Providence Resources

(PVR-LSE)

Stock Rating: **Outperform**
Industry Rating: **Market Perform**

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David Round, ACA
BMO Capital Markets Ltd.
+44 0-20 7664 8052
david.round@bmo.com

Pressure on the Farm-out; Initiating Coverage With Outperform Rating

Investment Thesis

The Barryroe discovery should have provided a platform for the company yet the relatively limited appraisal is clearly casting a shadow over the farm-out process. A farm-out was always going to take time, and whilst we are still optimistic on a deal happening, in our view it is unlikely to be the deal the market original hoped for. That said, we believe the net upside at Barryroe is sufficiently high for Providence to give away much more of the project than originally envisaged, and still retain value well in excess of the current market cap.

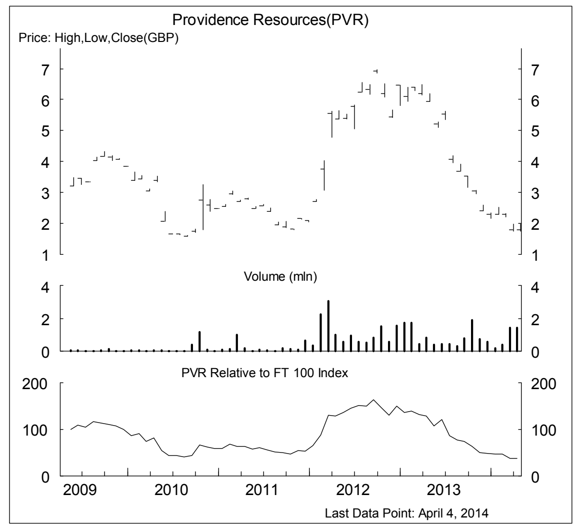
Forecasts & Valuation

We value Providence at 3,088p/sh on a sum-of-parts basis, with 1,061p/sh of this valuation from the Barryroe development (under an assumed farm-out scenario), and the remainder from exploration drilling. Our 643p/sh target price is struck close to a 50% discount to our Core NAV to reflect additional farm-down dilution.

Recommendation

We are initiating coverage of Providence Resources with an Outperform rating and a 643p target price. The market's concern over the valuation of Barryroe is probably warranted to a degree yet, with the shares off 70% over the last 12 months, the market now appears to be pricing in a very worst case scenario, which we believe is unlikely to be the case and gives insufficient credit to Barryroe's potential. Although we expect Providence to face considerable dilution as it farms down Barryroe, sells assets, or raises capital to fund its exploration and development programme, with the shares trading at just 0.17x our Core NAV we believe the market is overpricing this risk.

Price (10-Apr)	£1.80	**52-Week High**	£6.50
Target Price	£6.43	**52-Week Low**	£1.71



(FY-Dec.)	2012A	2013A	2014E	2015E
Production (Kboepd)	0.0	0.0	0.0	0.0
Rev. (€mm)	€ 0	€ 0	€ 0	€ 0
EBITDA (€mm)	-€ 19	-€ 3	-€ 6	-€ 6
EPS Adj.	- $0.37	- $0.14	- $0.15	- $0.16
P/E			na	na
Brent ($/bl)	$111.4	$108.9	$108.3	$100.0
UK Spot (p/therm)	59.1	66.9	59.5	59.5

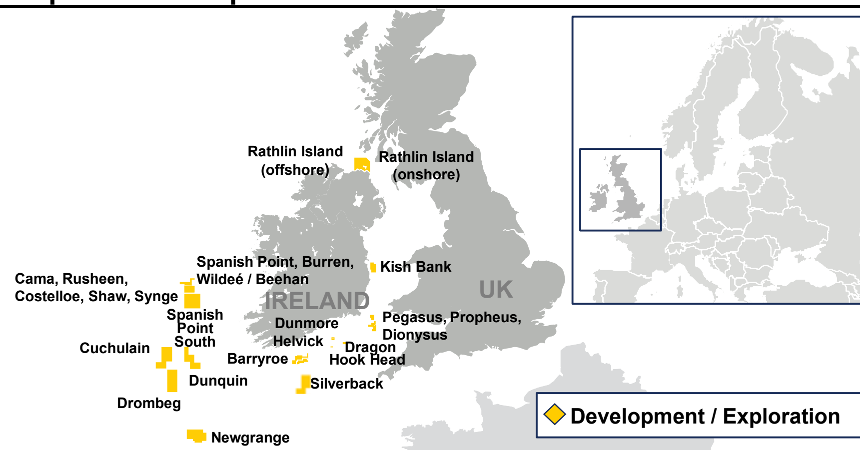
Dividend	$0.00	**Yield**	0.0%
Shares O/S (mm)	64.6	**Mkt. Cap (mm)**	£116
Float O/S (mm)	54.5	**Float Cap (mm)**	£98
Wkly Vol (000s)	884	**Wkly £ Vol (mm)**	£3.4
Net Debt (€mm)	-$14		

Notes: Price & Target in £, all other values in €
Major Shareholders: Tony O'Reilly 15.4%
First Call Mean Estimates: PROVIDENCE RESOURCES PLC; 2012E: -€0.61 2013E: -€0.03

Company Summary: Providence Resources

Providence is an Irish based upstream oil and gas company active in the exploration and development of oil & gas assets offshore Ireland and the United Kingdom. Its cornerstone asset is Barryroe, a 311 mmbbl light oil discovery in the North Celtic Sea Basin. The company plans to participate in a multi-year drilling program in six different basins offshore Ireland. Providence does not have a production base, hence does not generate any cash at this stage. The company is registered in Ireland and has a listing on AIM and Irish Stock Exchange.

Exhibit 1: Operations Map



Source: BMO Capital Markets

Investment Positives

Valuation. Our Core NAV, which assumes a single farm-out scenario for Barryroe, is 1,061p, implying that Providence's shares are currently trading at 0.17x our estimated valuation. Our risked sum-of-parts is 3,088p/sh, which demonstrates the significant value potential of the forward drilling programme.

Investment Negatives

Funding. Providence currently has no production or cash flow. A return to equity markets would be difficult at the current share price, so the company is reliant on industry partners to fund the future drilling programme and development of Barryroe.

Investment Risks

Commodity price risk. Providence is exposed to movements in the Brent crude price. We forecast an oil price environment of US$100 per barrel (Brent) and U.K. gas price of 59.5p/therm over the long term, but any ongoing weakness in oil & gas prices will negatively impact our valuation.

Exploration and appraisal failure. Providence's valuation is solely based on E&A assets. As a result any drilling disappointments could have a materially negative impact on the share price.

Development delays and cost overruns. The cornerstone Barryroe development forms the bulk of our Providence SoP, meaning that the negative financial impact of any development delays or cost overruns at this project will be reflected in our overall Providence valuation. Cost overruns are a particular risk, in our view, given Ireland's underdeveloped oil & gas service industry; however, we expect this will change as the local market develops.

Adverse moves in Ireland's fiscal terms. Ireland currently boasts an attractive fiscal regime in order to encourage inward investment. As interest in the region increases, we see the risk of the Irish government tightening its fiscal terms in order to capture more tax revenue from a blossoming oil & gas industry.

Investment Summary

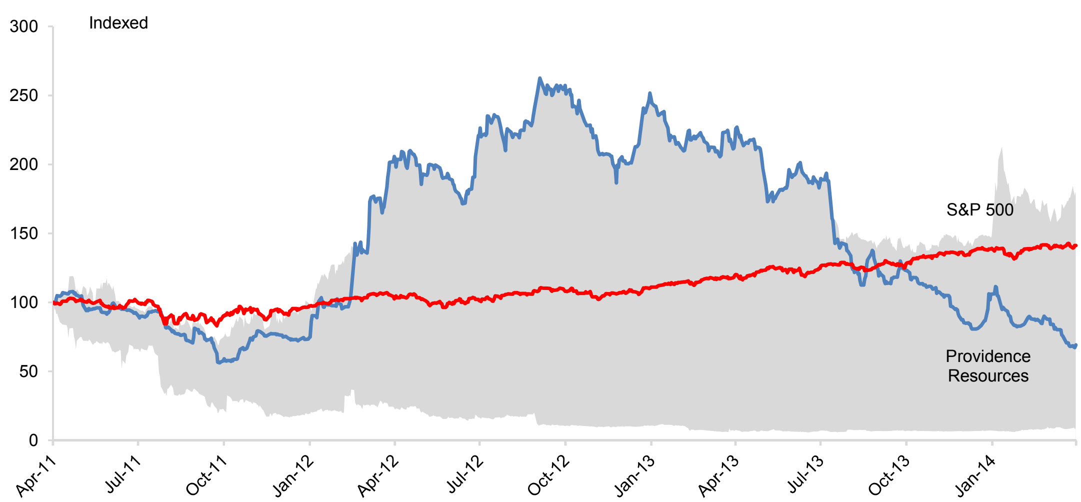
We are initiating coverage of Providence Resources (PVR-LSE) with an Outperform rating and a £6.43 target price, which is based on a sum-of-parts net asset valuation.

The market's concern over the valuation of Barryroe is probably warranted to a degree, yet with the shares off 70% over the last 12 months the market now appears to be pricing in a very worst case scenario, which we believe is unlikely to be the case and gives too little credit to Barryroe's potential.

Given the technical risks with the field, a farm-out was always going to take time, and in our view is unlikely to be the deal the market originally hoped for. That said, we believe the value of Barryroe is sufficiently high for Providence to give away much more of the project than originally envisaged, and still retain value well in excess of its current market cap.

Provided a deal can be done, it not only unlocks the potential of Barryroe, but also brings the rest of the exploration portfolio into play. Understandably the market's focus has been on Barryroe but too often overlooked is the fact that Providence holds highly impressive acreage positions in seven other Irish basins that the company is looking to farm-down to get a free carry over further high impact prospects.

Exhibit 2: Share Price Comparison



Source: FactSet

Valuation

We value Providence at 3,088p/sh on a sum-of-parts basis, with 1,061p/sh of this valuation from the Barryroe development (under an assumed farm-out scenario), and the remainder from exploration drilling. Our 643p/sh price target is struck around a 50% discount to our Core NAV to reflect additional farm-down dilution. The shares are trading at just 0.17x our Core NAV of 1,049p/sh, which we believe overplays the development and dilution risks, and gives little to no credit to the high impact exploration drilling programme.

Catalysts

Farm-out. It's all about the farm-out of Barryroe. Management has guided to progress on a potential farm-out for some time, but the current share price tells us that the market either does not believe this will happen, or assumes a very worst case scenario. Given the time it has taken to reach an agreement, we believe a farm-out is unlikely to be the one originally envisaged by the market, but considering the amount of pessimism towards the process even a diluted deal could be a significant catalyst for the shares, particularly if there is an upfront cash element that will help fund the forward drilling programme.

Exploration drilling. An appraisal well on the Spanish Point gas-condensate discovery is scheduled to be drilled by Cairn Energy in Q2/14. We carry 100 mmboe for the prospect, in line with Senergy's assessment, which we estimate could be worth up to 226p/sh net to Providence in a success case. Providence's financial exposure to the well is capped at $20 million, secured as part of an option exercised by Chrysaor in 2011.

Investment Debates

Is There Hope for Barryroe?

The relatively limited appraisal of Barryroe is clearly casting a shadow over the farm-out process. Whilst there may have been some delay to the start of the process, the considerable time it has now taken implies to us that companies are unwilling to commit to a development where there is so much uncertainty around the extent of the accumulation, primarily as a result of compartmentalisation.

Providence needs a farm-out to happen, both to develop Barryroe, but also to move on with the rest of its exploration portfolio. The issue therefore may not be whether a farm-out happens, but when it happens and under what terms. Fortunately for Providence, Barryroe is a high value project and Providence can afford to give away a considerable share and still retain sufficient value to more than justify the current share price.

Based on 2P reserves, a start-up in FY19, capex of US$15/bbl and opex of US$14/bbl (which we accept is indicative given the lack of a development plan) we estimate Providence's 80% interest in Barryroe could be worth 2,626p/sh (NPV10). Of course this assumes Providence is fully funded, and we would also not expect the market to give full credit for the development at this stage, but it does however highlight the material disconnect between the market's valuation and Barryroe's potential.

Although we think it is now unlikely, a best case scenario for Providence would be to farm out Barryroe for a full development carry, potentially with a contingent element to the deal to take into account the associated risks.

In this scenario, we assume Providence would farm-out 50% of its interest in Barryroe for a US$700 million development carry, giving the farminee a 25% IRR to account for the considerable risks to the development. We estimate this could be worth up to 1,515p/sh net to Providence.

So what's the worst case deal?

Right now it appears that the industry is saying that Providence needs to further appraise Barryroe. We believe that the company may need to first consider an appraisal farm-out, i.e., reducing its interest in Barryroe to say 50% for a proportion of back costs, which we understand are likely to be around US$100 million, and a carry for one or two appraisal wells. Providence would then be in a much stronger position to negotiate a full development carry.

Exhibit 3: Farm-out Scenarios

	Barryroe	Scenario A	Scenario B
Working Interest	80%	40%	25%
Recoverable reserves (mmboe)	346	346	173
Capex (US$/bbl)	15	15	15
Opex (US$/bbl)	14	14	19
Project NPV to PVR (p/sh)	*2,626*	*1,515*	*504*

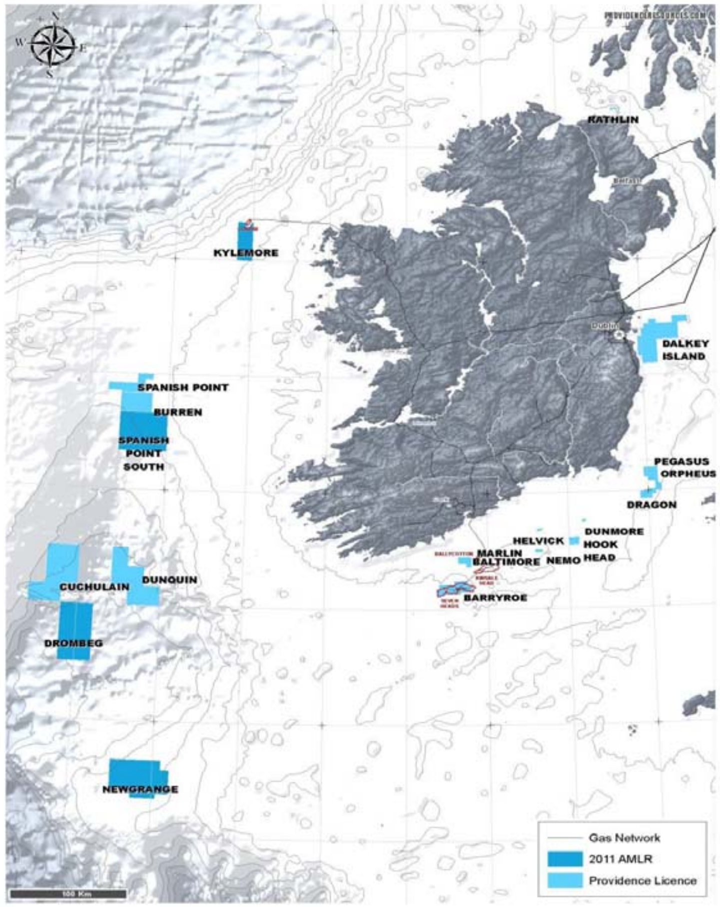
Source: BMO Capital Markets

We have modelled a second farm-out, assuming the appraisal programme fails to de-risk the western extent of Barryroe, i.e., only 50% of 2C is recoverable. We forecast that Providence would further reduce its position to 25% for a carry to first oil of US$420 million, which should give a partner a 15% IRR, lower to reflect the de-risked nature of the project at that stage. The result of this is that the value of Barryroe net to Providence would be 353p/sh risked (504p/sh unrisked), increasing to 434p/sh to account for the recovery of 85% of back-costs.

We accept this analysis is highly subjective, but considering the risks we see to achieving a development farm-out at this stage, it could be a floor in the valuation. It is quite interesting to note that this scenario still compares favourably against the current share price. Assuming the market does not yet ascribe any value to other exploration (the share price shows little excitement over Spanish Point), and the net cash is zero, then the implied value for Barryroe is US$188 million (180p/sh), a fraction of what the development could be worth and lower than the worst case scenario discussed above.

What's in the Rest of the Portfolio?

Exhibit 4: Overview of Providence's Licences



Source: Providence Resources

Spanish Point (Providence 32%)

An appraisal well on the Spanish Point gas-condensate discovery is scheduled to be drilled by Cairn Energy in Q2/14. The discovery well in 1981 intersected a series of deep, overpressured Jurassic sandstone reservoirs. The shallower A sand successfully tested at ~5 mmscfd dry gas and 925 bpd of condensate, but the other sands were not productive due to the tight reservoir.

A potential development would not be straightforward, but reservoir properties are comparable to those of the Chiswick field which was successfully developed using horizontal fracked wells.

We carry 100 mmboe for the prospect, in line with Senergy's assessment, which we estimate could be worth up to 226p/sh net to Providence in a success case. Providence's financial exposure to the well is capped at $20 million, secured as part of an option exercised by Chrysaor in 2011.

Providence has a number of other opportunities surrounding Spanish Point; however, of these the only one we include in our SoP valuation is the 66 mmboe Burren oil discovery (68p/share, 40% CoS), which if commercial could create attractive development efficiencies in a joint development with Spanish Point.

Dragon (Providence 100%)

Providence holds a 100% interest in the Dragon discovery, an Upper Jurassic gas discovery that straddles U.K. and Irish blocks (both 100% Providence) in the St. Georges Channel basin. Providence plans to find a partner to drill an appraisal well in 2015 (estimated cost US$25 million).

Dragon appears only moderate risk and if the appraisal programme is successful a development would offer relatively straightforward tie-back to nearby infrastructure (e.g., Milford Haven LNG in Wales).

Internal estimates put the size of the recoverable resource at 200bcf, which we include in our SoP valuation at 62p/sh (50% risked), assuming a farm-out of 30%.

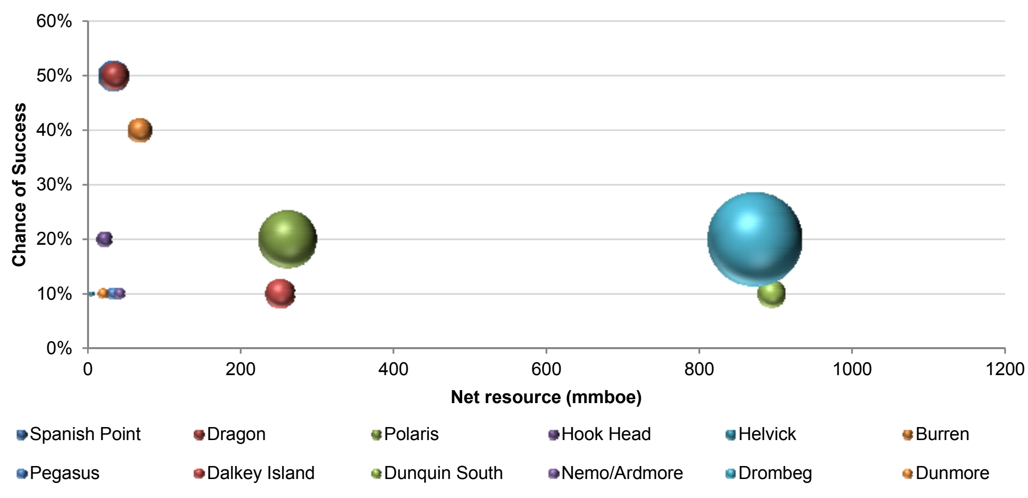
Providence also has other prospects in its portfolio that are part of its forward drilling programme including:

Exhibit 5: Exploration Portfolio

	Gross Resource	WI	Net Resource	CoS	$/bbl	NPV(10)	Risked Value	Unrisked Value
Helvick	3	63%	2	10%	9.3	2	2 p	17 p
Dunmore	18	72%	13	10%	8.5	11	10 p	104 p
Hook Head	20	73%	15	20%	9.3	27	26 p	128 p
Pegasus	31	100%	31	10%	5.1	16	15 p	151 p
Polaris	260	100%	260	20%	8.5	440	418 p	2,091 p
Kish Bank	250	50%	125	10%	8.5	106	101 p	1,005 p
Drombeg	872	80%	698	20%	8.5	1,181	1,122 p	5,609 p
Total	1,454		1,143			1,783	1,693 p	9,105 p

Source: BMO Capital Markets

Exhibit 6: Exploration Portfolio



Source: BMO Capital Markets

BMO Capital Markets

Funding Situation

We estimate net cash at the end of 2013 of US$19 million. Providence currently has no production or cash flow. A return to equity markets would be difficult at the current share price, so the company is reliant on industry partners to fund the future drilling programme and development of Barryroe.

An appraisal well on the Spanish Point (PVR 32%) gas-condensate discovery is scheduled to be drilled by Cairn Energy in Q2/14. Providence's financial exposure to the well is capped at $20 million but given the current financial position we expect Providence to take steps to arrange additional funding pre-drill.

Key Management

Key members of the corporate executive committee include:

- **Tony O'Reilly, Chief Executive Officer.** Mr. O'Reilly is CEO of Providence Resources, having served on the Board since the company's incorporation in 1997. After graduating from Brown University in Rhode Island he worked in mergers and acquisitions at Dillon Read and in corporate finance at Coopers and Lybrand, advising natural resource companies. Mr. O'Reilly served as Chairman of Arcon International Resources until April 2005 (including as CEO from 1996 to 2000) when Arcon merged with Lundin Mining Corporation. Prior to joining Providence, he worked as CEO of Wedgwood from 2002 to 2005.

- **Simon Brett, Chief Financial Officer.** Mr. Brett was appointed CFO in May 2012, and has worked at Providence since 2008, most recently as Group Financial Controller. Prior to joining Providence, he held senior finance positions with Damovo Ireland Ltd. and Coca Cola Bottlers Ireland Ltd. Between 1996 and 2003, Mr. Brett worked in the U.K. for a number of multinational companies including Johnson Wax, Sega Europe Ltd and US Can Corporation. He has a BA in Business Studies from the Liverpool John Moores University and is a member of the Institute of Management Accountants, having qualified in 1996.

- **John O'Sullivan, Technical Director.** Mr. O'Sullivan has worked in the offshore business for more than 20 years, previously with Mobil and Marathon Ireland. He 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 an M.Sc. in Technology Management from The Smurfit School of Business at University College Dublin. Mr. O'Sullivan is a fellow of the Geological Society of London and member of The Geophysical Association of Ireland whilst also being the Irish regional coordinator for the Petroleum Exploration Society of Great Britain.

Valuation

Our Core NAV for Providence stands at 1,049p/sh, meaning the shares trade at just 0.17 times this, a substantial discount to the explorers peer group on 0.74x that we believe is unwarranted given the potential value of Providence's cornerstone Barryroe development asset.

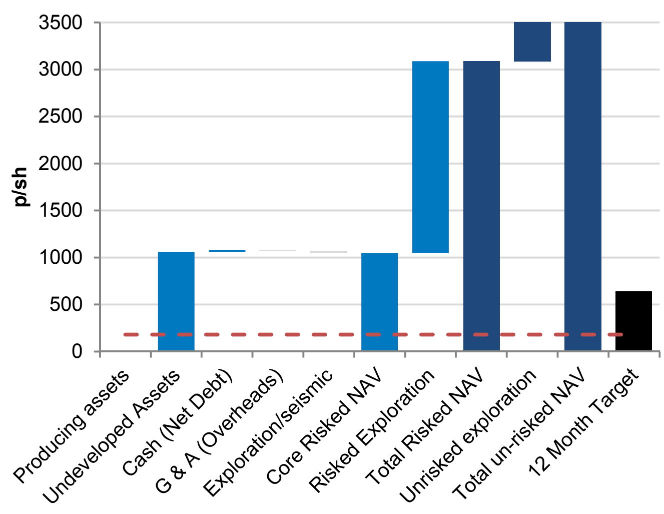
Although we expect Providence to face dilution as it farms down Barryroe, sells assets, or raises capital to fund its exploration and development programme, in our view the market is overpricing this risk. Our 643p/sh price target is struck at a 50% discount to Core NAV (but includes Spanish Point) to reflect Providence's dilution risk, and with ~250% upside to this target, we commence coverage of Providence Resources with an Outperform rating.

Exhibit 7: NAV Summary Table

	Value	Risked	Unrisked
Producing Assets	0.0	0 p	0 p
Development Assets	1,116.8	1,061 p	1,515 p
Net Cash/(Debt)	19.0	18 p	18 p
Admin & Decom.	(6.0)	(6 p)	(6 p)
Exploration	(25.0)	(24 p)	(24 p)
Other	0.0	0 p	0 p
Core NAV	**1,104.8**	**1,049 p**	**1,504 p**
2014 Exploration & Appraisal	624.7	593 p	2,441 p
Further drilling (Post 2014)	1,522.4	1,446 p	8,210 p
Sum of Parts	**3,251.8**	**3,088 p**	**12,155 p**

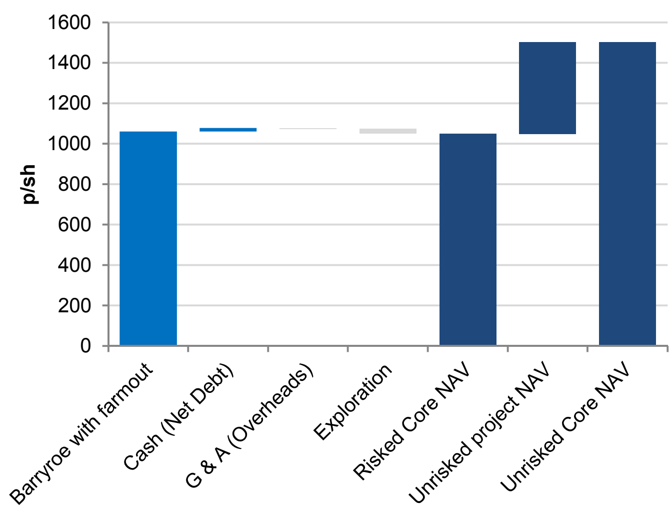
Source: BMO Capital Markets

Exhibit 8: Total Risked NAV Breakdown



Source: BMO Capital Markets

Exhibit 9: Core NAV Breakdown



Source: BMO Capital Markets

Exhibit 10: NAV Summary

Providence (PVR)

Region	Asset	Gross Resource mmboe	W.I. %	Net Resource mmboe	Risking C.o.S. %	Value/ boe $/boe	NPV(10) US$m	Risked value p/share	Unrisked Value p/share
Production Assets									
n/a									
Total		**0.0**		**0.0**			**0.0**	**0 p**	**0 p**
Development Assets									
Celtic Sea	Barryroe w ith farmout	345.8	40%	138.3	70%	11.5	1,116.8	1,061 p	1,515 p
Total		**345.8**		**138.3**			**1,116.8**	**1,061 p**	**1,515 p**
Exploration Assets (12 months)									
Main Porcupine Basin	Spanish Point	100.0	32%	32.0	50%	7.5	119.2	113 p	226 p
St George's Channel	Dragon	33.3	70%	23.3	50%	5.6	65.2	62 p	124 p
Rathlin	Polaris	260.0	100%	260.0	20%	8.5	440.3	418 p	2,091 p
Total		**393.3**		**315.3**			**624.7**	**593 p**	**2,441 p**
Further Drilling (> 12 months)									
Celtic Sea	Hook Head	20.0	73%	14.5	20%	9.3	27.0	26 p	128 p
Celtic Sea	Helvick	3.0	63%	1.9	10%	9.3	1.7	2 p	17 p
South Porcupine	Burren	66.0	32%	21.1	40%	8.5	71.5	68 p	170 p
St George's Channel	Pegasus	31.3	100%	31.3	10%	5.1	15.9	15 p	151 p
Kish Bank	Dalkey Island	250.0	50%	125.0	10%	8.5	105.8	101 p	1,005 p
South Porcupine	Dunquin South	894.0	16%	143.0	10%	6.8	96.9	92 p	920 p
Celtic Sea	Nemo/Ardmore	40.0	54%	21.8	10%	5.1	11.2	11 p	106 p
South Porcupine	Drombeg	872.0	80%	697.6	20%	8.5	1,181.3	1,122 p	5,609 p
Celtic Sea	Dunmore	18.0	72%	13.0	10%	8.5	11.0	10 p	104 p
Total		**2,194.3**		**1,069.1**			**1,522.4**	**1,446 p**	**8,210 p**
Exploration Risked Upside				**1,384.4**					

Valuation Multiples

No. of Shares (diluted)	65.0
fx	1.6
Share Price	**180 p**
Core NAV	**1,049 p**
P/Core NAV	0.2
P/Total Risked SoP	0.1
Upside to SoP	1616%
2P Reserves (mmboe)	-
EV/2P boe	n/a
Market Cap	£ 117.0m
EV	£ 105.3m

	Value	Risked	Unrisked
Producing Assets	0.0	0 p	0 p
Development Assets	1,116.8	1,061 p	1,515 p
Net Cash/(Debt)	19.0	18 p	18 p
Admin & Decom.	(6.0)	(6 p)	(6 p)
Exploration	(25.0)	(24 p)	(24 p)
Other	0.0	0 p	0 p
Core NAV	**1,104.8**	**1,049 p**	**1,504 p**
2014 Exploration & Appraisal	624.7	593 p	2,441 p
Further drilling (Post 2014)	1,522.4	1,446 p	8,210 p
Sum of Parts	**3,251.8**	**3,088 p**	**12,155 p**

Source: BMO Capital Markets

Exhibit 11: Financial Summary

Providence (PVR)

P&L		2011A	2012A	2013A	2014E	2015E
Revenue	**€m**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Cost of Sales	€m	0.0	0.0	0.0	0.0	0.0
Exploration Costs Written Off	€m	(2.2)	(1.5)	(1.6)	(1.7)	(1.8)
Administrative Costs	€m	(1.9)	(3.9)	(4.1)	(4.3)	(4.6)
Other	€m	(4.8)	(16.0)	0.0	0.0	0.0
Profit Before Interest and Tax	**€m**	**(8.9)**	**(21.4)**	**(5.7)**	**(6.0)**	**(6.3)**
Net Finance Income/(Expense)	€m	(5.0)	(2.8)	(3.1)	(3.4)	(3.8)
Profit Before Tax	**€m**	**(13.9)**	**(24.2)**	**(8.8)**	**(9.4)**	**(10.1)**
Taxation	€m	0.0	0.0	0.0	0.0	0.0
Profit After Tax	**€m**	**(13.9)**	**(24.2)**	**(8.8)**	**(9.4)**	**(10.1)**
EBITDA	**€m**	**(6.3)**	**(18.6)**	**(3.0)**	**(6.0)**	**(6.3)**
EV/EBITDA	**x**	**(30.8)**	**(6.6)**	**(41.2)**	**(21.1)**	**(20.9)**
No. of Shares	**m**	**65.0**	**65.0**	**65.0**	**65.0**	**65.0**
EPS	**€/sh**	**(0.2)**	**(0.4)**	**(0.1)**	**(0.1)**	**(0.2)**

12-month Catalysts	WI %	CoS %	Risked NAV $m	Risked NAV p/sh	SoP Upside %
Spanish Point	32.0%	50.0%	119.2	113 p	62.9%
Dragon	70.0%	50.0%	65.2	62 p	34.4%
Polaris	100.0%	20.0%	440.3	418 p	929.2%

Production Summary	2011A	2012A	2013A	2014E	2015E
Production WI	0.0	0.0	0.0	0.0	0.0

Cashflow Statement		2011A	2012A	2013A	2014E	2015E
Cashflow from Operations	**€m**	**(0.4)**	**11.6**	**(4.9)**	**(5.5)**	**(6.0)**
incl Cash Tax	€m	0.0	0.0	0.0	0.0	0.0
Cashflow from Investing	**€m**	**(18.1)**	**(53.9)**	**6.4**	**0.5**	**0.5**
incl Capex	€m	0.0	0.0	(10.0)	0.0	0.0
Cashflow from Financing	**€m**	**27.7**	**40.7**	**0.0**	**0.0**	**0.0**
Net Cashflow	**€m**	**9.4**	**(1.7)**	**1.5**	**(5.0)**	**(5.5)**

Balance Sheet		2011A	2012A	2013A	2014E	2015E
Cash and Cash Equivalents	**€m**	18.6	16.8	18.3	13.3	7.8
Exploration Assets	**€m**	36.2	67.1	56.8	52.4	47.9
Prod'n & Devel. Assets	**€m**	46.2	0.0	0.0	0.0	0.0
Short Term Debt	**€m**	30.0	0.0	0.0	0.0	0.0
Long Term Debt	**€m**	41.8	0.0	0.0	0.0	0.0
Shareholder Equity	**€m**	7.9	68.1	59.3	49.9	39.8
Gearing: Net Debt(Cash)/Equity	**%**	676%	(25)%	(31)%	(27)%	(20)%

SoP Sensitivity to Brent & WACC (p/sh)						
LT Brent $/bbl		**70.0**	**85.0**	**100.0**	**115.0**	**130.0**
WACC	**14%**	2,342.2	2,541.4	2,700.5	2,867.5	3,045.7
	12%	2,524.1	2,723.3	2,882.3	3,049.4	3,227.5
	10%	2,729.9	2,929.1	3,088.2	3,255.2	3,433.3
	8%	2,963.3	3,162.5	3,321.6	3,488.6	3,666.8

Assumptions		2011A	2012A	2013A	2014E	2015E
Brent oil price	**$/boe**	111.1	111.4	108.9	108.3	100.0
UK gas price	**£/therm**	0.6	0.6	0.6	0.6	0.6
USD/GBP forex	**$**	1.6	1.6	1.6	1.6	1.6

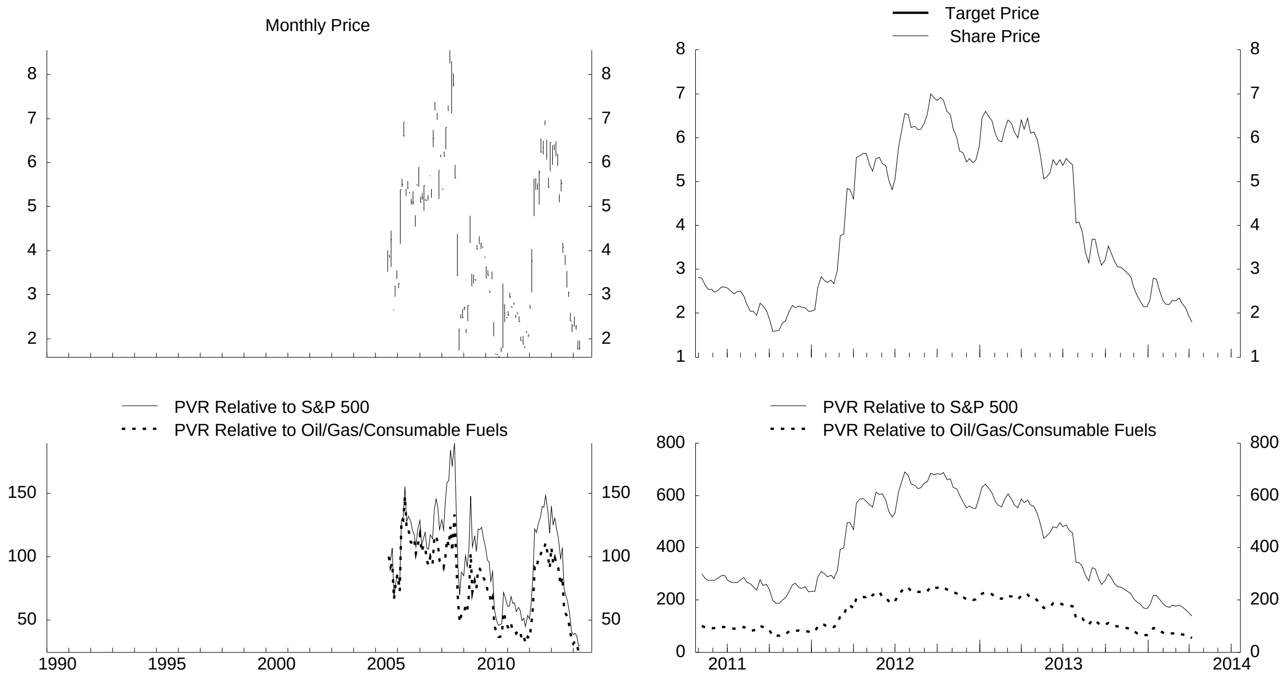
Statistics per boe		2011A	2012A	2013A	2014E	2015E
Sales revenue/ boe	**$/boe**	n/a	n/a	n/a	n/a	n/a
EBIT/ boe	**$/boe**	n/a	n/a	n/a	n/a	n/a
Profit/ boe	**$/boe**	n/a	n/a	n/a	n/a	n/a
Opex/ boe	**$/boe**	n/a	n/a	n/a	n/a	n/a
Capex/ boe	**$/boe**	n/a	n/a	n/a	n/a	n/a
DD&A/ boe	**$/boe**	n/a	n/a	n/a	n/a	n/a
Op. Cash flow/ boe	**$/boe**	n/a	n/a	n/a	n/a	n/a

Valuation	
No. of Shares (diluted)	65.0
fx	1.6
Share Price	**180 p**
Core NAV	**1,049 p**
P/Core NAV	0.2
P/Total Risked SoP	0.1
Upside to SoP	1616%
2P Reserves (mmboe)	-
EV/2P boe	n/a
Market Cap	£ 117.0m
EV	£ 105.3m

	Value	Risked	Unrisked
Producing Assets	0.0	0 p	0 p
Development Assets	1,116.8	1,061 p	1,515 p
Net Cash/(Debt)	19.0	18 p	18 p
Admin & Decom.	(6.0)	(6 p)	(6 p)
Exploration	(25.0)	(24 p)	(24 p)
Other	0.0	0 p	0 p
Core NAV	**1,104.8**	**1,049 p**	**1,504 p**
2014 Exploration & Appraisal	624.7	593 p	2,441 p
Further drilling (Post 2014)	1,522.4	1,446 p	8,210 p
Sum of Parts	**3,251.8**	**3,088 p**	**12,155 p**

Source: BMO Capital Markets

Providence Resources (PVR)



PVR - Rating as of 14-Feb-14 = NR

Last Weekly Data Point: April 4, 2014
Sources: Bloomberg, Thomson Reuters, BMO Capital Markets.

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Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
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Hold	Market Perform	52.8%	10.8%	38.2%	52.8%	43.8%	40.8%
Sell	Underperform	5.2%	3.2%	1.1%	6.3%	2.7%	5.6%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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