current period as all potentially dilutive ordinary shares outstanding are anti-dilutive.

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Note 8

Related party transactions

- (a) Mr. Tony O'Reilly, has, through Kildare Consulting Limited, a company beneficially owned by him, a contract for the provision of service to the company outside the Republic of Ireland effective 1 September 2013. The amount paid under the contract in the year ended 31 December 2014 was €446,775. The contract was renewed in May 2015. It is of two years duration and is subject to one year's notice period.

Note 9

Commitments

The Group has capital commitments of approximately €8.1m to contribute to its share of costs of exploration and evaluation activities during 2015.