Providence Resources P.l.c.

Annual Report and Accounts

for the year ended 31 December 2011

Turning the Drill Bit

Who We Are

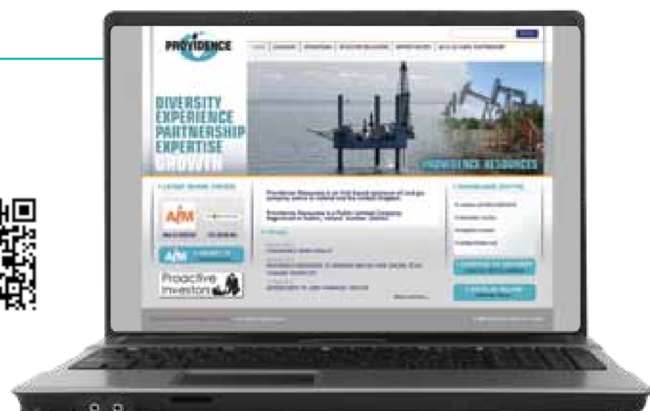
Providence's oil and gas portfolio includes interests in Ireland (offshore) and the United Kingdom (onshore and offshore)

The Providence portfolio is balanced between production, appraisal and exploration assets. We operate to a number of broad corporate strategic guidelines that have led us to the development of our current portfolio. These guidelines may be summarised as follows:

- We are a front end E&P company with a focus on early stage exploration and appraisal opportunities;
- We achieve a controlled and cost-effective expansion of our interests with a specific geographic focus on opportunities arising from our Irish and UK interests;
- We engage in strategic relationships/partnerships with third parties on a project-by-project basis with a view to controlling financial and project risk without compromising standards; and
- We establish ourselves, where appropriate, as operator and project leader, with a view to being in a position to ensure the cost-effectiveness of projects and observance of best practice.

Additional content +

Information on Providence and its oil and gas portfolio is available at **www.providenceresources.com**
or
Scan the code with your smartphone >>



Operational Highlights

DRILLING
— Commenced $500m, multi-well drilling programme covering both appraisal projects (Barryroe, Dragon, Spanish Point) and exploration prospects (Kish Bank, Dunquin and Rathlin) in six geological basins offshore Ireland from 2011 through 2013

APPRAISAL/DEVELOPMENT

CELTIC SEA BASIN
Barryroe Oil Discovery
— Agreed Memorandum of Agreement with Shell to negotiate an oil off take sale & purchase agreement
— Acquired 3D seismic survey over the Barryroe oil discovery (240 sq km)
— Increased equity stake in SEL 2/11 from 50% to 80%
— Drilled appraisal well with flow testing results yielding 3,514 BOPD + 2.93 MMSCFGD (4,000 BOEPD) from main basal sandstone package. 7 MMSCFGD and 1,350 BOPD (c 2,516 BOEPD) was also flow tested (comingled test) in restricted conditions from an upper mainly gas bearing section

ST. GEORGE'S CHANNEL BASIN
Dragon Gas Discovery
— Announced upgraded resource potential to 300 BCF
— Awarded exploration licence over UK side of Dragon

MAIN PORCUPINE BASIN
Spanish Point Gas Condensate Discovery
— Made commitment to drill a well on FEL 2/04
— Option exercised by Chrysaor to increase stake to 60.0% in FEL 2/04
— Acquired 3D seismic survey over FEL 4/08

EXPLORATION

KISH BANK BASIN
Dalkey Island Oil Prospect
— Awarded Standard Exploration Licence 2/11
— Applied for foreshore licence for planned late 2012 exploration drilling

SOUTH PORCUPINE BASIN
Dunquin Oil/Gas Prospect
— Farm-in by Repsol to FEL 3/04 (25.0%)

RATHLIN BASIN
Rathlin Oil Prospects
— Awarded 6 offshore blocks in Rathlin Basin under UK Seaward 26th Round

IRISH ATLANTIC MARGIN ROUND
— Awarded 4 new offshore Licensing Options in Atlantic Margin Licensing Round at LO 11/11 (Newgrange), LO 11/9 (Drombeg), LO 11/12 (Kylemore/Shannon) and LO 11/2 (Spanish Point South)

PRODUCTION

WEALD BASIN
Singleton Oil Field, Onshore UK
— Produced 196,661 barrels of oil
— Commenced drilling of X-12 production well

Financial Highlights

FINANCIAL INFORMATION – YEAR ENDED 31 DECEMBER 2011
— Revenue from continuing operations of €13.752 million
— Loss before tax and discontinued operations of €5.213 million
— Loss for the period of €13.940 million
— 20.78 cent loss per share for continuing operations

SHARE PLACINGS
— Placing of shares in March 2011 and April 2012 raises approximately US$165 million

ASSET SALES
— Sale of Gulf of Mexico portfolio for US$15 million
— Sale of interest in AJE (OML 113) for US$16 million

DEBT RESTRUCTURING
— 62.4% of bonds accepted early repayment resulting in a reduction of the bond amount by €18.5 million. The remaining balance of €11.1 million will be redeemed on 29 July 2012
— Agreed US$60 million pre-paid oil swap transaction agreed with Deutsche Bank AG with the proceeds used to repay the BNP Paribas reserve based lending facility

Contents

Our Business

Highlights	01
List of Assets	02
Chairman's and Chief Executive's Statement	04
Operational Review — Ireland and United Kingdom	06

Our Governance

Board of Directors	13
Directors' Report	15

Our Financials

Independent Auditor's Report	20
Consolidated Income Statement	21
Consolidated Statement of Comprehensive Income	22
Consolidated Statement of Financial Position	23
Consolidated Statement of Changes in Equity	24
Consolidated Statement of Cash Flows	25
Notes to the Consolidated Financial Statements	26
Company Balance Sheet	53
Notes to the Company Financial Statements	54
Notice of Annual General Meeting	60
Corporate Information	IBC

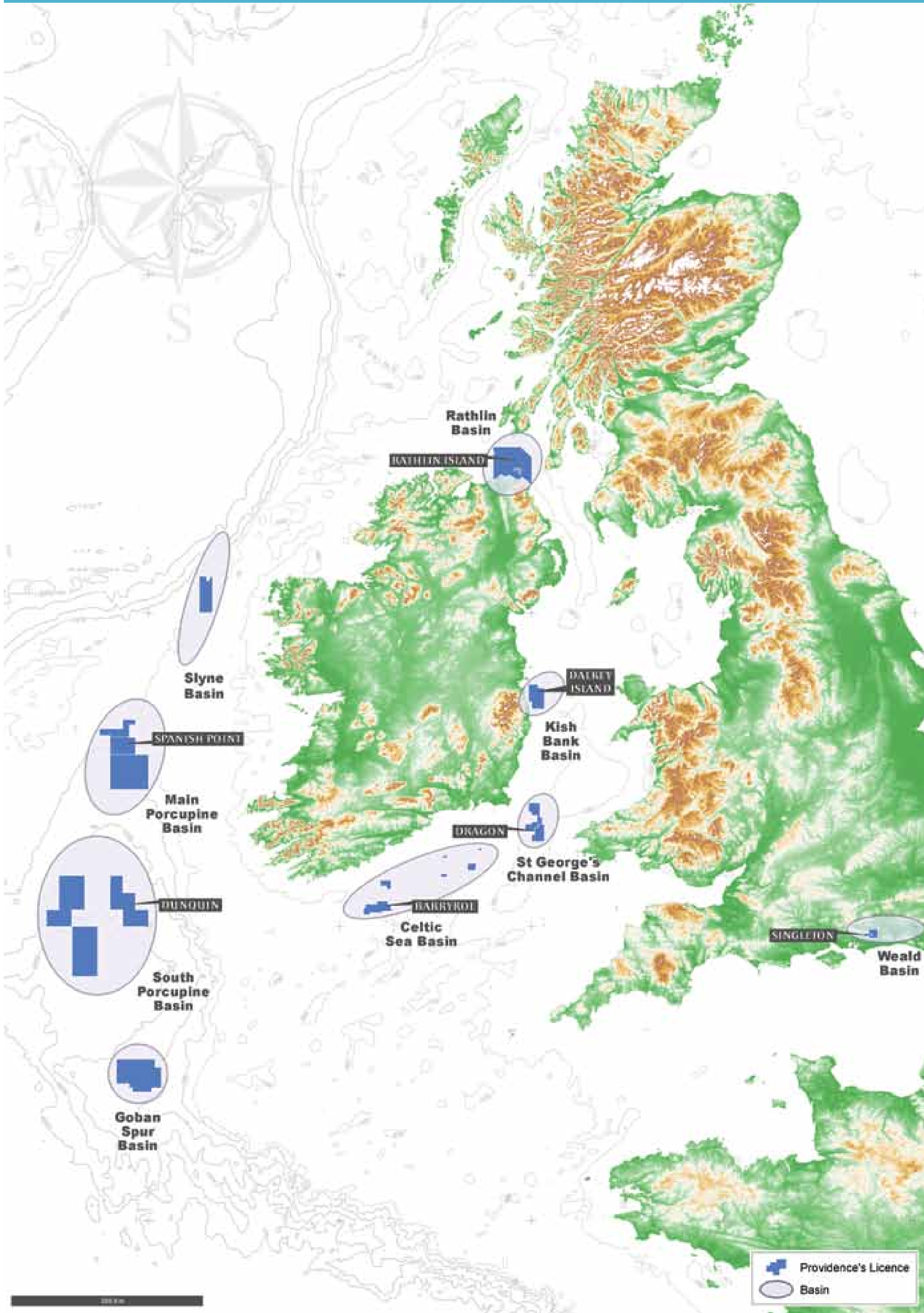
Our Business

List of Assets

Licence	Asset	Basin	Operator	Partners	%	Type
IRELAND						
SEL 1/11	Barryroe	Celtic Sea	Providence	Lansdowne; San Leon	80.00%	Oil discovery
SEL 2/07	Hook Head	Celtic Sea	Providence	Atlantic; Sosina	72.50%	Oil and gas discovery
SEL 2/07	Dunmore	Celtic Sea	Providence	Atlantic; Sosina	72.50%	Oil discovery
SEL 2/07	Helvick	Celtic Sea	Providence	Atlantic; Sosina; Lansdowne	62.50%	Oil and gas discovery
SEL 2/07	Nemo	Celtic Sea	Providence	Atlantic; Sosina; Nautical	54.40%[1]	Oil and gas discovery
LO 10/1	Baltimore	Celtic Sea	Providence	Nautical	60.00%	Oil discovery
LO 10/1	Marlin	Celtic Sea	Providence	Nautical	30.00%[2]	Oil and gas exploration
SEL 2/11	Dalkey Island	Kish Bank	Providence	Petronas	50.00%	Oil and gas exploration
SEL 2/11	ULYSSES	Kish Bank	EIRGAS[3]		100.00%	Gas storage evaluation
LO 11/12	Kylemore	Slyne	Providence	First Oil Expro	66.66%	Gas exploration
LO 11/12	Shannon	Slyne	Providence	First Oil Expro	66.66%	Gas exploration
FEL 2/04	Spanish Point	Main Porcupine	Providence	Chrysaor; Sosina	32.00%	Oil and gas discovery
FEL 2/04	Burren	Main Porcupine	Providence	Chrysaor; Sosina	32.00%	Oil discovery
FEL 2/04	Wilde/Beehan	Main Porcupine	Providence	Chrysaor; Sosina	32.00%	Oil discovery
FEL 4/08	Cama (North & South)	Main Porcupine	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
FEL 4/08	Rusheen (North & South)	Main Porcupine	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
FEL 4/08	Costelloe (Main, North & South)	Main Porcupine	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
FEL 4/08	Shaw	Main Porcupine	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
FEL 4/08	Synge	Main Porcupine	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
LO 11/2	Spanish Point South	Main Porcupine	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
FEL 3/04	Dunquin	South Porcupine	ExxonMobil	Eni; Repsol; Sosina	16.00%[4]	Oil and gas exploration
FEL 1/99	Cuchulain	South Porcupine	ENI	ExxonMobil; Sosina	3.20%	Oil and gas exploration
LO 11/9	Drombeg	South Porcupine	Providence	Sosina	80.00%	Oil and gas exploration
LO 11/11	Newgrange	Goban Spur	Providence	Repsol; Sosina	40.00%	Oil and gas exploration
SEL 1/07	Pegasus	St George's Channel	Providence		100.00%	Oil and gas exploration
SEL 1/07	Orpheus	St George's Channel	Providence		100.00%	Oil and gas exploration
SEL 1/07	Dionysus	St George's Channel	Providence		100.00%	Oil and gas exploration
SEL 1/07	Dragon	St George's Channel	Providence		100.00%	Gas discovery

1 Subject to terms of farm out with Nautical
2 Providence holds 60% of licence; Equity shown is net for Marlin Prospect
3 EIRGAS Limited is a 100% owned SPV established by Providence to invest in gas storage/ CCS opportunities offshore Ireland/UK
4 Subject to terms of farm out with ExxonMobil

Licence	Asset	Basin	Operator	Partners	%	Type
UNITED KINGDOM						
PL 240	Singleton	Onshore, Weald	Providence		100%	Oil and gas production
PEDL 233	Baxter's Copse	Onshore, Weald	Providence	Northern	50.00%	Oil discovery
PEDL 233	Burton Down	Onshore, Weald	Providence	Northern	50.00%	Oil and gas exploration
PL 5/10	Rathlin Island	Rathlin, N. Ireland	Providence		100.00%	Oil and gas exploration
Block 125 – 18/19/20 23/ 24 / 25	Rathlin	Rathlin, N. Ireland	Providence		100.00%	Oil and gas exploration
Block 103/1	Dragon	St George's Channel	Providence	Star Energy	50.00%	Gas discovery


Rathlin Basin
RATHLIN ISLAND
Slyne Basin
SPANISH POINT
Main Porcupine Basin
DUNQUIN
South Porcupine Basin
Goban Spur Basin
DALKEY ISLAND
Kish Bank Basin
DRAGON
St George's Channel Basin
BARRYROE
Celtic Sea Basin
SINGLETON
Weald Basin
Providence's Licence
Basin

Our Business

Chairman's and Chief Executive's Statement and Operational Review

Turning the Drill Bit

Opening Basins

Dear Shareholder,

We are pleased to present the 2011 Annual Report, which gives an update on another very eventful year for your Company. The year 2011 has undoubtedly been the most important year in our Group's history. It saw us commence our multi-basin, multi-year drilling campaign in Ireland — the biggest in the country's history – and we were particularly glad that Barryroe, the first well of the campaign, came in far above all the pre-drill expectations in March 2012. This not only demonstrated the significant scale of the Barryroe oil field, but it has also opened up many other opportunities in the Celtic Sea and has helped to redefine the industry view on the Irish offshore and its potential. The successful flow of high quality light sweet crude at indicative commercial rates at Barryroe has enabled the Company to take a big step forward in advancing its plans to commercialise Ireland's first oil field.

Over the period under review, we made great strides across all of our operations, from the quality of our portfolio to the strength of our balance sheet. Financially, the 2011 result was a marked improvement on the large loss recorded in 2010. Revenues from continuing operations for the year were up 24% to €13.752 million due to increased production volumes and a higher oil price. The average oil price per barrel achieved (after swaps) was up 25.5% to US$100.45 compared to US$80.03 in the same period last year, and overall production was up 6.22% to 196,661 barrels of oil (2010: 185,151).

The Company gross profit margin was 70.5%, compared to 58.0% in 2010, due to better cost management, leading to a marginal operating profit of €0.031 million. The 2011 operating profit reflects the impact of a large impairment charge of €6.635 million relating to once off impairment charge of €4.9 million related to unfinished drilling at Singleton (X-8v well) and write downs in the Celtic Sea of €1.73 million. Net finance expense was down to €5.244 million from €7.431 million due to lower net debt levels. The loss before tax was €5.213 million, compared to a loss of €5.965 million in 2010 with income tax expense of €4.503 million leading to a loss from continuing operations of €9.716 million, a marginal improvement on the €9.806 million recorded in 2010. The loss from discontinued operations amounted to a further €4.224 million, compared to a loss of €31.795 million in 2010, leaving a total loss for the period of €13.940 million as compared to a loss of €41.601 million in 2010.
On a per share basis, this resulted in a 20.78 cent loss per share. At 31 December 2011, cash and cash equivalents was €36.054 million, of which €17.491 million was restricted cash.

During the past 18 months, we raised an aggregate $165.7 million before expenses through two share placements to institutional shareholders predominantly in the London market. In March 2011, the Company placed 16.1 million new ordinary shares at £2.55 per share, raising £41.0 million (US$65.7 million), with the proceeds being used primarily for the Company's multi-well drilling programme. In April 2012, following on from the successful well at Barryroe, the Company placed a further 13.1 million new ordinary shares at £4.80, raising £63.1 million (US$100.0 million). The proceeds of this Placing are being used to repay the outstanding principal of the convertible bond, the increased costs of the Barryroe drilling programme (arising largely from the increase in equity from 50% to 80%) and to provide additional working capital for ongoing drilling activities across the Company's portfolio. It was particularly pleasing to note the substantial interest shown in both of these Placings, both of which were over-subscribed, and the most recent Placing was priced at a 5% premium to the then existing share price. Both Placings were comprehensively supported by shareholders at the requisite EGMs.

During the year, we also streamlined our operations by divesting our assets in the Gulf of Mexico as well as in Nigeria. This allowed us to reduce debt levels by over $30 million. Furthermore, a proportion of the recent equity proceeds will now be used to retire the remaining portion of the convertible bond, with the result that debt levels will have decreased by some $75 million in just 18 months.

As we did last year, we have included a pro forma consolidated statement of financial position. This unaudited pro forma is presented to show the impact of the post year end events of the sale of the Nigerian asset, the Placing of shares in April 2012 and the part pre-payment of the convertible bond.

Operationally, the main focus was the commencement of the $500m, multi-well drilling programme (from 2011 through 2013) covering both appraisal and exploration projects in six geological basins offshore Ireland. This is the largest, multi-basin, offshore drilling programme in the history of Ireland, representing an investment of up to $500 million by Providence and its partners.

The first drilling activities commenced in November 2011 with the successful drilling on the Barryroe oil discovery, which has delivered the first indicative commercial flow rate of oil. Flow test results from Barryroe of 3,514 BOPD

Pro forma Consolidated Statement of Financial Position

The unaudited pro forma statement of financial position below demonstrates the impact on the statement of financial position at 31 December 2011 as though the following three significant transactions occurring in 2012 had occurred on 31 December 2011:

a) In April 2012, the Group received the final $6m payment from the sale of its Nigerian asset. The proceeds of €4.6m were used to discharge borrowing secured on the asset.

b) In April 2012, the Company placed 13.148 million shares at a price of £4.80 per share, raising €70.595m after costs.

c) On 4 May 2012, the Company redeemed €18.499m of the outstanding convertible bond.

This unaudited pro forma statement of financial position is for shareholder information purposes only and does not form part of the audited statutory financial statements.

	At 31 December 2011 €'000	Final payment for Nigerian asset €'000	Share issue €'000	Part redemption of Bond €'000	Pro forma at 31 December 2011 €'000
Assets					
Total non-current assets	**93,403**	–	–	–	93,403
Other current assets	**24,630**	(4,610)	–	–	20,020
Cash	**18,563**	–	70,595	(18,499)	70,659
Total current assets	**43,193**	**(4,610)**	**70,595**	**(18,499)**	**90,679**
Total assets	**136,596**	**(4,610)**	**70,595**	**(18,499)**	**184,082**
Liabilities					
Total non-current liabilities	**59,289**	**–**	**–**	**–**	**59,289**
Total current liabilities	**69,430**	**(4,610)**	**–**	**(18,499)**	**46,321**
Total liabilities	**128,719**	**(4,610)**	**–**	**(18,499)**	**105,610**
Total assets less total liabilities	**7,877**	**–**	**70,595**	**–**	**78,472**
Equity					
Total equity attributable to equity holders of the Company	**7,877**	**–**	**70,595**	**–**	**78,472**

+ 2.93 MMSCFGD (4,000 BOEPD) from the main basal sandstone package substantially exceeded the pre-drill expectations. A subsequent flow test of an upper gas interval was also above expectations. Now post-drilling, follow up evaluations are being carried out to assess its true potential and define the programme to move forward to commercialisation. This post-well analysis and data assimilation, including seismic inversion, revised mapping and updating of in place resource figures and recoverable reserves, is being carried out over the next few months.

Separately, we and our partners continue all the necessary preparatory works (equipment procurement, planning etc) on the balance of our multi-basin, multi-well drilling programme where a further five wells are planned over the coming 18 months or so, with two other appraisal projects (Spanish Point and Dragon) and three exploration prospects (Dunquin, Dalkey Island and Rathlin). Importantly, we are carrying out this programme with an array of partner companies, who not only bring financial assistance, but also technical capabilities to assist with this extensive programme. This year, we welcomed major new partners Repsol and First Oil Expro. They join our existing group of co-venturers offshore Ireland, including ExxonMobil, ENI, Petronas, Chrysaor, Nautical, Sosina, Lansdowne and Atlantic Petroleum.

Onshore UK, the Company has also remained focused on pushing recovery and production rates at the Singleton oil field, onshore UK. The year saw the successful completion of the X-11 well and the commencement of drilling of the X-12 well, where operations continue. In the year, production increased to 196,661 BO (2010: 185,151 BO) — these production levels would have been higher but for interruptions due to the drilling of the two new wells (X-11 and X-8v) in Q1 and the commencement of drilling operations on the X-12 well in Q4. The X-12 drilling programme is expected to complete later this summer and when completed, it should be the longest well drilled at Singleton (circa 16,000 feet) and as a multi-lateral well, it should increase reservoir exposure at the field by some 50%. The overall target for increased production to 1,500 BOEPD remains on plan over the next year through various initiatives, including planned production from the X-12 well, other well stimulations and the installation of generators to monetise flared gas.

The focus for 2012 and beyond is to continue to turn the drill bit on our extensive portfolio of production, appraisal and exploration assets in Ireland and the United Kingdom. The aim is to advance proven discoveries to project sanction whilst proving up new exploration opportunities – both in terms of individual assets and entire new basins. As our recent success at Barryroe demonstrates, advances in technology, infrastructure and commodity pricing have combined to present a truly unique opportunity to test the commercial potential of a number of these Irish assets. Simultaneously, the field redevelopment programme at Singleton, onshore UK, allows the Company to continue to access higher production rates and larger reserves.

On behalf of our colleagues on the board, we wish to express our thanks to the management, staff and consultants who have worked so diligently over the past year. We look forward to updating shareholders further on our progress at our Annual General Meeting in June.

Dr. Brian Hillery
Chairman

Tony O'Reilly
Chief Executive

Our Business

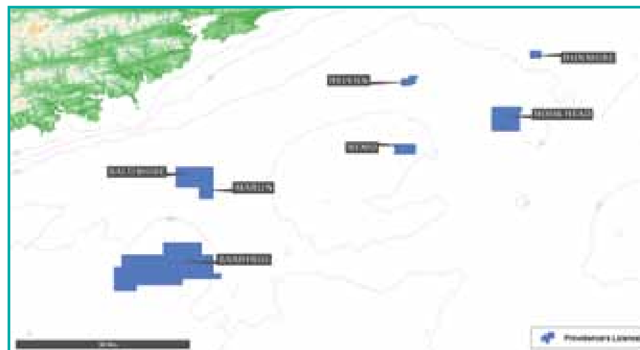
Appraisal – Celtic Sea Basin

Barryroe (80.0% interest)
Barryroe is located in c.100 metre water depth, c.50 kilometres offshore Ireland in Standard Exploration Licence (SEL) 1/11 in the North Celtic Sea Basin. In December 2010, the Company completed an agreement with Lansdowne Oil & Gas which saw Providence increase its equity to 50.0% (from 30.0%) and assume operatorship of the Barryroe oil discovery. Barryroe had been successfully tested at flow rates of between 1,300 and 1,600 BOPD, from three exploration and appraisal wells that were drilled in the 1970s and 1990s. A further two wells drilled on the structure were logged as hydrocarbon bearing. An audit carried out by RPS Energy for Lansdowne in 2010 indicated P50 and P10 STOIIP estimates for Barryroe of 373 MMBO and 893 MMBO, respectively. The corresponding 2C and 3C recoverable contingent resources were 59 MMBO and 144 MMBO, respectively.

Shell MOU
In January 2011, the Company signed a Memorandum of Understanding (MOU) with Shell International Trading and Shipping Company Limited which relates to future potential oil production from its Barryroe and Hook Head oil discoveries. Under this MOU, the companies have committed to work together to execute an oil off-take sale and purchase agreement for the Barryroe and Hook Head oil discoveries. In addition, Shell will also carry out a market analysis on how best to market the oil from these fields. Samples of recently acquired Barryroe crude have been sent to Shell for analysis.

Seismic Acquisition
In June 2011, the Company carried out a 3D seismic acquisition project at Barryroe covering some 240 sq km. This seismic was subsequently sent for fast track processing with the final product being delivered in November 2011 prior to the commencement of appraisal drilling operations.

Increase in Equity Ownership to 80.0%
In December 2011, the Company increased its equity ownership to 80% (from 50.0%) following a deal with San Leon Energy Plc. Under the terms of the agreement, Providence assumed San Leon's 30% working interest in the SEL 1/11, and in exchange, San Leon will be entitled to receive a 4.5% NPI ("Net Profit Interest") in the Licence.



Barryroe Appraisal Well – 48/24-10z – Oil Test
The Company spudded the Barryroe appraisal well in November 2011 with operations carrying on through to March 2012. On March 15 2012, the partners announced that a 24' thick net pay interval in the oil bearing basal Wealden sandstone section had been successfully perforated as the first phase of the well testing programme. Stabilized flow rates of 3,514 BOPD & 2.93 MMSCFGD (4,000 BOEPD) were achieved through a 68/64" choke with a well head pressure of 517 PSIA without the use of artificial lift. The well was tested using vacuum insulated tubing over just the upper c.2,600' of the total c.7,400' test string length due to equipment availability constraints. As expected, laboratory reservoir fluid analysis confirmed that the oil is light with a gravity of 42° API and a wax content of 20%. The oil is highly mobile, with a much better than expected in-situ reservoir viscosity of 0.68 centipoises and a gas-oil ratio of c.800 SCF/STB.

Barryroe Appraisal Well – 48/24-10z – Upper Gas Bearing Interval Test
Following the successful testing of the lower basal 24' net oil bearing interval, an additional 17' thick net gas bearing section was perforated to test the potential of the upper part of the basal Wealden sandstone section. The surface test spread equipment was optimized for the lower oil zone test and was therefore equipment constrained on this gas zone test, which achieved highly productive comingled flow rates of 7 MMSCFGD & 1,300 BOPD (2,466 BOEPD) through a restricted 36/64" choke, with a flowing well head pressure of c.1,700 psia. The productivity of the gas bearing interval far exceeded expectations and thereby constrained the ability to fully open the well up to its maximum potential flow rate. Preliminary modeling indicates that the gas zone has an absolute open flow (AOF) potential of 23 MMSCFGD (3,833 BOEPD). Following this test, well suspension operations were undertaken and the rig was subsequently demobilized to the UK.

Seismic Inversion
The acquired wire-line log data from the 48/24-10z well has now been used to evaluate the potential to directly map the hydrocarbon bearing basal reservoir sands at Barryroe. Geokinetics, a US based seismic processing company, has carried out an evaluation of the seismic response of the main basal hydrocarbon bearing reservoir interval and this modeling has confirmed that the basal reservoir sandstone package has a defined seismic response which can be detected clearly within the inverted 3D seismic volume. A preliminary review of the inverted 3D seismic volume indicates that the reservoir sequence is widely developed in the Barryroe area. Detailed interpretation of the inverted seismic data has now commenced and will be used to better define the static oil in place estimates for the Barryroe accumulation, which are expected to be published later this summer.

Appraisal – Celtic Sea Basin continued

Barryroe – Next Steps

Having now completed data acquisition activities, the Barryroe programme has moved to data assimilation and integration. In addition to seismic inversion and geological mapping of the structure, the partners will update oil in place figures and will subsequently upgrade recoverable reserves. Fluid sample assay results will be responded to by our marketing partner and additional field development modelling will be carried out, including horizontal well planning. Information from this work will be provided to the market on a regular basis over the coming months. All of this data will then ultimately be incorporated in an updated field development plan, which will be the subject of a new Competent Person's Report that is expected to be published in Q4 2012.

Hook Head (72.5% interest)

Hook Head is an appraisal project located offshore Wexford in SEL 2/07. The Hook Head structure is a large mid-basinal anticline where four wells have been drilled to date, all of which encountered hydrocarbon bearing sands. Two of these wells were drilled by Providence in 2007/08 and oil and gas was encountered in both, although operational constraints resulted in limited test data. Further evaluation of the field suggests that the majority of the resource (estimated c.120 MMBO) lies in the central part of the structure, with the North and South flanks providing additional potential incremental resources for any future development in the area.

Baltimore (60.0% interest)

The Company has held Licensing Option 10/1 over the Baltimore heavy oil discovery located in block 48/19(p) since February 2010. The 48/19-2 discovery well is situated some c.30 kilometres off the south coast of Ireland. Discovered in 1992, this c.11° API heavy oil accumulation is estimated to have an in-place resource potential of up to c.300 MMBO.

Nemo (54.4% interest)

During 2010, the Company carried out a resource assessment of the heavy oil potential, referred to as Nemo, underlying the Ardmore gas field (which contains an estimated 30 BCF) which is also located in SEL 2/07. This work indicated an in-place resource potential of up to c.230 MMBO of c.16° API oil. The Company agreed a two step farm out with Nautical Petroleum ("Nautical"), where Nautical carried out a focused work programme on the development feasibility of Nemo in return for 25% equity in the field. Nautical has an option to increase its stake in the field to 65%, and take-over operatorship, should it elect to drill an appraisal well on Nemo.

Helvick (62.5% interest)

During 2010, the Company announced that it had entered into a conditional agreement to assess the development feasibility of using unmanned production buoys on the Helvick Field, which is located in SEL 2/07. This is one of a number of third party assessments being carried out on low cost development options. In December 2010, the Company assigned a 10% non-operated interest in Helvick to Lansdowne Oil and Gas plc. In February 2011, Lansdowne issued an independent reserve update on several of their assets. In this report, they stated that under the current conditions of high oil prices, commercial production at Helvick (3 MMBO Gross, 1.875 MMBO net 2C Contingent Resources) could be achieved and, as a result, first oil could potentially be achieved within two years of project sanction.

Marlin (60.0% interest)

As part of Nautical's study on Baltimore (detailed above), Licensing Option 10/1 and the surrounding area were mapped using available seismic data. This work revealed the previously unknown Marlin gas exploration prospect, which is located c.10 km NW of the producing Kinsale Head gas field. This structure, which is the same age as the primary producing reservoirs at the Kinsale Head gas field, has been mapped to extend beyond the current Option area. Accordingly, the Baltimore partners increased the area covered by the Option to include the mapped extension of the Marlin prospect into open acreage. Geological modelling of the prospect suggests that it is likely to be gas charged with a total in place prospective resource potential of up to c.74 BSCF.

Our Business

Appraisal – St George's Channel Basin

Dragon (100.0% interest)

The Dragon gas discovery is situated in c.100m water depth in the St George's Channel Basin, in between Ireland and Wales. The 103/1-1 discovery well was drilled in 1994 by Marathon Oil and flowed c.22 MMSCFGD & 120 BOPD from sands of Upper Jurassic age. Dragon is partially located in Standard Exploration Licence (SEL) 1/07 on the Irish side of the St George's Channel Basin and in block 103/1 on the UK side. Providence licenced 100.0% of SEL 1/07 in 2007 and in January 2012, it was offered Block 103/1 by the UK Government's Department of Energy & Climate Change (DECC) following an out of round application by PR Singleton Limited (Operator, 50%) and Star Energy Oil & Gas Ltd (50%)

Previous work on Dragon had suggested in place resources of up to c.100 BSCF with a c.25:75 split between Ireland and the UK. A new study was carried out by IKON Geoscience, and this involved the modeling of historical well and seismic data using the latest available technology. This study determined that the presence of the Dragon gas bearing reservoir sands may be directly detectable from the 3D seismic data. Revised mapping, using these inverted seismic data, indicates that the Dragon gas field may extend further into Irish territorial waters than had been previously been mapped, with a larger potential resource base of up to c.300 BSCF and a c.75:25 resource split between Ireland and the UK. Additional reprocessing of the 3D seismic data has now commenced as part of the planning of an appraisal well to be drilled in late 2012. A formal farm out campaign is currently being undertaken on the St George's Channel area.

Pegasus (100.0% interest)

The Pegasus gas exploration prospect is located north-west of the Dragon gas field in the St George's Channel, with estimated prospective resource potential of c.300 BSCF.

Orpheus (100.0% interest)

The Orpheus gas exploration prospect lies beneath the Dragon gas field, which straddles the Irish/UK Median Line. It is planned that the deeper Orpheus prospect, which has an estimated prospective resource potential of c.290 BSCF, would be drilled as part of any appraisal programme of the Dragon Field.

Appraisal – Porcupine Basin

Spanish Point (32.0% interest)
Providence first licensed Spanish Point area (FEL 2/04) in 2004 taking an 80.0% interest and operatorship along with partner, Sosina (20.0%). In 2008, Chrysaor farmed in for an initial 30.0% interest by agreeing to carry out various works, including 3 D seismic acquisition. In 2009, a c.300 sq km 3D seismic survey was acquired over FEL 2/04, which contains the Spanish Point gas discovery and the adjacent Burren oil discovery. The partners subsequently licensed adjacent blocks under FEL 4/08 in 2008.

The Spanish Point gas condensate accumulation was discovered in 1981 by Phillips Petroleum and a consortium which included Atlantic Resources Plc, (a Providence predecessor company). The discovery well (35/8-2) flowed c.1,000 BOPD and c.5 MMSCFGPD (cumulatively 1,800 BOEPD) from one of four Upper Jurassic reservoir intervals within an overall c.1,400 ft thick gross hydrocarbon bearing section. Due to a combination of low commodity prices, high cost of development and lack of an indigenous gas market and infrastructure in the early 1980's, the project was not declared commercial at that time.

The Burren oil discovery well was drilled in 1978 by a group led by Phillips Petroleum. The discovery well (35/8-1) flowed c.730 BOPD of high quality 34° API from one of two Lower Cretaceous sands within a gross c.400˝ hydrocarbon bearing interval. The original Jurassic target for the well was never penetrated due to increased down-hole pressures and drilling was terminated at the top of the Jurassic.

Independent CPR over FEL 2/04 and FEL 4/08
In April 2011, the partners released a Competent Persons Report (CPR) on the resource potential of FEL 2/04 and FEL 4/08. This study independently assessed gross un-risked recoverable prospective resources of up to c.750 MMBOE in FEL 2/04 and FEL 4/08. This resource potential covers a number of prospects in addition to Spanish Point (up to 200 MMBOE REC) and Burren (up to c.66 MMBO REC). Prospect targets identified in FEL 4/08 and FEL 2/04 include Wilde, Beehan, Costello, Shaw, Rusheen, Synge, and Cama.

Chrysaor Exercises Option
In March 2011, Chrysaor exercised its option to drill up to two appraisal wells on the Spanish Point discovery. In return for committing to this work, Chrysaor doubles its equity participation in FELs 2/04 and 4/08 from 30% to 60% and will assume the drilling management role for the Spanish Point programme. As a result, Providence's equity moves from 56.0% to 32.0%. As part of the option, there is a financial cap of $20 million on Providence's financial exposure to the drilling costs. The partnership have identified the appraisal well location at Spanish Point and planning has commenced for drilling, including the sourcing of a suitable rig for the planned Q2/Q3 2013 drilling.

Galleon Survey
In July 2011, the Company, on behalf of its partners Chrysaor and Sosina, acquired a c.220 km^2 survey over acreage adjacent to the Spanish Point licence. Processing of this seismic data is ongoing and will be completed later this summer.

Our Business

Exploration – Kish Bank Basin

Dalkey Island (50.0% interest)

In 2010, the Company identified the Lower Triassic Dalkey Island prospect, offshore Dublin, as a significant undrilled oil exploration prospect with an in-place prospective resource potential of c.870 MMBO. Providence operates the prospect on behalf of its partner, Petronas. Similarly aged oil productive reservoirs have been discovered in the Liverpool Bay area of the East Irish Sea Basin, offshore UK. Oil source rock has been identified in the basin and the Company has started planning operations, including a requisite foreshore licence application, for the drilling of a well later this year.

Ulysses Project

The ULYSSES Project, which commenced in 2008, was a study to assess the natural gas storage and carbon sequestration potential of the Kish Bank Basin, offshore Dublin. The initial phase of this study, carried out by AMEC plc, which included planning, capacity modelling, infrastructural integration and gas sourcing, was completed in 2011 and has confirmed that the construction of an offshore natural gas salt cavern storage facility at the ULYSSES location is both economically and technically feasible. A number of scenarios have been developed which have an associated range in capacity, off-take export rates and capital expenditure. Detailed technical data relating to the subsurface geology, which will be acquired through the drilling of the Dalkey Island exploration prospect, will also assist with the advancement of this project.

Exploration – South Porcupine Basin

Dunquin (16.0% interest)

The Dunquin exploration prospect is located in the South Porcupine Basin. The prospect is operated by ExxonMobil Exploration and Production (Offshore) Ireland Limited and has associated P50 & P10 prospective recoverable resources of c.1.7 BBOE & c.3.7 BBOE, respectively. In August 2009, the Company confirmed that ExxonMobil, on behalf of the Dunquin partners, had notified the Irish Department of Communications, Energy and Natural Resources that it had elected to enter the second phase of the licence, which carries a firm well commitment within the Dunquin licence area. In 2010, a pre-drill site survey was successfully concluded and in September 2011, the multi-national Spanish headquartered oil company Respol farmed in to 25.0% of the prospect. The resultant equity holdings are ExxonMobil (operator, 27.5%), ENI (27.5%), Repsol (25.0%), Providence (16.0%) and Sosina (4.0%). As announced in February 2012, the co-venturers have commenced well activities for the planned drilling in Q2 2013. Additional basin exploration targets include LO 11/9, Drombeg (80.0% Interest) and FEL 1/99, Cuchulain (3.2% Interest).

Exploration – Rathlin Basin

Rathlin (100.0% Interest)

In October 2010, the Company was awarded a petroleum exploration licence over Rathlin Island, Northern Ireland for an initial licence term of five years with a decision on a well commitment required within three years. In January 2011, under the second tranche of awards under the UK's 26th seaward oil and gas licensing round, the Company was awarded 6 offshore blocks. The initial licence phase is for six years with a well required to be drilled within this term in order to move to the next phase. Providence has committed to carry out a number of technical studies on the hydrocarbon exploration potential within the licence area. Providence operates the licence with a 100% equity interest and has planned for an exploration well to be drilled in late 2013.

Exploration – Goban Spur Basin

Licensing Option 11/11 (40.0% Interest)
In October 2011, under the Irish Atlantic Margin Licensing Round, the Company was awarded Licensing Option 11/11 in the Goban Spur Basin located in c.1,000 metre water depth, located c.250 km off the south-west coast of Ireland in c.1,000 metre water depth. Partners include Repsol (40%) and Sosina (20%)

Newgrange (40.0% Interest)
The Newgrange prospect is located in Licensing Option 11/11. The prospect comprises a large four way dip closed anticline which extends over a c.1,000 sq km area. Nearby well control suggests the potential for excellent carbonate reservoir development with the most recent volumetric analysis indicating a mean gas in place prospective resource potential of 14 TSCF. In March 2012, Repsol assumed the role of Operator for LO 11/11. This change of operatorship is in recognition of Repsol's extensive deepwater drilling expertise together with its recent significant successes in carbonate exploration elsewhere in the Atlantic Basins.

Exploration – Slyne Basin

Licensing Option 11/12 (66.6% Interest)
In October 2011, under the Irish Atlantic Margin Licensing Round, the Company was awarded Licensing Option 11/12 in the Slyne Basin, located in c.300 metre water depth c.70 km off the west coast of Ireland. The initial technical evaluation of LO 11/12 has revealed the presence of the "Kylemore" and "Shannon" prospects which are similar in age to the nearby Corrib gas field ("Corrib"). Providence (66.66%) operates LO 11/12 on behalf of its partner First Oil Expro Limited (33.33%).

Kylemore (66.6% Interest)
The Kylemore prospect lies c.20 km south-west of Corrib and is interpreted as a mid-basinal inverted four way dip-closed anticline based on a combination of 2D and 3D seismic data. The most recent mapping of the Kylemore prospect indicates that structurally it is directly analogous to the Corrib. Volumetric analysis, based on available Kylemore prospect maps, indicates a potential gas in place of up to c.228 BSCF.

Shannon (66.6% Interest)
The Shannon structure, which is fully covered by 3D seismic data, is situated c.10 km south-west of Corrib. Enterprise Oil (now part of Shell) drilled the 18/25-2 exploration well on the Shannon prospect in 1999; however, the Corrib reservoir was not encountered. Enterprise subsequently interpreted the reservoir to be faulted out at the well location. As Enterprise's pre-drill map demonstrate a significant structural closure covering c.23 sq km (the 1 TSCF Corrib Field covers c.15 sq km), the LO 11/12 partners believe that Shannon warrants a complete re-evaluation in the context of any remaining resource potential.

Our Business

Production – Weald Basin, Onshore UK

Singleton (100.0% interest)

The Singleton oil field is located in the Weald Basin, West Sussex, southern England. Since production commenced in 1986, the field has produced c.4.3 MMBO from an oil in-place resource of up to c.107 MMBO. Having held a 20% stake since the field started operating in the early 1990's, the Company increased its equity to 99.125% in November 2007. During early 2012, the Company agreed to acquire the remaining 0.875% interest in Singleton from Noble, taking its beneficial ownership to 100.0%.

During 2011, daily oil production averaged 539 BOPD (versus 507 in 2010). Production rates in the first half were interrupted by the conclusion of drilling operations on site to bring the new X11 well on stream, which commenced production in April 2011 at an initial rate of c.200 BOEPD (c.150 BOPD & c.300 MSCFGD), which was in-line with pre-drill expectations. The X-8v well encountered down-hole mechanical issues, which meant that it had to be shut, thereby in shutting in approximately 100 BOEPD. A remedial work-over of X8x is planned in the future. In Q4 2011, production was again impacted by drilling operations to allow the set up and commencement of drilling of the X-12 well, where drilling continues today. On a BOEPD basis, which includes associated gas production, average 2011 field production amounted to some 800 BOEPD. Current daily production rates are approximately 750 BOEPD against a normalised production rate of 900 BOEPD, with production rates down due to ongoing drilling activities at X-12.

Forward Programme

In late 2011, the Company commenced the next phase of its field development drilling programme with the drilling of the X-12 well. Completion of this well, which commenced drilling operations in December, has been delayed due to technical and operational issues. Completion of drilling activities is now expected in late June with commissioning taking place immediately thereafter. The X-12 well represents the longest well drilled at Singleton (circa 16,000 feet) and, as a multi-lateral well, should increase reservoir exposure at the field by some 50%. Production guidance for this new well is estimated at up to 500 BOEPD.

The investment programme also includes ongoing work on the GTW (Gas to Wire) programme, combined with regular well optimisation through acid stimulation and work-overs which are expected to commence in the second half of 2012. These activities are planned to deliver a combined incremental c.200 BOEPD by mid 2013.

Appointment at P.R. Singleton Limited

As part of its core strategy to expand its operations in the UK, in January 2012, the Company appointed Chris Beard (MEng BSc (Hons) CEng MIET) as Managing Director, P.R. Singleton Limited, which oversees the Company's UK operations. Chris joined Providence from BP with whom he worked for almost 25 years in a variety of different roles in both the upstream and downstream businesses, most recently in the role of the Onshore Site Manager at Wytch Farm oilfield in Dorset, the largest onshore oilfield in Western Europe. Chris will also look at development options for Baxter's Copse as well as other onshore UK opportunities that may arise.

Baxter's Copse, PEDL 233, Onshore UK (50.0% interest)

The Company and Northern Petroleum Plc are partners in licence PEDL 223, which is adjacent to Singleton. A number of exploration and development opportunities have been identified within the block, principally the Baxter's Copse oil discovery. An RPS Energy third party reserve audit attributes 2P and 3P gross undeveloped reserves of 2.7 MMBO and 7.5 MMBO, respectively, net to Providence.

Board of Directors

Dr. Brian Hillery *B. Comm., MBA, Ph.D* Chairman

Brian Hillery has served as Chairman of Providence since the incorporation of the Company. He is currently a member of the National Pensions Reserve Fund Commission. A former Professor at the Graduate School of Business, University College Dublin, he has also served as a member of the Irish Parliament as a TD and Senator (1977–1994). He was an Executive Director of the European Bank for Reconstruction and Development (EBRD) London (1994–1997) and was Non-Executive Chairman of both UniCredit Bank Ireland PLC (1999-2008) and Independent News and Media plc (2004–2011).

Tony O'Reilly *B.A.* Chief Executive

Tony O'Reilly has been Chief Executive of Providence Resources P.l.c. since 2005, having founded the Company in 1997 and he has served as a Director since its incorporation. He has previously worked in mergers and acquisitions at Dillon Read and in corporate finance at Coopers and Lybrand, advising natural resource companies. He served as Chairman of Arcon International Resources P.l.c. (having been Chief Executive from 1996 to 2000) until April 2005 when Arcon merged with Lundin Mining Corporation.

John O'Sullivan *M.Sc., MTM, FGS* Technical Director

John O'Sullivan is a geology graduate of University College, Cork and holds a Masters in Applied Geophysics from the National University of Ireland, Galway. He also holds a Masters in Technology Management from the Smurfit Graduate School of Business at University College, Dublin and is currently completing a dissertation leading to a Ph.D in Geology at Trinity College, Dublin. He is a Fellow of the Geological Society and a member of the Petroleum exploration Society of Great Britain.

Lex Gamble *B.A., MBA* Non-Executive Director

Lex Gamble was appointed as a Non-Executive Director of the Company in August, 2005. Mr. Gamble holds a Bachelor of Arts Degree from the University of Washington, and a Masters Degree from Harvard Business School. He is a Director of Cardiac Insights Inc. and a former director Harris Private Bank NA, Northwestern Trust Co., Keystone Capital Corp., General Nutrition Corp. and Ashford Castle. He has been an investment banker for over 35 years serving as a Managing Director of Smith Barney, Morgan Grenfell and Kidder Peabody. He has provided strategic advice to more than 200 U.S. and international companies, including several in the FTSE 100 and Fortune 500.

James S.D. McCarthy *MBA* Non-Executive Director

James McCarthy was appointed as a Non-Executive Director of the Company in May 2005. Mr McCarthy holds a Bachelor Degree in Civil Law, an MBA from the University of Pittsburgh and is a qualified solicitor. He is Chief Executive of Nissan Ireland Ltd and a Director of Corporate Finance Ireland Limited, Windsor Motors Limited and Rockall Technologies Limited and a number of other companies. Mr McCarthy is a former Director of ARCON International Resources P.l.c

Dr. Phillip Nolan *B.Sc., Ph.D* Non-Executive Director

Philip Nolan became a Non-Executive Director of the Company in May 2004. Dr. Nolan was CEO of eircom Plc from 2002 to 2006. He is currently Chairman of J Laing PLC. He is also a Non-Executive Director of the Ulster Bank Group and a former Director of De La Rue PLC. He is Chairman of the Irish Management Institute and is a member of the board of the Ireland Fund. Dr. Nolan, graduated from Queen's University in Belfast with a BSc and a Ph.D in geology and has an MBA from the London Business School.

Phillip O'Quigley *B. Comm. FCA* Non-Executive Director

Philip O'Quigley was Finance Director of Providence Resources from June 2008 until his appointment as Chief Executive Officer of Falcon Oil & Gas in May 2012. Philip continues to serve the company in his capacity as non-executive director. Philip has over 20 years' experience in finance positions in the oil and gas industry. His career spans a number of London and Dublin listed resources companies. Philip is a fellow of the Institute of Chartered Accountants in Ireland and qualified as a Chartered Accountant with Ernst & Young in Dublin.

Our Governance

Providence sponsors Irish Olympic Sailing Team

In May 2012, the Irish Sailing Association (ISA) announced that Providence would sponsor the Irish Olympic Sailing Team.

The sponsorship programme will enable the team to undertake world class preparations in advance of London 2012 and beyond.

The Irish Olympic Sailing Team are considered “Genuine Prospects” for a medal in the London 2012 Games. Providence has also identified “Genuine Prospects” offshore Ireland, with a multi-basin drilling campaign under way. The sponsorship deal also includes support for the Irish Paralympic team in their games which immediately follow the London Olympics.

The ISA Olympic Sailing Team members include:

Annalise Murphy (Laser Radial)

Peter O’Leary and David Burrows (Start)

James Espey (Laser)

Ryan Seaton and Matt McGovern (49er)

Ger Owens and Scott Flanigan (470)

The ISA Paralympic Squad includes:

John Twomey, Anthony Hegarty and Ian Costello (Sonar)

Directors' Report

The Directors submit their annual report together with the audited financial statements of Providence Resources P.l.c. ("the Company") and its subsidiaries (together "Providence" or the "Group") for the year ended 31 December 2011.

Principal Activities, Business Review and Future Developments

Information with respect to the Group's principal activities and the review of the business and future developments as required by the Companies (Amendment) Act, 1986 is contained in the Chairman's/Chief Executive's Statement and the Operational Review on pages 4 to 12. During the period under review, the principal focus of management has been on the Group's hydrocarbon interests offshore Ireland in the Celtic Sea, Porcupine Basin, Irish Sea and on the Group's producing interest in the onshore UK Singleton oil field.

Results for the Year and State of Affairs at 31 December 2011

The consolidated Income Statement for the year ended 31 December 2011 and the consolidated Statement of Financial Position at that date are set out on pages 21 and 23. The loss for the year amounted to €13.94 million and net assets at 31 December 2011 were €7.88 million.

No dividends or transfers to reserves are recommended by the Directors.

Important Events since the Year End

The Company completed the drilling of the Barryroe prospect off the south coast of Ireland and tested c.4,000 BOEPD. The Company also placed 13,148,930 new ordinary shares with selected institutions at a price of £4.80 per share, raising €75.9 million before expenses.

Directors

Dr Brian Hillery and Mr Philip O'Quigley both retire from the board by rotation and, being eligible, offer themselves for re-election. Mr O'Quigley has resigned his position as Finance Director but will continue to serve as a Non-Executive Director (if re-elected).

Tony O'Reilly, Chief Executive, has a service contract effective from September 2011 with the Company in respect of services outside of the Republic of Ireland through a company beneficially owned by him, Kildare Consulting Limited. The above mentioned contract is of two years duration and is subject to one year's notice period. The emoluments and fees payable under the above mentioned contract amounted to €451,950 for 2011 (see Note 9 and Note 28 (Related Party Transactions)).

Other than the above there have been no contracts or arrangements during the financial year in which a Director of the Company was materially interested and which was significant in relation to the Company's business.

Directors' and Secretary's Shareholdings and Other Interests

The interests of the Directors, the Secretary and their spouses and minor children in the share capital of the Company, all of which were beneficially held, were as follows.

	Number of Ordinary Shares		
	31 Dec 2010	31 Dec 2011	21 May 2012
Directors			
Dr. Brian Hillery	14,060	14,060	14,060
Philip O'Quigley	5,000	5,000	5,000
Tony O'Reilly	112,470	112,470	112,470
Dr. Philip Nolan	30,000	30,000	30,000
James S. D. McCarthy	10,000	10,000	10,000
Lex Gamble	100,000	100,000	100,000
John O'Sullivan	10,110	10,110	10,110
Secretary			
Michael Graham	5,250	5,250	5,250

Our Governance

Directors' Report continued

Details of outstanding options are as follows:

	At 31 December 2010	At 31 December 2011	Price (Euro)	Expiry Date
Directors				
Dr. Brian Hillery	102,694	102,694	1.46	Aug 2013
	51,347	51,347	2.73	Nov 2013
	25,000	25,000	4.50	Jul 2012
	10,000	10,000	6.75	May 2014
Philip O'Quigley	50,000	50,000	9.79	Jun 2015
	150,000	150,000	3.80	Jun 2016
	70,000	70,000	2.95	Dec 2017
Tony O'Reilly	50,000	50,000	5.00	Jun 2014
	100,000	100,000	4.50	Jul 2012
	100,000	100,000	6.93	May 2013
	100,000	100,000	6.75	May 2014
	70,000	70,000	2.95	Dec 2017
Dr. Philip Nolan	25,000	25,000	5.00	Jun 2014
	10,000	10,000	6.93	May 2013
	10,000	10,000	6.75	May 2014
James SD McCarthy	50,000	50,000	4.50	Jul 2012
	10,000	10,000	6.75	May 2014
Lex Gamble	10,000	10,000	6.93	May 2013
	10,000	10,000	6.75	May 2014
John O'Sullivan	20,538	20,538	1.27	Aug 2013
	10,000	10,000	5.00	Jun 2014
	80,000	80,000	3.78	May 2012
	75,000	75,000	6.93	May 2013
	60,000	60,000	6.75	May 2014
	70,000	70,000	2.95	Dec 2017
Secretary				
Michael Graham	10,269	10,269	1.46	Aug 2013
	5,000	5,000	5.00	Jun 2014
	15,000	15,000	4.50	Jul 2012
	20,000	20,000	6.93	May 2013
	20,000	20,000	6.75	May 2014
	25,000	25,000	3.80	Jun 2016
	40,000	40,000	2.95	Dec 2017

Based on the closing share price on 31 December 2011, options over 274,848 of the above shares were capable of being exercised. No options were granted during the year 2011. The market price of the ordinary shares at 31 December 2011 was €2.47 and the range during the financial year was €1.75 to €.3.65

Subsidiary Companies

The information required by Section 158(4) of the Companies Act 1963 on subsidiary companies is contained in the information provided in respect of these companies as set out in note 4 to the Company financial statements.

Special Business

Shareholders are being asked to grant authority to the Directors, until the earlier of the next Annual General Meeting or 26 September 2013 to disapply statutory pre-emption rights in relation to the issue of securities (as defined by the Companies (Amendment) Act 1983) by way of rights issue, open offer or otherwise to shareholders and subject to such exclusions and other arrangements deemed necessary to deal with any legal or practical problems; pursuant to the Company's Share option Schemes, and or for any other issue of equity securities for cash up to a maximum aggregate nominal value of €643,576 corresponding to 10% of the nominal value of the Company's issued ordinary share capital at the date of passing of Resolution number 5.

The Directors are of the opinion that the above proposal is in the best interest of shareholders and unanimously recommend to you to vote in favour of the resolution as they intend to do in respect of their own beneficial holdings.

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the consolidated company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare consolidated and company financial statements for each financial year. Under that law and in accordance with ESM rules the Directors are required to prepare the consolidated financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the company financial statements in accordance with generally accepted accounting practice in Ireland, comprising applicable law and the financial reporting standards issued by the Accounting Standards Board in the UK and promulgated by the Institute of Chartered Accountants in Ireland.

The consolidated financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group. The Companies Acts 1963 to 2009 provide, in relation to such financial statements, that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the consolidated and company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the company will continue in business.

Under applicable law, the Directors are also responsible for preparing a Directors' Report.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors have decided to prepare, voluntarily, a Corporate Governance Statement as if the Company were required to prepare such a statement in accordance with the Listing Rules of the Irish Stock Exchange.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going Concern

The Directors have reviewed budgets, projected cashflows (including the share placing in 2012), the current status of arrangements with the Group's bankers and other relevant information, and on the basis of this review, are confident that the Group has adequate financial resources to continue in operational existence for the foreseeable future. Consequently the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Corporate Governance

The Company is committed to high standards of corporate governance. Although the Company, as an ESM and AIM quoted Company, is not required to comply with the Revised Combined Code ("The Code") on Corporate Governance, the Directors support high standards of corporate governance and, in so far as is practical given the Company's size, have implemented the following corporate governance provisions for the year ended 31 December 2011.

The Board

The board is currently made up of two Executive and five Non-Executive Directors. Biographies of each of the Directors are set out on page 13.

All the Directors bring independent judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experience in the industry.

The board agrees a schedule of regular meetings to be held in each calendar year and also meets on other occasions as necessary. Meetings are held at the head office in Dublin. The board met formally on 19 occasions during 2011. An agenda and supporting documentation was circulated in advance of each meeting.

There is an agreed list of matters which the board has formally reserved to itself for decision, such as approval of the Group's commercial strategy, trading and capital budgets, financial statements, board membership, acquisitions and disposals, major capital expenditure, risk management and treasury policies. Responsibility for certain matters is delegated to board Committees.

There is an agreed procedure for Directors to take independent legal advice. The Company Secretary is responsible for ensuring that board procedures are followed, and all Directors have direct access to the Company Secretary.

All Directors receive regular Group management financial statements and reports and full board papers are sent to each Director in sufficient time before board meetings, and any further supporting papers and information are readily available to all Directors on request. The board papers include the minutes of all committees of the board which have been held since the previous board meeting, and the Chairman of each committee is available to give a report on the committee's proceedings at board meetings if appropriate.

Directors' Report continued

The board has a process whereby each year every Director will meet the Chairman to review the conduct of board meetings and the general corporate governance of the Group.

The role of the Chairman (Dr. Brian Hillery) is Non-Executive. The Non-Executive Directors are independent of management and have no material interest or other relationship with the Group. The board has not deemed it necessary to appoint a senior Non-Executive Director. However, this is subject to ongoing review.

Each year one third of the Directors retires from the board by rotation and every Director is subject to this rule. Effectively, therefore, each Director will retire by rotation within each three-year period.

Board Committees

The board has implemented an effective committee structure to assist in the discharge of its responsibilities. The committees and their members are listed inside the back cover of this report. All committees of the board have written terms of reference dealing with their authority and duties. Membership of the Audit and Remuneration Committees is comprised exclusively of Non-Executive Directors. The Company Secretary acts as secretary to each of these committees.

Audit Committee

The Audit Committee reviews the accounting principles, policies and practices adopted in the preparation of the interim and annual financial statements and discusses with the Group's auditors the results and scope of the audit. It also reviews the scope and performance of the Group's internal finance function and the effectiveness and independence of the external auditors. The external auditors are invited to attend the Audit Committee meetings, and the Chief Financial Officer also attends. The external auditors have the opportunity to meet with the members of the Audit Committee alone at least once a year. Mr. James McCarthy is Chairman of the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises 4 Non-Executive Directors chaired by Dr. Brian Hillery.

Emoluments of Executive Directors and senior management are determined by the Remuneration Committee. In the course of each financial year the Remuneration Committee determines basic salaries as well as the parameters for any possible bonus payments.

The Remuneration Committee applies the same philosophy in determining Executive Directors' remuneration as is applied in respect of all employees. The underlying objective is to ensure that individuals are appropriately rewarded relative to their responsibility, experience and value to the Group. The Remuneration Committee is mindful of the need to ensure that, in a competitive environment, the Group can attract, retain and motivate Executives who can perform to the highest levels of expectation.

Annual bonuses, if any, are determined by the Remuneration Committee on the basis of objective assessments based on the Group's performance during the year in terms of key financial indicators, as well as a qualitative assessment of the individual's performance.

Share option schemes were introduced in August 1997 (expired August 2007), May 2005 and June 2009 from which new share options may be offered to employees, Directors and consultants. Options are recommended at a level to attract retain and motivate participants in the competitive environment in which the Group operates. There have been no changes in this policy since the adoption of the first scheme in August 1997. The 1997 Scheme has now expired and no new options may be granted from that scheme.

The Remuneration Committee reviews and assesses proposals to grant share options to participants under the share option scheme. Participation is at the discretion of Directors for eligible participants.

Details of Directors' remuneration for the current period are set out in Note 9 to the financial statements.

Nomination Committee

At present the board does not have a Nomination Committee and the authority to nominate new Directors for appointment therefore vests in the board of Directors. Consideration to setting up a specific Nomination Committee is under continuous review.

Shareholders

There is regular dialogue with institutional shareholders and presentations are made at the time of the release of the annual and interim results.

The Company encourages communication with private shareholders throughout the year and welcomes their participation at general meetings. The Company has a website which is www.providenceresources.com. This website is regularly updated. All board members attend the Annual General Meeting and are available to answer questions. Separate resolutions are proposed on substantially different issues and the agenda of business to be conducted at the Annual General Meeting includes a resolution to receive and consider the Annual Report and Accounts. The Chairman of the board's committees will also be available at the Annual General Meeting. The board regards the Annual General Meeting as a particularly important opportunity for shareholders, Directors and management to meet and exchange views. Notice of the Annual General Meeting together with the Annual Report and accounts is sent to shareholders in accordance with the Articles of Association of the Company and details of the proxy votes for and against each resolution are announced after the result of the hand votes.

Internal Control

The Directors have overall responsibility for the Group's system of internal control to safeguard shareholders' investments and the Group assets and have delegated responsibility for the implementation of this system to executive management. This system includes financial controls which enable the board to meet its responsibilities for the integrity and accuracy of the Group's accounting records.

Following the publication of the Turnbull Report, the board established a process of compliance which involved an expansion of the board's responsibility to maintain, review and report on all internal controls, including financial, operational and compliance risk management.

Among the processes applied in reviewing the effectiveness of the system of internal controls are the following:

- Budgets are prepared for approval by executive management and inclusion in a Group budget approved by the board.
- Expenditure and income are regularly compared to previously approved budgets.
- The board establishes treasury and commodity risk policies as appropriate, for implementation by executive management.
- All commitments for expenditure and payments are compared to previously approved budgets and are subject to approval by personnel designated by the board of Directors or by the board of subsidiary companies.
- Regular management meetings take place to review financial and operational activities.
- Cashflow forecasting is performed on an ongoing basis to ensure efficient use of cash resources.
- Regular financial results are submitted to and reviewed by the board of Directors.
- The Directors, through the Audit Committee, review the effectiveness of the Group's system of internal financial control.

A review of the effectiveness of the system of internal control was carried out during the year 2009. The Directors considered that the procedures necessary to implement the Turnbull guidelines on the Combined Code have been properly established.

The board has considered the requirement for an internal audit function. Based on the scale of the Group's operations and close involvement of the board, the Directors have concluded that an internal audit function is not currently required.

Risk Management

Currency Risk Management

The board reviews its annual euro, sterling and US dollar requirements by reference to bank forecasts and prevailing exchange rates and management is authorised to achieve best available rates in respect of forecast euro requirements.

Commodity Risk Management

In line with most oil and gas exploration companies the Group hedges a certain proportion of production at rates in excess of the current commodity market price. Consideration of further hedging instruments is kept under review.

General Industry Risk

Providence's business may be affected by the general risks associated with all companies in the oil and gas industry. These risks (the list of which is not exhaustive) include: general economic activity, the world oil and gas prices, the marketability of the hydrocarbons produced, action taken by other oil-producing nations and the extent of governmental regulation and taxation.

All drilling to establish productive hydrocarbon reserves is inherently speculative and, therefore, a considerable amount of professional judgement is involved in the selection of any prospect for drilling. In addition, even when drilling successfully encounters oil and gas and a well is completed as a producing oil or gas well, unforeseeable operating problems or climatic conditions may arise which render it uneconomical to produce such oil and natural gas.

Estimates of potential reserves include a substantial proportion which are undeveloped. These reserves require further capital expenditure in order to bring them into production. No guarantee can be given as to the success of drilling programmes in which the Group has interests.

The Group can operate in different political jurisdictions where there could be risks pertaining to local regulations, war or nationalisation of reserves.

Substantial Shareholdings

So far as the board is aware, no person or company, other than those mentioned below, held 3% or more of the Ordinary share capital of the Company at 21 May 2012.

Shareholder	Number of Shares	%
Sir Anthony O'Reilly	9,961,720	15.48%
BlackRock Investment Management (UK) Limited	8,440,775	13.12%
JP Morgan Asset Management UK limited	5,821,270	9.05%
Henderson Global Investors Limited	2,500,000	3.88%

Political Donations

There were no political donations during the year (2010: Nil).

Books and Accounting Records

The Directors are responsible for ensuring proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the Company. The Directors through the use of appropriate procedures and systems and the employment of competent persons have ensured that measures are in place to secure compliance with these requirements. These books and accounting records are maintained at the Company's business address, Airfield House, Airfield Park, Donnybrook, Dublin 4.

Auditors

KPMG have indicated their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963. Shareholders will be asked to authorise the Directors to fix their remuneration.

On behalf of the Directors

Dr. Brian Hillery
Chairman

Tony O'Reilly
Chief Executive

21 May 2012

Independent Auditors' report to the members of Providence Resources P.l.c.

We have audited the consolidated and company financial statements ("financial statements") of Providence Resources P.l.c. for the year ended 31 December 2011 which comprise the consolidated Income Statement, the consolidated Statement of Comprehensive Income, the consolidated Statement of Financial Position and company Balance Sheet, the consolidated Statement of Changes in Equity, the consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor
The Statement of Directors' Responsibilities on page 17 sets out the Directors' responsibilities for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the Company financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the consolidated financial statements give a true and fair view in accordance with IFRSs as adopted by the EU, and have been properly prepared in accordance with the Companies Acts 1963 to 2009, and whether, in addition, the Company financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland and have been properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you our opinion as to: whether proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the Company balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law or the Listing Rules of AIM/ESM regarding Directors' remuneration and Directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Chairman's and Chief Executive's statement and operational review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2011 and of its loss for the year then ended;
- the Company financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs as at 31 December 2011; and
- the Group and Company financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2009.

Emphasis of matter
In forming our opinion, which is not qualified, we have considered the adequacy of disclosures made in Note 12 to the consolidated financial statements (Note 2 to the Company balance sheet) in relation to the Directors' assessment of the carrying value of the Group's exploration and evaluation assets, amounting to €36.2 million, and the Company's oil and gas interests, amounting to €36.2 million. The financial statements do not include adjustments that would result to the financial statements if the Group/Company could not recover the full carrying value of the exploration and evaluation assets.

Other matters
We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion, the information given in the Directors' Report is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 2011 a financial situation which, under Section 40 (1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the parent company.

David Meagher

For and behalf of

Chartered Accountants, Statutory Audit Firm
21 May 2012
1 Stokes Place, St. Stephen's Green
Dublin 2

Consolidated income statement

for the year ended 31 December 2011

	Note	2011 €'000	2010 €'000
Revenue – continuing operations	2	**13,752**	11,080
Cost of sales		**(4,055)**	(4,660)
Gross profit		**9,697**	6,420
Administration expenses	4	**(2,533)**	(3,578)
Pre-licence expenditure		**(117)**	(113)
Impairment of exploration, evaluation and production assets	12,13	**(6,635)**	(1,263)
Loss on disposal of asset	13	**(381)**	–
Operating profit	10	**31**	1,466
Finance income	5	**134**	228
Finance expenses	6	**(5,378)**	(7,659)
Loss before income tax		**(5,213)**	(5,965)
Income tax expense	7	**(4,503)**	(3,841)
Loss for year from continuing operations		**(9,716)**	(9,806)
Discontinued operations			
Loss from discontinued operations (net of income tax)	3	**(4,224)**	(31,795)
Loss for the financial year attributable to equity holders of the Company		**(13,940)**	(41,601)
Loss per share (cent) – continuing operations			
Basic loss per share	11	**(20.78)**	(29.54)
Diluted loss per share	11	**(20.78)**	(29.54)
Loss per share (cent) – discontinued operations			
Basic loss per share	3	**(9.03)**	(96.00)
Diluted loss per share	3	**(9.03)**	(96.00)

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

On behalf of the board

Dr. Brian Hillery
Chairman

Tony O'Reilly
Chief Executive

Our Financials

Consolidated statement of comprehensive income

for the year ended 31 December 2011

	Note	**2011 €'000**	2010 €'000
Loss for the financial year		**(13,940)**	(41,601)
Continuing operations			
Foreign exchange translation differences	6	**(1,533)**	(216)
Net change in fair value of cashflow hedges transferred to income statement	6	**1,342**	(1,539)
Cashflow hedges – net fair value loss	6	**(2,449)**	(2,046)
– related deferred tax	22	**2,057**	918
Total income and expense recognised in other comprehensive income from continuing operations		**(583)**	(2,883)
Total comprehensive expense for the year		**(14,523)**	(44,484)

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

On behalf of the board

Dr. Brian Hillery Chairman

Tony O'Reilly Chief Executive

Consolidated statement of financial position

at 31 December 2011

	Note	**2011 €'000**	2010 €'000
Assets			
Exploration and evaluation assets	12	**36,214**	10,140
Development and production assets	13	**46,159**	57,407
Property, plant and equipment	14	**32**	123
Derivative instruments	25	**5,111**	75
Deferred tax	22	**5,887**	3,408
Total non-current assets		**93,403**	71,153
Trade and other receivables	16	**6,626**	3,568
Derivative instruments	25	**513**	736
Restricted cash	17	**17,491**	2,520
Cash and cash equivalents	17	**18,563**	9,171
		43,193	15,995
Assets classified as held for sale	15	**–**	13,574
Total current assets		**43,193**	29,569
Total assets		**136,596**	100,722
Equity			
Share capital	18	**16,668**	15,058
Capital conversion reserve fund		**623**	623
Share premium	18	**130,548**	86,918
Singleton revaluation reserve		**2,650**	2,919
Convertible bond – equity portion		**2,333**	2,944
Foreign currency translation reserve		**(3,655)**	(2,122)
Share based payment reserve		**4,368**	3,537
Loan warrant reserve		**5,641**	5,641
Cashflow hedge reserve		**(2,305)**	(3,255)
Retained deficit		**(148,994)**	(136,001)
Total equity attributable to equity holders of the Company		**7,877**	(23,738)
Liabilities			
Loans and borrowings	20	**30,033**	83,109
Decommissioning provision	21	**5,165**	3,551
Deferred tax	22	**24,091**	18,912
Derivative instruments	25	**–**	3,001
Total non-current liabilities		**59,289**	108,573
Trade and other payables	23	**27,651**	8,911
Derivative instruments	25	**–**	1,978
Loans and borrowings	20	**41,779**	2,678
		69,430	13,567
Liabilities classified as held for sale	15	**–**	2,320
Total current liabilities		**69,430**	15,887
Total liabilities		**128,719**	124,460
Total equity and liabilities		**136,596**	100,722

On behalf of the board

Dr. Brian Hillery	**Tony O'Reilly**
Chairman	Chief Executive

Our Financials

Consolidated statement of changes in equity

for the year ended 31 December 2011

	Share capital €'000	Capital conversion reserve fund €'000	Share premium €'000	Singleton revaluation reserve 19 (a) €'000	Foreign currency translation reserve 19 (b) €'000	Share based payment reserve 19 (c) €'000	Warrants 19 (d) €'000	Convertible bond – equity portion 19 (e) €'000	Cash flow Hedge reserve 19 (f) €'000	Retained deficit €'000	Total €'000
At 1 January 2010	14,609	623	71,836	3,066	(1,906)	2,519	5,641	2,944	(588)	(94,547)	4,197
Loss for financial year	–	–	–	–	–	–	–	–	–	(41,601)	(41,601)
Currency translation	–	–	–	–	(216)	–	–	–	–	–	(216)
Cashflow hedge	–	–	–	–	–	–	–	–	(2,667)	–	(2,667)
Total comprehensive income	14,609	623	71,836	3,066	(2,122)	2,519	5,641	2,944	(3,255)	(136,148)	(40,287)
Transactions with owners, recorded directly in equity											
Shares issued in year	449	–	15,082	–	–	–	–	–	–	–	15,531
Share based payments	–	–	–	–	–	1,018	–	–	–	–	1,018
Transfer from Singleton revaluation reserve	–	–	–	(147)	–	–	–	–	–	147	–
At 31 December 2010	15,058	623	86,918	2,919	(2,122)	3,537	5,641	2,944	(3,255)	(136,001)	(23,738)
Loss for financial year	–	–	–	–	–	–	–	–	–	(13,940)	(13,940)
Currency translation	–	–	–	–	(1,533)	–	–	–	–	–	(1,533)
Cashflow hedge	–	–	–	–	–	–	–	–	950	–	950
Total comprehensive income	15,058	623	86,918	2,919	(3,655)	3,537	5,641	2,944	(2,305)	(149,941)	(38,261)
Transactions with owners, recorded directly in equity											
Shares issued in year	1,610	–	43,630	–	–	–	–	–	–	–	45,240
Share based payments	–	–	–	–	–	898	–	–	–	–	898
Share options forfeited in year	–	–	–	–	–	(67)	–	–	–	67	–
Transfer from Singleton revaluation reserve	–	–	–	(269)	–	–	–	–	–	269	–
Bond redemption	–	–	–	–	–	–	–	(611)	–	611	–
At 31 December 2011	**16,668**	**623**	**130,548**	**2,650**	**(3,655)**	**4,368**	**5,641**	**2,333**	**(2,305)**	**(148,994)**	**7,877**

Consolidated statement of cash flows

for the year ended 31 December 2011

	2011 €'000	2010 €'000
Cash flows from operating activities		
Loss before income tax for the year	**(9,437)**	(33,522)
Adjustments for:		
Depletion and depreciation	**2,634**	8,099
Loss on disposal	**381**	–
Impairment of exploration and evaluation assets	**1,731**	1,263
Impairment of development and production assets	**4,904**	26,806
Finance income	**(134)**	(228)
Finance expense	**5,378**	7,659
Equity-settled share based payment charge	**898**	1,018
Foreign exchange	**2,307**	703
Change in trade and other receivables	**1,579**	1,903
Change in restricted cash	**(14,971)**	–
Change in trade and other payables	**18,811**	(2,387)
Interest paid	**(6,798)**	(8,229)
Tax paid	**–**	(48)
Hedge repayments	**(7,714)**	–
Net cash (outflow)/inflow from operating activities	**(431)**	3,037
Cash flows from investing activities:		
Interest received	**134**	228
Acquisition of exploration and evaluation assets	**(27,576)**	(1,714)
Acquisition of development and production assets	**(8,889)**	(8,998)
Acquisition of property, plant and equipment	**(38)**	–
Disposal of development and production assets – AJE	**7,759**	–
Disposal of development and production assets – Triangle	**10,475**	
Net cash used in investing activities	**(18,135)**	(10,484)
Cash flows from financing activities:		
Proceeds from issue of share capital	**47,662**	16,522
Share capital issue costs	**(2,422)**	(991)
Payment of loan transaction costs	**–**	406
Repayment of loans and borrowings	**(56,540)**	(406)
Proceeds from drawdown of loans and borrowings	**39,033**	–
Net cash from financing activities	**27,733**	15,531
Net increase in cash and cash equivalents	**9,167**	8,084
Cash and cash equivalents at 1 January	**9,171**	1,012
Effect of exchange rate fluctuations on cash and cash equivalents	**225**	75
Cash and cash equivalents at 31 December	**18,563**	9,171

Notes to the consolidated financial statements

for the year ended 31 December 2011

1 Statement of accounting policies

Reporting entity

Providence Resources P.l.c. (the "Company") is a company domiciled in Ireland. The consolidated financial statements of the Company for the year ended 31 December 2011 are comprised of the financial statements of the Company and its subsidiaries, together referred to as the "Group".

Basis of preparation

The consolidated financial statements are presented in euro, rounded to the nearest thousand (€'000) except where otherwise indicated. The euro is the functional currency of the parent company. The consolidated financial statements are prepared under the historical cost basis except for share options and warrants, both of which are measured at grant date fair value, and derivative financial instruments and available for sale assets, which are measured at fair value at each reporting date.

The preparation of financial statements requires management to use judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Details of critical judgements are disclosed in note 29 to the financial statements.

New accounting standards applied during 2011

The Group has applied revised IAS24 Related Party Disclosures which became effective for financial periods beginning on or after 1 January 2011. However, this had no material impact on the financial statements.

The financial statements were authorised for issue by the board of Directors on 21 May 2012.

Going concern

The Directors have considered carefully the financial position of the Group and, in that context, have reviewed cash flow forecasts for the period to 31 December 2013.

The principal assumptions underlying the forecast are:

- the share placement in early 2012, which raised €75.9 million before costs
- revenue reflects current estimates of production and hedged and spot oil and gas prices
- operating and capital expenditure is in line with commitments and current expectations
- interest and capital repayments are reflected in accordance with repayment schedules
- repayment of remaining convertible bond principal in 2012.

The cash flow forecasts for the period to 31 December 2013 show sufficient cash resources on hand to enable the Company to discharge its debts as they fall due.

The Group is in compliance with its various debt covenants, and maintains a close relationship with its principal bankers, Deutsche Bank, and its bondholders, both of whom have indicated their continuing support for the Group.

On this basis, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRS) including interpretations adopted by the International Accounting Standards Board (IASB), on the basis of EU IFRSs in issue that are effective for accounting periods ending on or before the reporting date, 31 December 2011.

Standards and interpretations in issue but not effective and not applied

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group except for IFRS 11 *Joint Arrangements* which becomes mandatory for the Group's 2013 consolidated financial statements and IFRS 9 *Financial Instruments* which becomes mandatory for the Group's 2015 consolidated financial statements. The Group does not intend to adopt these standards early and is currently considering the extent of the impact on its financial statements.

1 Statement of accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of Providence Resources P.l.c. and its subsidiaries.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Business combinations

The costs of a business combination are measured as the aggregate of the fair value at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control. Deferred expenditure arising on business combinations is determined through discounting the amounts payable to their present value at the date of exchange. The discount element is reflected as an interest charge in the income statement over the life of the deferred payment. In the case of a business combination the assets and liabilities are measured at their provisional fair values at the date of acquisition. Adjustments to the provisional fair values of assets and liabilities are made within twelve months of the acquisition date and reflected as a restatement of the acquisition balance sheet.

Goodwill

Goodwill written off to reserves under Irish GAAP prior to 1998 was not reinstated on transition to IFRS and will not be included in determining any subsequent profit or loss on disposal. Goodwill on acquisitions is initially measured as the fair value of consideration transferred; plus the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the proportion of the cash-generating unit retained.

Revenue recognition

Revenue comprises the fair value of oil and gas supplied by the Group and excludes inter-company sales, trade discounts and value added tax. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, that it can be reliably measured, that the risk and rewards of product passes out of the ownership of the Group to external customers pursuant to enforceable sales contracts and that the significant risks and rewards of ownership of goods have passed to the buyer.

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution pension plans are recognised as an employee benefit expense in profit and loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

(ii) Share based payment transactions

The Company's "2005 scheme" and "2009 scheme" are equity-settled share based payment arrangements which fall within the scope of and are accounted for under the provisions of IFRS 2 – Share Based Payment. Accordingly, the grant date fair value of the options granted under these schemes is recognised as a personnel expense with a corresponding increase in the "Share based payment reserve", within equity, over the vesting period. The fair value of these options is measured using an appropriate option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

1 Statement of accounting policies (continued)

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Finance income and expenses

Finance income comprises interest income on funds invested and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest or finance expense on borrowings, changes in the fair value of the group's derivatives which are accounted for through profit and loss, unwinding of any discount on provisions, foreign currency losses and impairment losses recognised on financial assets. Borrowing costs are recognised in profit or loss using the effective interest method.

Warrants granted under a former loan facility were fair valued using an appropriate option pricing model, taking into account the terms and conditions upon which the warrants have been granted. These costs form part of the effective interest rate charged on the facility and were recognised over the life of the facility.

The liability component of convertible bonds issued during the prior year were measured at fair value. The difference between the fair value of the debt element at issue and the face value is amortised over the life of the bond as a notional interest charge through the income statement and forms part of finance expenses.

Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period and such gains or losses are reported in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of available-for-sale equity instruments, which are not deemed to be impaired, or a financial liability designated as a hedge of the net investment in a foreign operation (see (ii) below).

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences associated with the retranslation of foreign operations are recognised directly in other comprehensive income. Since 1 January 2006, the Group's date of transition to IFRS, such differences have been recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the income statement.

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

1 Statement of accounting policies (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they are unlikely to reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities on a net basis or their tax assets and liabilities will be raised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares, which comprise convertible debt, share warrants and share options granted to employees.

Exploration and evaluation assets and development and production assets

The Group has adopted IFRS 6 “Exploration for and Evaluation of Mineral Resources” in preparing these financial statements.

(i) Exploration and evaluation assets

Expenditure incurred prior to obtaining the legal rights to explore an area is written off to the income statement. Expenditures incurred on the acquisition of a licence interest are initially capitalised on a licence by licence basis considering the degree to which the expenditure can be associated with finding specific reserves. Exploration and evaluation expenditure incurred in the process of determining exploration targets within licensed areas is also capitalised. No value is attributed to exploration licenses granted. These expenditures are held undepleted within the exploration licence asset until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration and evaluation drilling costs are capitalised within each licence area until the success or otherwise of the well has been established. Unless further evaluation expenditures in the licence area have been planned and agreed or unless the drilling results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial, drilling costs are written off. Internal costs are capitalised where it is evident that these costs are directly attributable to the evaluation or exploration of those assets. Interest is capitalised within exploration and evaluation assets if it is directly attributable to the evaluation or exploration of those assets.

Exploration and evaluation assets are initially held at cost and are not revalued.

(ii) Development and production oil and gas assets

Following appraisal of successful exploration wells and the establishment of commercial reserves, the related capitalised exploration and evaluation expenditures are reclassified as development and production assets.

Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development and production assets or replaces part of the existing development and production assets. Any costs associated with the replacement of assets are expensed to the income statement.

(iii) Depletion

The Group depletes expenditure on development and production assets on a unit of production basis, based on proved and probable reserves on a licence by licence basis. Capitalised costs, together with anticipated future development costs calculated at price levels ruling at the reporting date, are amortised on a unit of production basis.

Amortisation is calculated by reference to the proportion that production for the period bears to the total of the estimated remaining commercial reserves as at the beginning of the period. Changes in reserves quantities and cost estimates are recognised prospectively.

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

1 Statement of accounting policies (continued)

(iv) Cash calls

The Group has shared interests in a number of licence areas. In cases where the Group acts as operator of these licence areas, requests for cash from other partners, known as cash calls, are made in accordance with agreed budgets. These cash call amounts are recognised as a credit to evaluation, exploration, development and production assets where appropriate to ensure that costs capitalised reflect the Group's interest only.

(v) Impairment

Impairment reviews on development and production assets are carried out on each cash-generating unit identified in accordance with IAS 36 "Impairment of Assets". The Group's cash-generating units are those assets which generate largely independent cash flows and are normally, but not always, single development areas or fields.

Where there has been a charge for impairment in an earlier period, that charge may be reversed in a later period where there has been a change in circumstances to the extent that the discounted future net cash flows are higher than the net book value at the time. In reversing impairment losses, the carrying amount of the asset will be increased to the lower of its original carrying value or the carrying value that would have been determined (net of depletion) had no impairment loss been recognised in prior periods.

Exploration and evaluation assets are reviewed regularly for indicators of impairment and costs are written off where circumstances indicate that the carrying value might not be recoverable. In such circumstances, the exploration and evaluation asset is allocated to development and production assets within the same cash generating unit and tested for impairment. Any such impairment arising is recognised in the income statement for the period. Where there are no development and production assets, the impaired costs of exploration and evaluation are charged immediately to the income statement.

(vi) Decommissioning costs and provisions

Provision is made for the decommissioning of oil and gas wells and other oilfield facilities. The cost of decommissioning is determined through discounting the amounts expected to be payable to their present value at the date the provision is recorded and this calculation is reassessed at each reporting sheet date. This amount is included within development and producing assets by licence area and the liability is included in provisions. Such cost is depleted over the life of the licence area on a unit of production basis and charged to the income statement. The unwinding of the discount is reflected as a finance cost in the income statement over the expected remaining life of the well.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is recognised on a straight line basis over the estimated useful lives of the related assets.

The estimated useful lives for the current and comparative periods are as follows:

- furniture and equipment 3–10 years

Leased assets

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Restricted cash

Restricted cash comprises all cash balances that the Group does not have access to. These are classified as restricted cash balances within current assets.

1 Statement of accounting policies (continued)

Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less an allowance for any estimated shortfall in receipt. An estimate of any shortfall in receipt is made when there is objective evidence that a loss has been incurred. Bad debts are written off when identified.

Trade and other payables

Subsequent to initial recognition, trade and other payables are measured at amortised cost.

Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not carried at fair value through the income statement, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost.

A financial instrument is recognised where the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(ii) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and where the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its oil and gas price risk exposures. Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss when incurred. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in profit or loss.

Cash flow hedges

Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised in other comprehensive income in a cash flow hedge reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss deferred in the cash flow hedge reserve remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount deferred in the cash flow hedge reserve is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

1 Statement of accounting policies (continued)

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Non-current assets and liabilities held for sale

Non-current assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Directors have determined that the Group's chief operating decision maker is the board of Directors. All operating segments and operating results are reviewed regularly by the Group's board of Directors to make decisions about resources to be allocated to each segment and to assess its performance.

2 Operating segments

Operating segment information is presented in the consolidated financial statements in respect of the Group's geographical segments which represent the financial basis by which the Group manages its business. Information regarding the results of each reportable segment is included below. Performance is measured based on segment result and total asset value as included in the internal management reports that are reviewed by the Group's board of Directors, which management believe is the most relevant information when evaluating the results of certain segments relative to other entities that operate within that industry. There are no significant inter segment transactions.

The Group's continuing revenues and profits for the year arise from oil and gas production in the UK.

Segment revenue

Revenue by source/destination

	2011 €'000	2010 €'000
UK	**13,752**	11,080

	2011 €'000	2010 €'000
Segment net profit for the year		
UK – producing assets	**2,977**	5,742
– exploration assets	**–**	(225)
Republic of Ireland – exploration assets	**(1,815)**	(1,131)
Africa – development and production assets	**(422)**	(366)
Corporate expenses	**(709)**	(2,554)
Operating profit for the year	**31**	1,466

The Group disposed of its US oil and gas portfolio of assets in March 2011 and these operations are classified as discontinued in 2010 and 2011. Revenues derived from these operations amounted to €nil (2010: €10,872,000) with the net loss for the year amounting to €4,224,000 (2010: loss of €31,795,000).

	2011 €'000	2010 €'000
Segment assets		
UK – producing assets	**61,943**	48,382
Republic of Ireland – exploration assets	**67,306**	10,140
Africa – development and production assets	**4,637**	12,480
US – classified as held for sale	**–**	15,984
US – assets	**91**	-
Group assets, principally certain items of restricted cash	**2,619**	13,736
Total assets	**136,596**	100,722

2 Operating segments (continued)

	2011 €'000	2010 €'000
Segment liabilities		
UK – producing assets	**(67,201)**	(27,646)
Republic of Ireland – exploration assets	**(23,747)**	(5,308)
US – classified as held for sale	**–**	(4,205)
US – liabilities	**(1,343)**	–
Group liabilities, principally convertible bond	**(36,428)**	(87,301)
Total liabilities	**(128,719)**	(124,460)
Capital expenditure		
UK – producing assets	**7,927**	8,086
UK – exploration assets	**–**	225
	7,927	8,311
Republic of Ireland – exploration assets, net of cash calls	**27,805**	1,489
Africa – development and production assets	**245**	911
Total capital expenditure, net of cash calls	**35,977**	10,711
Depletion and decommissioning charge		
UK – producing assets	**2,505**	2,789
Impairment charge		
Republic of Ireland – exploration assets	**1,731**	1,038
UK – exploration assets	**–**	225
UK – development assets	**4,904**	–
	6,635	1,263

The Group sells its entire oil production to one customer, and therefore significant credit concentration risk exists.

3 Discontinued operation

In December 2010, the Group entered into negotiations to dispose of its entire US development and production asset portfolio and on 31 March 2011 the sale of these assets and related decommissioning liabilities was finalised for cash proceeds of €11.3 million. As a consequence, the Group wrote down the carrying value of its US assets to their net realisable value, resulting in impairment charge of €26.8 million at 31 December 2010.

As part of the sale agreement, the Group could receive a further payment of $7.0 million, contingent on the future development of certain assets. Management has determined that it is unlikely that these future development targets will be met, and accordingly have valued this contingent consideration at €nil. This segment was classified as a discontinued operation and the assets and liabilities as held for sale at 31 December 2010.

Results from discontinued operations

	2011 €'000	2010 €'000
Revenue	**–**	10,872
Expenses	**(2,421)**	(11,623)
Results from operating activities	**(2,421)**	(751)
Income tax charge	**–**	(4,238)
Results from operating activities after tax	**(2,421)**	(4,989)
Loss on sale of discontinued operation	**(1,803)**	–
Impairment loss on classification of assets as available for sale	**–**	(26,806)
Loss for the year	**(4,224)**	(31,795)
Basic loss per share	**(9.03)**	(96.00)
Diluted loss per share	**(9.03)**	(96.00)

The loss from discontinued operations of €4.2 million (2010: €31.8 million) is attributable entirely to the owners of the Company. The Company incurred costs relating to discontinued operations in the normal course of business until the sale completion date of 31 March 2011. These costs comprised principally professional fees and other costs.

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

3 Discontinued operation (continued)

Cash flows from discontinued operations

	2011 €'000	2010 €'000
Net cash from operating activities	**279**	1,770
Net cash from investing activities	**16**	40
Net cash inflows for the year	**295**	1,810

4 Administration expenses

	2011 €'000	2010 €'000
Corporate, exploration and development expenses	**5,522**	6,161
Foreign exchange differences	**(1,608)**	682
Total administration expenses for the year	**3,914**	6,843
Capitalised in Exploration and evaluation assets (Note 12)	**(1,044)**	(917)
Capitalised in Development and production assets (Note 13)	**(337)**	(477)
	(1,381)	(1,394)
Total charged to the income statement	**2,533**	5,449
Administration expenses – discontinued operations	**–**	(1,871)
	2,533	3,578

5 Finance income

	2011 €'000	2010 €'000
Bank deposit interest income	**134**	228

6 Finance expenses

	2011 €'000	2010 €'000
Recognised in income statement:		
Interest expense on financial liabilities – measured at amortised cost (b)	**8,918**	7,862
Net change in fair value of financial assets – measured at fair value through profit or loss (c)	**(5,624)**	–
Unwind of discount on decommissioning provision (Note 21)	**370**	238
Ineffective portion of changes in fair value of cash flow hedges	**–**	(61)
Reclassification of amounts from hedging reserve on termination of hedges (a)	**1,714**	(380)
Total finance expenses	**5,378**	7,659

	2011 €'000	2010 €'000
Recognised directly in other comprehensive income:		
Foreign currency differences on foreign operations	**(1,533)**	(216)
Effective portion of change in fair value of cash flow hedge	**(2,449)**	(2,046)
Net change in fair value of cash flow hedge transferred to income statement	**1,342**	(1,539)
Total finance expenses	**(2,640)**	(3,801)

(a) During the current and prior years, the Group held a number of derivative financial instruments to hedge the sale of oil and gas, which were designated as cash flow hedges. During 2011, the Group disposed of its US operations and also refinanced its borrowings with an alternative bank and, as a consequence of these transactions, all commodity contract positions were closed out. The Group continues to amortise the cash flow hedge reserve to the income statement in line with the occurrence of the forecast transactions (oil sales).

(b) During 2011, the Group negotiated a new borrowing facility with Deutsche Bank (Note 20) and cancelled its previous borrowing facility. In accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, the cancellation of the former borrowing facility resulted in all costs associated with the original debt (€1.59m) being recognised in the income statement in 2011.

(c) The Group has a number of commodity price swaps in place at year end which are accounted for at fair value in the statement of financial position with movements accounted for in profit or loss.

7 Income tax expense

	2011 €'000	2010 €'000
Current tax expense		
Current year	–	–
Adjustment in respect of prior year	–	54
Deferred tax expense		
Origination and reversal of temporary differences	**2,054**	8,023
Effect of change in tax rates	**2,449**	–
Total income tax expense for year (Note 22)	**4,503**	8,077
Income tax – discontinued operations (Note 3)	**–**	(4,236)
Income tax – continuing operations	**4,503**	3,841

A reconciliation of the expected tax benefit computed by applying the standard Irish tax rate to the loss before tax to the actual tax expense is as follows:

	2011 €'000	2010 €'000
Loss before tax	**(9,437)**	(33,522)
Irish standard tax rate	**12.5%**	12.5%
Taxes at the Irish standard rate	**(1,180)**	(4,190)
Expenses not deductible for tax purposes	**144**	3,992
Losses (utilised)/unutilised	**(1,623)**	2,041
Other timing differences	**3,667**	416
Income taxed at different rates in foreign jurisdictions	**3,495**	5,764
Adjustment in respect of prior period	**–**	54
Tax expense for the year	**4,503**	8,077

8 Employee expenses and numbers

	2011 €'000	2010 €'000
Wages and salaries	**1,896**	1,649
Social welfare costs	**194**	169
Defined contribution pension costs	**163**	115
Redundancy costs	**–**	24
Share-based payment expense (Note 24)	**898**	1,018
	3,151	2,975

In addition, the Group incurred technical and managerial consultancy costs during the year totalling €351,000 (2010: €299,000).

The following expenses, which are included in the above amounts, were capitalised during the year:

	2011 €'000	2010 €'000
Wages and salaries	**1,381**	1,396
Share-based payment expense (Note 24)	**303**	485

The average number of persons employed during the year (including Executive Directors) by activity was as follows:

	2011 Number	2010 Number
Exploration, evaluation, production and development	**9**	9
Corporate management and administration	**9**	9
	18	18

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

9 Directors' remuneration and transactions with key management personnel

Directors' emoluments are analysed as follows:

	Salaries & other emoluments		Fees		Share based payments		Total	
	2011 €'000	2010 €'000	**2011 €'000**	2010 €'000	**2011 €'000**	2010 €'000	**2011 €'000**	2010 €'000
Executive								
Tony O'Reilly	**498**	460	**–**	20	**102**	20	**600**	500
Philip O'Quigley	**337**	297	**–**	20	**105**	280	**442**	597
John O'Sullivan								
(appointed 26 May 2010)	**296**	251	**–**	12	**100**	14	**396**	277
Non-Executive								
Brian Hillery	**–**	–	**65**	65	**–**	–	**65**	65
Lex Gamble	**–**	–	**20**	20	**–**	–	**20**	20
James McCarthy	**–**	–	**20**	20	**–**	–	**20**	20
Philip Nolan	**–**	–	**20**	20	**–**	–	**20**	20
Peter Kidney								
(resigned 26 May 2010)	**–**	–	**–**	8	**–**	–	**–**	8
Total	**1,131**	1,008	**125**	185	**307**	314	**1,563**	1,507

(a) Directors' remuneration is fixed by the Remuneration Committee of the board which is comprised solely of Non-Executive Directors of the Company.
(b) Share based payments represent the non-cash expense attributable to the relevant options held by each Director. Other than the share option schemes (Note 24), the Group does not have any long term incentive scheme in place for Directors.
(c) The emoluments of Mr. Tony O'Reilly include payments made to Kildare Consulting Limited under the terms of his employment contract (Note 28).

John O'Sullivan was appointed to the board on 26 May 2010. The remuneration disclosed in 2010 is for the full year up to 31 December 2010. Included in salaries and other emoluments are pension contributions made to a pension scheme for Mr. Philip O'Quigley amounting to €63,250 (2010: €36,000).

There were no loans outstanding to any Director at year end. During the year a loan of €27,223 was granted to Philip O'Quigley. The loan was repaid in full during 2011. Details of the Directors' interests in shares and share options are set out on pages 15 and 16.

Transactions with key management personnel comprising Directors and other senior management

Key management personnel compensation is as follows:

	2011 €'000	2010 €'000
Wages, salaries and fees:		
Executive Directors	**1,068**	972
Non-Executive Directors	**125**	133
Other key management salaries	**288**	87
	1,481	1,192
Social welfare costs	**91**	63
Defined contribution pension costs	**94**	50
Share-based payment expense	**521**	409
	2,187	1,714

10 Statutory and other information

	2011 €'000	2010 €'000
Auditors' remuneration		
– Audit of Company and Group accounts	**42**	42
– Other assurance services, being audit of subsidiary entities	**48**	51
– Taxation services	**10**	10
Operating lease rentals on property	**262**	341
Depreciation on development and production assets	**2,505**	7,983
Depreciation on property, plant and equipment	**129**	116
Impairment of evaluation and exploration assets	**1,731**	1,263
Impairment of development and production assets	**4,904**	26,806
Pre-licence exploration expenditure	**117**	113
Loss on sale of AJE development asset	**381**	–
Loss on sale of Triangle asset	**1,803**	–
Directors' emoluments		
– Fees	**125**	185
– Salaries and other emoluments	**1,131**	1,008
– Share based payments	**307**	314

11 Earnings per share

Earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year as follows:

	2011 €'000	2010 €'000
Loss attributable to equity holders of the Company from continuing operations (€'000)	**(9,716)**	(9,806)
The basic weighted average number of ordinary shares in issue is calculated as follows:		
In issue at beginning of year ('000s)	**33,712**	29,224
Adjustments for shares issued in year ('000's)	**13,054**	3,971
Weighted average number of ordinary shares ('000s)	**46,766**	33,195
Basic loss per share (cent) – continuing operations	**(20.78)**	(29.54)
The weighted average number of ordinary shares for diluted earnings per share is calculated as follows:		
Basic weighted average number of shares in issue during year ('000s)	**46,766**	33,195
Diluted loss per share (cent) – continuing operations	**(20.78)**	(29.54)

There is no difference between the loss per ordinary share and the diluted loss per ordinary share for the current year as all potentially dilutive ordinary shares outstanding are anti-dilutive. There were 1,978 (2010: 823) anti-dilutive share options, 4.2 million (2010: 4.2 million) anti-dilutive convertible bonds and 1,400 (2010: 998) anti-dilutive share warrants in issue at 31 December 2011.

12 Exploration and evaluation assets

	Republic of Ireland €'000	UK €'000	Africa €'000	Total €'000
Cost and net book value				
At 1 January 2010	9,232	–	–	9,232
Additions	572	225	–	797
Administration expenses	814	–	103	917
Impairment charge	(1,038)	(225)	–	(1,263)
Increase in abandonment costs	560	–	–	560
Transfer to development and production assets (Note 13)	–	–	(103)	(103)
At 31 December 2010	10,140	–	–	10,140
Additions	32,972	–	–	32,972
Administration expenses	1,007	–	37	1,044
Cash calls received in year	(6,440)	–	–	(6,440)
Impairment charge	(1,731)	–	–	(1,731)
Increase in abandonment costs	266	–	–	266
Transfer to development and production assets (Note 13)	–	–	(37)	(37)
At 31 December 2011	**36,214**	**–**	**–**	**36,214**

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

12 Exploration and evaluation assets (continued)

Full details of the Group's interests in exploration and evaluation assets, together with key developments in 2011, are contained in the Operational Review on pages 6 to 12.

The Directors have assessed the current activities ongoing within exploration and evaluation assets and have determined that an impairment charge of €1.7 million is required at 31 December 2011. This impairment charge arises primarily on the Group's interests in the Celtic Sea.

While the Directors are satisfied that there are no current indications of further impairment, they recognise that the future realisation of these exploration and evaluation assets is dependent on future successful exploration and appraisal activities and the subsequent economic production of hydrocarbon reserves. They have reviewed current and prospective plans for each of the licence areas and are satisfied that future exploration and evaluation activities are appropriate in light of the carrying value of these assets.

13 Development and production assets

	UK €'000	US €'000	Africa €'000	Total €'000
Cost				
At 1 January 2010	42,906	53,616	11,422	107,944
Additions in year	7,610	–	911	8,521
Transfer to assets held for sale (Note 15)	–	(30,289)	–	(30,289)
Transfer from exploration and evaluation assets (Note 12)	–	–	103	103
Administration expenses	477	–	–	477
Exchange rate adjustment	2,002	3,479	–	5,481
At 31 December 2010	52,995	26,806	12,436	92,237
Additions in year	7,590	–	208	7,798
Transfer from exploration and evaluation assets (Note 12)	–	–	37	37
Administration expenses	337	–	–	337
Disposed of in year	–	(26,806)	(12,681)	(39,487)
Exchange rate adjustment	911	–	–	911
At 31 December 2011	**61,833**	**–**	**–**	**61,833**
Depletion				
At 1 January 2010	5,074	10,744	–	15,818
Charge for the year	2,789	5,194	–	7,983
Impairment of assets	–	26,806	–	26,806
Transfer to assets held for sale (Note 15)	–	(16,715)	–	(16,715)
Exchange rate adjustment	161	777	–	938
At 31 December 2010	8,024	26,806	–	34,830
Charge for the year	2,505	–	–	2,505
Impairment of assets	4,904	–	–	4,904
Eliminated on disposal	–	(26,806)	–	(26,806)
Exchange rate adjustment	241	–	–	241
At 31 December 2011	**15,674**	**–**	**–**	**15,674**
Net book value				
At 31 December 2011	**46,159**	**–**	**–**	**46,159**
At 31 December 2010	44,971	–	12,436	57,407

The Directors carried out a review of the carrying value of each of these assets using discounted cash flow models, and are satisfied that based on this review the carrying values of these assets are recoverable with each asset's discounted cash flows demonstrating headroom in excess of 10% of its current carrying value. Key assumptions used by management in determining the recoverability of these assets include future oil prices, estimated proven and probable reserves as determined by independent experts at 31 December 2011 and appropriate industry discount rates.

13 Development and production assets (continued)

In December 2010, the Group entered into negotiations to dispose of its entire US development and production asset portfolio and completed the sale on 31 March 2011 for cash proceeds of €11.3 million. The assets and the associated decommissioning liability were written down to their recoverable amount at 31 December 2010.

As part of the sale agreement, the Group could receive a further payment of $7.0 million, contingent on the future development of certain assets. Management has determined that it is unlikely that these future development targets will be met, and accordingly have valued this contingent consideration at €nil.

In December 2011, the Group completed the sale of its AJE asset in Nigeria for gross proceeds of €12.3 million realising a loss on disposal of €0.4 million. Sale proceeds were receivable in two tranches with €7.7 million received in December 2011 and the remaining €4.6 million receivable in April 2012.

14 Property, plant and equipment

	Furniture & equipment €000
Cost	
At 1 January 2010	569
Additions in year	71
At 31 December 2010	640
Additions in year	38
At 31 December 2011	**678**
Depreciation	
At 1 January 2010	401
Charge for year	116
At 31 December 2010	517
Charge for year	129
At 31 December 2011	**646**
Net book value	
At 31 December 2011	**32**
At 31 December 2010	123

15 Non current assets held for sale

Assets classified as held for sale

	2011 €'000	2010 €'000
At beginning of year	**13,574**	–
Transfer from development and production assets	**–**	13,574
Disposed of in year	**(13,574)**	–
At 31 December	**–**	13,574

Liabilities classified as held for sale

	2011 €'000	2010 €'000
At beginning of year	**2,320**	–
Transfer from decommissioning provision	**–**	2,320
Disposed of in year	**(2,320)**	–
At 31 December	**–**	2,320

(a) In December 2010, the Group entered into negotiations with a third party for the sale of its entire US asset portfolio, including associated decommissioning liabilities. The sale was completed on 31 March 2011.

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

16 Trade and other receivables

	2011 €'000	2010 €'000
Trade receivables	**1,303**	2,636
VAT recoverable	**358**	392
Prepayments and accrued income	**240**	350
Other receivables	**88**	190
Due from purchaser of AJE asset	**4,637**	–
	6,626	3,568

17 Cash and cash equivalents

	2011 €'000	2010 €'000
Cash held in bank accounts	**36,054**	11,691
Less: Restricted bank balances (a)	**(17,491)**	(2,520)
Cash and cash equivalents	**18,563**	9,171

(a) The restricted cash balance on hand at year end relates to cash deposits required to comply with the conditions of the convertible bonds issued in 2008 (€2.52 million), to comply with the terms of letters of credit issued by the Group to certain of its suppliers (€14.044 million) and to comply with the terms of the Deutsche Bank prepaid swap agreement (€0.927 million).

18 Share capital and share premium

	Number ('000)	€'000
Authorised:		
Deferred shares of €0.011 each*	1,062,442	11,687
Ordinary shares of €0.10 each	123,131	12,313

* The deferred shares do not entitle the shareholder to receive a dividend or other distribution, do not entitle the shareholder to receive notice of or vote at any general meeting of the Company, and do not entitle the shareholder to any proceeds on a return of capital or winding up of the Company.

Issued:

	Total number 000's	Share capital €'000	Share premium €'000
Deferred shares of €0.011 each	1,062,442	12,750	5,691
Ordinary shares of €0.001 each	1,859,997	1,859	66,145
At 1 January 2010	2,922,439	14,609	71,836
Ordinary shares issued in year	448,750	449	16,074
Share issue costs	–	–	(992)
Adjustment for share reorganisation	(3,337,477)	–	–
At 31 December 2010	33,712	15,058	86,918
Ordinary shares issued in year (a)	16,097	1,610	46,052
Share issue costs	–	–	(2,422)
At 31 December 2011	49,809	16,668	130,548

(a) In March 2011, 16,096,800 million new ordinary shares were placed at stg£2.55 per share resulting in gross proceeds of €47.7 million before expenses. The purpose of the share placing was to fund the Group's drilling programme in Ireland.

19 Reserves

The statement of changes in equity outlines the movement in reserves during the year. The reserves included within that statement are further explained below:

(a) The Singleton revaluation reserve arises as a result of the step-up revaluation of the Group's original 20% holding of the Singleton asset recognised in 2007 on the acquisition of a further 79.125% of the asset. In the current year, the transfer to retained earnings represents a transfer of an amount equal to the depletion charge on the stepped up portion of the revaluation recognised in the income statement in 2011, net of deferred tax.

(b) The currency translation reserve comprises all foreign exchange differences from 1 January 2006, arising from the translation of the net assets of the Group's non-euro denominated operations, including translation of the profits of such operations from the average exchange rate to the rate at the reporting date, and net of the release during the year of the portion relating to the US assets which were disposed of on 31 March 2011.

(c) The share based payment reserve comprises the fair value of all share options which have been charged over the vesting period, net of amounts relating to share options forfeited during the year, which are reclassified to retained earnings.

(d) The loan warrant reserve comprises the fair value of all share warrants granted to the Group's former bankers (note 24). There were no warrants issued or exercised in the year.

(e) The equity portion of the convertible bond represents proceeds received from the issue of the convertible bonds less the fair value of the debt component of the instrument, which has been classified within loans and borrowings (Note 20). During 2011, part repayment of the bond occurred and consequently an amount representing the conversion rights given up as part of this transaction was reclassified to retained earnings.

(f) The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The ineffective portion is accounted for through the income statement. Cash flow hedge accounting ceased during the year upon the termination of the Group's derivative instruments. The cash flow hedge reserve remaining at the termination date will be amortised to profit or loss in line with the occurrence of the future transactions that the derivatives were originally put in place to hedge (oil sales).

20 Loans and borrowings

	Deutsche Bank loan facility (a) €'000	Deutsche Bank loan fees €'000	Convertible bond (b) €'000	BNP revolving credit facility (c) €'000	BNP loan fees €'000	Total €'000
At 1 January 2010	–	–	38,644	44,550	(2,408)	80,786
Offset during year	–	–	–	(406)	406	–
Written off to income statement	–	–	1,158	–	405	1,563
Foreign exchange differences	–	–	–	3,438	–	3,438
At 31 December 2010	–	–	39,802	47,582	(1,597)	85,787
Drawn down in year	39,033	(808)	–	–	–	38,225
Repaid during year	(3,112)	–	(7,735)	(44,866)	–	(55,713)
Written off to income statement	–	54	1,380	–	1,597	3,031
Foreign exchange differences	3,230	(32)	–	(2,716)	–	482
At 31 December 2011	**39,151**	**(786)**	**33,447**	**–**	**–**	**71,812**

The maturity of loans and borrowings can be analysed as follows:

	2011 €'000	2010 €'000
Non-current		
Revolving credit facility (a)	**30,033**	43,307
Convertible bond (b)	**–**	39,802
At end of year	**30,033**	83,109

	2011 €'000	2010 €'000
Current		
Revolving credit facility (a)	**8,332**	2,678
Convertible bond (b)	**33,447**	–
At end of year	**41,779**	2,678

Our Financials

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

20 Loans and borrowings (continued)

Loans and borrowings mature as follows:

	2011 €'000	2010 €'000
Within one year	**41,779**	2,678
Between one and two years	**8,168**	69,783
Between two and five years	**15,979**	13,326
After more than five years	**5,886**	–
	71,812	85,787

The borrowing facilities are denominated in the following currencies and incur the following interest rates:

Facility	Currency	Interest rate
Deutsche Bank prepaid oil swap	US$	5.75%
Convertible bond	€	15%

(a) In 2011, the Group entered into a pre-paid swap transaction with Deutsche Bank which has been structured to enable repayment of the loan drawn down from future sales of oil. Under this structure, the Group has sold forward 592,000 bbl of crude as at 31 December 2011. The swap embedded in that transaction has been separated from the host contract and has been accounted for at fair value in the statement of financial position with any movements being accounted for through profit or loss. The transaction resulted in borrowings of an initial €39.0 million ($50 million). An additional €3.9 million ($5.0 million) was made available in December 2011 after certain capital expenditure milestones were reached, and an additional €3.9 million ($5.0 million) will be made available in July 2012. Borrowings are repayable on a monthly basis and the loan has a final repayment date of December 2017.

The pre-paid swap is secured over the shares of Providence Resources Plc and other Group companies that have an interest in the Group's producing assets being, the Singleton oilfield in the UK. As a condition of the agreement the Group is required to incur capital expenditure of $10 million on the Singleton oil field in advance of 31 December 2012 or $30 million in total in the first three years of the agreement.

(b) In July 2008, the Group placed convertible bonds with institutional investors to raise €42 million. The bonds, denominated in units of €100,000 each, carry interest of 12% per annum, payable semi annually in arrears, and mature on 29 July 2012. On maturity, all outstanding bonds are redeemed at par plus all accrued and unpaid interest. At the election of the holder, the bonds are convertible into ordinary shares of nominal value (€0.001) at a conversion price of €0.10 per ordinary share at any time after 29 September 2008. The bonds were secured on the Group's exploration asset located in Africa and in December 2011, the Group disposed of this asset and repaid €7.7 million to bond holders. Agreement was reached with the bondholders as part of the principal repayment that the interest payable on the remaining bond principal would remain at the same level as before repayment was made at €2.52 million, payable half yearly, and in addition the bond holders agreed to waive their rights to an increased redemption amount clause in the contract, which was triggered upon the sale of the AJE asset by the Group. The remaining balance is due to be repaid in July 2012.

The Group has applied IAS 32 in its accounting treatment of these bonds and has classified them as compound instruments. The Directors determined that a market interest rate of 15% would apply to a similar instrument without the convertibility element and used this rate to arrive at the debt component of the instrument which is classified within loans and borrowings in the amount of €39.1 million. The proceeds less the debt component determine the equity portion of the instrument originally amounting to €2.9 million.

(c) During 2011 the Group repaid its BNP borrowings from its Deutsche Bank AG prepaid swap arrangement proceeds.

21 Decommissioning provisions

	2011 €'000	2010 €'000
At beginning of year	**3,551**	4,792
Charge for year	**266**	590
Unwinding of discount (note 6)	**370**	238
Transferred to liabilities held for sale (note 15)	**–**	(2,320)
Utilised in year	**(323)**	–
Liability assumed from partner	**1,241**	–
Foreign exchange differences	**60**	251
At end of year	**5,165**	3,551

Decommissioning costs are expected to be incurred over the remaining lives of the fields, which are estimated to be between 2012 and 2036. The provision for decommissioning is reviewed annually. The provision has been calculated assuming industry established oilfield decommissioning techniques and technology at current prices and is discounted at 10% per annum, reflecting the associated risk profile.

	2011 Assets €'000	2011 Liabilities €'000	2011 Net €'000	2010 Assets €'000	2010 Liabilities €'000	2010 Net €'000
Development and production assets	**–**	**(24,091)**	**(24,091)**	–	(18,912)	(18,912)
Decommissioning provisions	**642**	**–**	**642**	571	–	571
Derivative financial instruments	**3,407**	**–**	**3,407**	1,252	–	1,252
Tax value of loss carry forwards	**1,838**	**–**	**1,838**	1,585	–	1,585
Tax assets/(liabilities)	**5,887**	**(24,091)**	**(18,204)**	3,408	(18,912)	(15,504)

The above deferred tax assets have been recognised as it is probable that there will be sufficient profits arising in the future to enable these assets to be realised.

Deferred tax assets have not been recognised in respect of the following:

	2011 €'000	2010 €'000
Tax losses	**35,154**	30,122
Comprising of:		
Ireland	**34,148**	28,699
UK	**1,006**	906
US	**–**	517
	35,154	30,122

The Group is not recognising a deferred tax asset of approximately €35.2 million (2010: €30.1 million) which mainly relates to unutilised tax losses available for carry forward on the basis that it is not probable that the Group will have taxable profits available in future periods against which this asset will be utilised.

Movement in temporary differences during the year

	At 1 January 2011 €'000	Recognised in income statement €'000	Recognised in OCI €'000	Retranslation adjustment 2011 €'000	At 31 December 2011 €'000
Development and production assets	**(18,912)**	**(4,765)**	**–**	**(414)**	**(24,091)**
Decommissioning provision	**571**	**54**	**–**	**17**	**642**
Derivative financial instruments	**1,252**	**–**	**2,057**	**98**	**3,407**
Tax value of loss carry forwards	**1,585**	**208**	**–**	**45**	**1,838**
	(15,504)	**(4,503)**	**2,057**	**(254)**	**(18,204)**

	At 1 January 2010 €'000	Recognised in income statement €'000	Recognised in OCI €'000	Retranslation adjustment €'000	At 31 December 2010 €'000
Development and production assets	(15,120)	(3,439)	–	(353)	(18,912)
Decommissioning provision	1,348	(867)	–	90	571
Derivative financial instruments	180	–	918	154	1,252
Tax value of loss carry forwards	4,982	(3,717)	–	320	1,585
	(8,610)	(8,023)	918	211	(15,504)

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

22 Deferred taxation (continued)

The gross amount of unused tax loss carry forwards, with their expiry dates, are as follows:

	Ireland		UK		US		Total	
	2011 €'000	2010 €'000	**2011 €'000**	2010 €'000	**2011 €'000**	2010 €'000	**2011 €'000**	2010 €'000
One year	**2,238**	4,562	**–**	–	**–**	–	**2,238**	4,562
Two years	**2,668**	2,238	**–**	–	**–**	–	**2,668**	2,238
Three years	**231**	2,668	**–**	–	**–**	–	**231**	2,668
Four years	**988**	231	**–**	–	**–**	–	**988**	231
Five years	**505**	988	**–**	–	**–**	–	**505**	988
More than five years	**129,962**	104,096	**6,722**	6,913	**–**	12,098	**136,684**	123,107
Total	**136,592**	114,783	**6,722**	6,913	**–**	12,098	**143,314**	133,794

Unutilised losses may be carried forward for 20 or 25 years from the date of the origination of the losses, but may only be offset against taxable profits earned from the same trade. In the prior year, the Group disposed of its US asset portfolio, including the US tax losses forward. Tax losses remain in certain of the Group's US companies; however, it is not anticipated that these will be used as the Group currently has no plans to conduct operations in the US in the future.

23 Trade and other payables

	2011 €'000	2010 €'000
Trade payables	**18,925**	2,995
Accruals and accrued income	**7,381**	4,474
Other payables	**99**	235
Cash calls received in advance	**1,246**	1,207
	27,651	8,911

24 Share schemes and warrants

The Group has the following employee share schemes:

1997 Scheme

Under the 1997 Scheme, which is now closed, the Directors, at their discretion, may grant options over ordinary shares to employees, consultants and Directors at the higher of par and market value on the date the option is granted. Options are normally exercisable 18 months after the date of grant but no later than 10 years from that date. All options granted under this scheme expired at varying dates up to June 2011. These options were granted prior to 7 November 2002 and, accordingly, do not fall within scope of IFRS 2 *Share-based payment* but are disclosed in the table below as required by the standard.

2005 Scheme

In May 2005, the Directors adopted a share option scheme which contains similar provisions to the 1997 Scheme except that under the 2005 Scheme there are share growth performance criteria to the exercise of the options and the option price is 90% of the market price immediately preceding the date of grant.

The scheme operates as an equity-settled share option scheme. The options granted are subject to the following conditions:

(i) 50% of total options granted are exercisable after one year from the date of grant provided that the market price of the Company's shares has increased by a minimum of 50% and has maintained such increase over a period of three months prior to the exercise of any option.

(ii) The remaining 50% of the total options granted are exercisable after a further year has elapsed provided the market price of the Company's shares has increased by a minimum of 100% from date of grant and has maintained such increase over a period of three months prior to the exercise of any option.

No options were granted during 2011 under this scheme (2010: nil). At 31 December 2011, options over 1.177 million (2010: 1.177) million shares remained outstanding at subscription prices ranging from €3.78 to €9.79. These options expire at varying dates up to October 2015.

24 Share schemes and warrants (continued)

2009 Scheme

In 2009, the Directors adopted a share option scheme which also contains share growth performance criteria. The option price is the market price immediately preceding the date of grant. The "2009 scheme" operates as an equity-settled share option scheme and the options are granted subject to the following conditions:

(i) 50% of total options granted are exercisable after one year from the date of grant provided that the market price of the Company's shares has increased by a minimum of 25% and has maintained such increase over a period of three months prior to the exercise of any option.

(ii) The remaining 50% of the total options granted are exercisable after a further year has elapsed provided the market price of the Company's shares has increased by a minimum of 50% from date of grant and has maintained such increase over a period of three months prior to the exercise of any option.

No options were granted during 2011 under this scheme (2010: 620,000). At 31 December 2011, options over 0.91 million (2010: 0.97 million) shares remained outstanding at subscription prices ranging from €2.95 to €6.75. These options expire at varying dates up to December 2017.

Warrants

In 2006 and 2008, the Directors agreed a revolving credit facility and a bridging loan facility respectively with its former bankers. In accordance with these facilities, 1.0 million warrants to purchase new ordinary shares at a subscription price of €4.50 per share and 0.40 million warrants to purchase new ordinary shares at a subscription price of €6.00 were granted. All warrants were exercised in March and April 2012.

Details of the movements of these share options and warrants outstanding during the year are as follows:

For the year ended 31 December 2011

	1997 scheme		2005 scheme		2009 scheme		Warrants	
	No of share options 000's	Weighted average exercise price €	No of share options 000's	Weighted average exercise price €	No of share options 000's	Weighted average exercise price €	No of warrants 000's	Weighted average exercise price €
At 1 January	**354**	**2.93**	**1,177**	**5.74**	**970**	**3.35**	**1,400**	**6.64**
Granted during year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Lapsed during year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Forfeited during year	**–**	**–**	**–**	**–**	**(60)**	**3.70**	**–**	**–**
At 31 December	**354**	**2.93**	**1,177**	**5.74**	**910**	**3.33**	**1,400**	**6.64**
Of which exercisable at year end	**354**	**2.93**	**1,177**	**5.74**	**910**	**3.33**	**1,400**	**6.64**

For the year ended 31 December 2010

	1997 scheme		2005 scheme		2009 scheme		Warrants	
	No of share options 000's	Weighted average exercise price €	No of share options 000's	Weighted average exercise price €	No of share options 000's	Weighted average exercise price €	No of warrants 000's	Weighted average exercise price €
At 1 January	366	2.93	1,200	5.74	375	3.8	1,400	6.64
Granted during year	–	–	–	–	620	3.09	–	–
Lapsed during year	(12)	2.92	(23)	6.75	(25)	3.8	–	–
At 31 December	354	2.93	1,177	5.74	970	3.35	1,400	6.64
Of which exercisable at year end	354	2.93	1,177	5.74	–	–	1,400	6.64

The total number of options and warrants outstanding at 31 December 2011 was 3,841,886 (2010: 3,901,000). These had exercise prices ranging from €1.27 to €9.79.

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

24 Share schemes and warrants (continued)

The fair values of these options and warrants were calculated using appropriate option pricing models.

There were no options granted in 2011. The assumptions used to arrive at the fair value of each share option granted in 2010 at the grant date were as follows:

	2009 scheme Weighted average 2010
Share price (cent)	311
Exercise price (cent)	309
Expected volatility (%)	70.4
Expected life (years)	5
Risk free rate (%)	2.72
Expected dividend yield (%)	–
Maximum option life (years)	7
The resulting fair values were:	
Fair value (cent)	185

An exponentially weighted moving average model was used to calculate expected volatility based on an appropriate period's prices.

The expense in the income statement in respect of the Group's share based schemes and warrants is as follows:

	2011 €'000	2010 €'000
2005 and 2009 scheme (administration expenses)	**595**	533
2005 and 2009 scheme (capitalised within exploration and evaluation assets)	**303**	485
Loan warrants (finance expense)	**–**	–

25 Financial instruments

Financial risk management objectives, policies and processes

The Group has exposure to the following risks from its use of financial instruments:

(a) Interest rate risk;
(b) Foreign currency risk;
(c) Liquidity risk;
(d) Credit risk; and
(e) Commodity price risk

The board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and framework in relation to the risks faced.

(a) Interest rate risk

The Group finances its operations through a mixture of shareholders' funds, bank and other borrowings. At year end, the Group's borrowings consisted primarily of the Deutsche Bank prepaid loan facility and the debt element of the convertible bond issued during the prior year, whilst its short term cash funds are generally invested in short term interest bearing bank deposits. All borrowings with Deutsche bank incur interest at fixed rates with the variable element of this arrangement being captured in the separated derivative, while a fixed interest rate of 12% applies to the convertible bond. The Group did not enter into any hedging transactions with respect to interest rate risk; however, the requirement for such instruments is kept under ongoing review.

25 Financial instruments (continued)

The interest rate profile of these interest bearing financial instruments was as follows:

	2011 €'000	2010 €'000
Variable rate instruments		
Financial assets – cash and cash equivalents	**18,563**	9,171
Financial assets – restricted cash	**17,491**	2,520
Financial liabilities – loans and borrowings	**–**	(47,582)
Fixed rate instruments		
Financial liabilities – loans and borrowings	**(71,812)**	(39,802)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ('bps') in interest rates at 31 December 2011 and 31 December 2010 would have increased/(decreased) the reported loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Loss		OCI	
	100 bps increase €'000	100 bps decrease €'000	100 bps increase €'000	100 bps decrease €'000
31 December 2011				
Variable rate instruments	**507**	**(507)**	**–**	**–**
31 December 2010				
Variable rate instruments	636	(636)	–	–

(b) Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the entities of the Group, which consist primarily of US dollars and sterling.

It is Group policy to ensure that foreign currency risk is managed wherever possible by matching foreign currency income and expenditure. During the years ended 31 December 2011 and 2010 the Group did not utilise either foreign currency forward contracts or derivatives to manage foreign currency risk on future net cash flows.

The Group's foreign currency risk exposure in respect of the principal foreign currencies in which the Group operates was as follows:

	31 December 2011					31 December 2010				
	Not at Euro €'000	Not at GBP €'000	USD €'000	Risk €'000	Total €'000	Euro €'000	GBP €'000	USD €'000	Risk €'000	Total €'000
Trade receivables	**–**	**–**	**1,303**	**–**	**1,303**	–	–	1,029	1,607	2,636
VAT recoverable	**–**	**–**	**–**	**358**	**358**	–	–	–	392	392
Other debtors	**–**	**–**	**4,637**	**328**	**4,965**	–	–	–	540	540
Derivative asset/(liability) (net)	**–**	**–**	**5,624**	**–**	**5,624**	–	–	(4,567)	399	(4,168)
Cash and cash equivalents	**24**	**2,611**	**10,133**	**5,795**	**18,563**	–	450	3,995	4,726	9,171
Restricted cash	**–**	**4,190**	**10,781**	**2,520**	**17,491**	–	–	–	2,520	2,520
Loans and borrowings	**–**	**–**	**(38,365)**	**(33,447)**	**(71,812)**	–	–	(25,129)	(62,255)	(87,384)
Trade and other payables	**(7)**	**(9,728)**	**(5,126)**	**(12,790)**	**(27,651)**	(13)	(41)	(214)	(8,643)	(8,911)
Total exposure	**17**	**(2,927)**	**(11,013)**	**(37,236)**	**(51,159)**	(13)	409	(24,886)	(60,714)	(85,204)

The following are the significant exchange rates that applied to 1 euro during the year:

	Average rate		Spot rate	
	2011	2010	2011	2010
1 GBP	**0.8718**	0.8560	**0.8353**	0.8608
1 USD	**1.4013**	1.3207	**1.2939**	1.3362

Our Financials

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

25 Financial instruments (continued)

Sensitivity analysis

A 10% strengthening and weakening of the euro against the following currencies, based on outstanding financial assets and liabilities at 31 December 2011 and 31 December 2010 would have increased/(decreased) the reported loss and equity by the amounts below as a consequence of the retranslation of foreign currency denominated financial assets and liabilities at those dates. It is assumed that all other variables, especially interest rates, remain constant in the analysis.

	Profit/(loss)		Equity	
	10% increase €'000	10% decrease €'000	10% increase €'000	10% decrease €'000
31 December 2011				
GBP	**293**	**(293)**	**–**	**–**
USD	**2,267**	**(2,267)**	**–**	**–**
31 December 2010				
GBP	(45)	45	–	–
USD	(119)	119	463	(463)

(c) Liquidity risk

Liquidity is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and adverse conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by regularly monitoring cash flow projections and rolling forecasts of expected cash flows against actual cash flows. The nature of the Group's exploration and appraisal activities can result in significant differences between expected and actual cash flows. Consequently a conservative approach to cash forecasting is taken and appropriate contingency planning is put in place to ensure that the Group can discharge its financial obligations as they fall due.

The following are the contractual maturities of financial liabilities as at 31 December 2011:

Item	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6–12 months €'000	1–2 years €'000	2–5 years €'000
Bank loans	**38,365**	**45,220**	**6,119**	**5,602**	**10,144**	**23,355**
Convertible bond	**33,447**	**35,967**	**–**	**35,967**		**–**
Trade and other payables	**27,651**	**27,651**	**27,651**	**–**	**–**	**–**
Total	**99,463**	**108,838**	**33,770**	**41,569**	**10,144**	**23,355**

The following are the contractual maturities of financial liabilities as at 31 December 2010:

Item	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6–12 months €'000	1–2 years €'000	2–5 years €'000
Bank loans	47,582	53,963	1,279	3,937	33,388	15,359
Convertible bond	39,802	52,080	2,520	2,520	47,040	–
Trade and other payables	8,911	8,912	8,912	–	–	–
Derivative instruments	4,979	4,592	716	1,063	2,167	646
Total	101,274	119,547	13,427	7,520	82,595	16,005

25 Financial instruments (continued)

(d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations and arises principally from the Group's receivables, consisting mainly of oil and gas companies, whilst cash deposits are placed only with banks with appropriate credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December was:

	2011 €'000	2010 €'000
Trade receivables	**1,303**	2,636
VAT recoverable	**358**	392
Other receivables	**4,745**	63
Cash and cash equivalents	**18,563**	9,171
Restricted cash	**17,491**	2,520
Derivative asset	**5,624**	811
Maximum exposure to credit risk	**48,084**	15,593

All of the Group's trade receivables relate to oil and gas revenues and the maximum exposure to credit risk for trade receivables by geographic region at 31 December was:

	2011 €'000	2010 €'000
UK	**1,303**	848
US	**–**	1,788
	1,303	2,636

The ageing of trade receivables at 31 December 2011 was as follows:

	2011 €'000	2010 €'000
Current	**1,303**	2,571
Past due 0–30 days	**–**	65

The Group believes that no impairment allowance is necessary in respect of trade receivables.

The Group has a concentration of credit risk in relation to its trade debtors and its cash and cash equivalents. Contracts to sell its oil production are closely monitored to mitigate this concentration of credit risk. The Group holds a significant portion of its cash and cash equivalents with a well established Irish banking institution which is guaranteed by the Government.

(e) Commodity price risk management

The volatility of oil and gas prices has a significant impact on the Group's cash flows. In 2010, the Group entered into a number of derivative agreements with its bankers, BNP Paribas, to hedge the oil and gas prices for a certain proportion of its oil and gas production. The effect of the hedge arrangements in place had been to secure oil prices per barrel in the range of US$62 to US$100 and gas prices per MMBTU in the range of US$5.72 and US$10 for the proportion of production that was hedged. During 2011, the Group refinanced its borrowings and as a consequence it terminated its derivative agreements with BNP Paribas and the Group ceased hedge accounting.

As more fully explained in note 20, the Group entered into a prepaid oil swap with Deutsche Bank in 2011 under which it has undertaken to sell 90% of its expected oil production for the next 5 years.

The agreement contained an embedded derivative which was separated from the host contract and has been included at fair value at 31 December 2011 with movements in this value being accounted for through profit or loss.

The fair value of derivatives at the balance sheet date is set out as follows:

	Assets 2011 €'000	**Liabilities 2011 €'000**	Assets 2010 €'000	Liabilities 2010 €'000
Commodity derivative				
– current	**513**	**–**	736	(1,978)
– non current	**5,111**	**–**	75	(3,001)

The commodity hedge in 2010 was classified as a cash flow hedge.

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

25 Financial instruments (continued)

(f) Fair values versus carrying amounts

The fair values of financial assets and liabilities together with carrying amounts shown in the statement of financial position are as follows:

	31 December 2011		31 December 2010	
	Carrying value €	**Fair value €**	Carrying value €	Fair value €
Trade receivables	**1,303**	**1,303**	2,636	2,636
VAT recoverable	**358**	**358**	392	392
Other debtors	**4,965**	**4,965**	540	540
Restricted cash	**17,491**	**17,491**	2,520	2,520
Cash and cash equivalents	**18,563**	**18,563**	9,171	9,171
Derivative financial asset/(liability) (net)	**5,624**	**5,624**	(4,168)	(4,168)
Trade and other payables	**(27,651)**	**(27,651)**	(8,911)	(8,911)
Bank borrowings	**(38,365)**	**(38,365)**	(45,985)	(45,985)
Convertible bond	**(33,447)**	**(33,447)**	(39,802)	(39,802)

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Interest-bearing loans and borrowings

Loans and borrowings at 31 December 2011 relate to the Deutsche Bank prepaid swap amounts, the fair value of which is based on the present value of future cash flows discounted at market rates at the reporting date.

Convertible bond

The convertible bond relates to the debt element of the convertible bond. The fair value of the convertible bond is based on the present value of future cash flows discounted at market rates at the reporting date.

	2011	2010
Bank borrowings	**5.75%**	–
USD floating loan	**–**	5.26%
Euro convertible bond	**15%**	15%

Trade and other receivables/payables

For receivables/payables with a remaining life of less than six months, the notional amount is deemed to reflect the fair value.

Cash and cash equivalents

For short term deposits and cash and cash equivalents, all of which have a remaining maturity of less than three months, the nominal value is deemed to reflect the fair value.

Restricted cash

For restricted cash, all of which has a remaining maturity of less than three months, the nominal value is deemed to reflect the fair value.

Derivatives

The fair value of derivative financial assets/liabilities is calculated as the present value of the estimated future cash flows.

(g) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25 Financial instruments (continued)

Fair Value Hierarchy

	Level 1	**Level 2**	**Level 3**	**Total**
31 December 2011				
Assets				
Derivative financial instruments				
Forward commodity price contracts	**–**	**5,624**	**–**	
Total	**–**	**5,624**	**–**	

	Level 1	Level 2	Level 3	Total
31 December 2010				
Assets				
Derivative financial instruments				
Commodity price option contracts	–	811	–	811
Liabilities				
Derivative financial instruments				
Forward commodity price contracts	–	(3,511)	–	(3,511)
Commodity price option contracts	–	(1,468)	–	(1,468)
Total	–	(4,168)	–	(4,168)

All hedging contracts in place at 31 December 2010 were terminated early by the Group during 2011 upon the refinancing of its bank borrowings. New contracts were entered into with the Group's new bankers and the fair value of these contracts at 31 December 2011 have been included above.

(h) Capital management

The Group has historically funded its activities through share rights issues and placings. More recently it has also utilised industry specific financing through its bank borrowings and convertible bonds (Note 20). The Group's capital structure is kept under review by the board and it is committed to capital discipline and continues to maintain flexibility for future growth, both organic and through acquisitions. The board considers capital to comprise shareholders' equity and long term borrowings and endeavours to ensure an appropriate mix of equity and debt is maintained.

Shareholders are also asked to grant authority to the Directors, until the earlier of the next Annual General Meeting or 26 September 2013, to disapply statutory pre-emption rights in relation to the issue of securities for cash by way of rights issue, open offer or otherwise to shareholders and subject to such exclusions and other arrangements deemed necessary to deal with any legal or practical problems; pursuant to the company's share option scheme and for any other issue of equity securities for cash, and to issue up to a maximum aggregate nominal value of €643,576 corresponding to 10% of the nominal value of the Company's issued ordinary share capital.

26 Pension arrangements

The Group contributes to an externally funded defined contribution scheme to satisfy the pension arrangements in respect of certain management personnel.

The total pension cost charged for the year was €163,000 (2010:€115,000).

27 Commitments

(a) Exploration, evaluation, production and development activities

The Group has capital commitments of approximately €33.0 million to contribute to its share of costs of exploration, evaluation and production activities during 2012.

(b) Operating leases

Total commitments under non-cancellable operating lease rentals are as follows:

	Property €'000	**Total €'000**
Payable:		
Within one year	**17**	**17**
Between two and five years	**917**	**917**
At end of year	**934**	**934**

Notes to the consolidated financial statements continued

for the year ended 31 December 2011

28 Related party transactions

(a) Mr Tony O'Reilly Jnr has through Kildare Consulting Limited, a company beneficially owned by him, renewed a contract for the provision of service to the company outside the Republic of Ireland effective from 1 September 2011. The amount paid under the contract for 2011 is €451,950.

(b) The contract referred to the Note 28(a) above is of two years duration and is subject to one years notice period.

29 Accounting estimates and judgements

Preparation of financial statements pursuant to EU IFRS requires a significant number of judgemental assumptions and estimates to be made. These impact on the income and expenses recognised both within the income statement and the statement of comprehensive income together with the valuation of the assets and liabilities in the statement of financial position. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. It should be noted that the impact of valuation in some assumptions and estimates can have a material impact on the reported results. The following are key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies.

Exploration and evaluation assets

The carrying value of exploration and evaluation assets was €36.2 million at 31 December 2011. The Directors carried out a review, in accordance with IFRS 6 "Exploration for and evaluation of mineral interests", of the carrying value of these assets and are satisfied that these are recoverable, acknowledging however that their recoverability is dependent on future successful exploration efforts.

Development and production assets

The carrying value of development and production assets was €46.2 million at 31 December 2011. The Directors carried out a review of the carrying value of these assets using discounted cash flow models, and are satisfied that based on this review the carrying values of these assets are recoverable. Key assumptions used by management in determining the recoverability of these assets include future oil prices, estimated proven and probable reserves and discount rates.

Decommissioning Provision

The decommissioning provision amounts to €5.2 million (2010: €3.6 million) and represents management's best estimate of the costs involved in decommissioning the various exploration and production licence areas to return them to their original condition. These estimates include certain management assumptions with regard to future costs, inflation rates and discount rates.

Share based payment and warrants reserves

The share based payment and warrants reserves amount to €4.4 million (2010: €3.5 million) and €5.6 million (2010: €5.6 million) respectively at 31 December 2011. The fair value of share options and warrants granted after 7 November 2002 has been determined using appropriate option pricing valuation models. The significant inputs into the model include certain management assumptions with regard to the standard deviation of expected share price returns, expected option life and annual risk free rates. The assumptions for the valuations are set out in Note 24.

Going concern

The consolidated financial statements have been prepared on the going concern basis. In considering the financial position of the Group, the Directors have considered the forecasted operating results for the foreseeable future, the share placing in April 2012 which raised €75.9 million before costs, and the loan facilities available to the Group, and based on these factors, they are of the view that the going concern basis of preparation continues to be appropriate.

30 Post balance sheet events

In April 2012, the Company placed 13,148,930 shares at a price of stg£4.80 per share, raising €75.9 million before costs.

31 Approval of financial statements

The financial statements were approved by the Directors on 21 May 2012.

Company balance sheet

	Note	2011 €'000	2010 €'000
Fixed Assets			
Oil and gas interests	2	**36,214**	10,140
Tangible assets	3	**22**	24
Financial assets	4	**2**	2
		36,238	10,166
Current assets			
Debtors	5	**71,604**	58,247
Cash at bank and in hand		**34,792**	7,092
		106,396	65,339
Creditors: amounts falling due within one year	6	**(96,310)**	(23,637)
Net current assets		**10,086**	41,702
Total assets less current liabilities		**46,324**	51,868
Creditors: amounts falling due after more than one year	7	**–**	(41,495)
Provision for liabilities	8	**(3,481)**	(1,657)
Net assets		**42,843**	8,716
Capital and reserves			
Called up share capital	9	**16,668**	15,058
Share premium	9	**130,548**	86,918
Capital conversion reserve	10	**623**	623
Share based payment reserve	10	**4,368**	3,537
Loan warrant reserve	10	**5,641**	5,641
Convertible bonds – equity portion	10	**2,333**	2,944
Profit and loss account	10	**(117,338)**	(106,005)
Shareholders' funds — equity		**42,843**	8,716

There are no recognised gains or losses other than those included in the profit and loss account.

On behalf of the board

Dr. Brian Hillery Chairman

Tony O'Reilly Chief Executive

Notes to the Company financial statements

for the year ended 31 December 2011

1 Statement of accounting policies

Basis of preparation

The financial statements of the Company are prepared in accordance with Generally Accepted Accounting Practice in Ireland under the historical cost convention except for share options and warrants which are measured at grant date fair value, and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

Going concern

The Directors have considered carefully the financial position of the Group and, in that context, have reviewed cash flow forecasts for the period to 31 December 2013.

The principal assumptions underlying the forecast are:

- the share placement in early 2012, which raised €75.9 million before costs
- revenue reflects current estimates of production and hedged and spot oil and gas prices
- operating and capital expenditure is in line with commitments and current expectations
- interest and capital repayments are reflected in accordance with repayment schedules.
- repayment of remaining convertible bond principal in 2012.

The cash flow forecasts for the period to 31 December 2013 show sufficient cash resources on hand to enable the Company to discharge its debts as they fall due.

The Group is in compliance with its various debt covenants, and maintains a close relationship with its principal bankers, Deutsche Bank, and its bondholders, both of whom have indicated their continuing support to the Group.

On this basis, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

Under the provisions of FRS 1, “Cash Flow Statements”, a cash flow statement has not been prepared as the Company itself publishes consolidated financial statements that include a cash flow statement in the required format.

Pension costs

The Company provides for pensions for certain employees through defined contribution pension schemes. The amount charged to the profit and loss account in respect of the scheme is the contribution payable in that year. Any difference between amounts charged to the profit and loss account and contributions paid to the pension scheme is included in ‘Debtors’ or ‘Creditors’ in the balance sheet.

Share based payment

The Company’s “2005 Scheme” and “2009 Scheme” falls within the scope of and is accounted for under the provisions of FRS 20. Accordingly the fair value of the options granted under these schemes, after 7 November 2002 and those not yet vested as at 1 January 2007 (the effective date of FRS 20), is recognised as a personnel expense with a corresponding increase in the “Share based payment reserve” within equity. The fair value of these options is measured at grant date and spread over the period during which personnel become unconditionally entitled to the options – the vesting period. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where forteiture is only due to share prices not achieving the threshold for vesting.

Share warrants

Warrants granted to lenders in return for funding facilities have been measured at fair value using an option pricing model, taking into account the terms and conditions upon which the warrants have been granted. These costs form part of the effective interest rate charged on the facility and are recognised over the life of the facility.

1 Statement of accounting policies (continued)

Taxation

Current tax is provided on taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Oil and gas interests

The Company accounts for oil and gas expenditure under the "full cost" method of accounting.

(i) Exploration, appraisal and development expenditure

Exploration, appraisal and development expenditure is incurred either through consortium operations or directly on acquiring, exploring or testing exploration prospects. All lease, licence and property acquisition costs, geological and geophysical costs and other direct costs of exploration, appraisal and development are capitalised. The amount capitalised includes operating expenses directly related to these activities, interest expense and foreign exchange differences incurred on loans prior to the commencement of production.

(ii) Cost pools

Costs are capitalised within separate geographic cost pools, which comprise Ireland and the United Kingdom in one pool and the Rest of the World in the other pool.

Costs relating to the exploration and appraisal of oil and gas interests which the Directors consider to be unevaluated are initially held outside the cost pools. Costs held outside cost pools are reassessed at each year end. When a decision to develop these interests has been taken, or there is evidence of impairment, the related costs are transferred to the relevant cost pools.

(iii) Depreciation

Expenditure within each cost pool is depreciated using the unit of production method based on commercial reserves. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the anticipated future costs of development of the undeveloped reserves at current year end unescalated prices. Changes in cost and reserve estimates are dealt with prospectively.

(iv) Abandonment

Provision is made for the anticipated costs of future restoration. Management estimate the future costs associated with removal of production facilities discounted to take account of risk and the time value of money. These costs have been determined with reference to current legal requirements and current technology. The present value of those future costs is recorded as a provision in the balance sheet.

A corresponding abandonment asset is recorded in Oil and Gas Interests and is depreciated in accordance with the Company's depreciation policy set out at (iii) above.

Annually, the unwinding of the discount factor is recorded as an expense in the profit and loss account and disclosed under "Interest payable and similar charges". Changes in estimates which result in a revision of the net present value of the provision are accounted for by adjusting the provision, with a corresponding entry to Oil and Gas Interests.

(v) Impairment test

An impairment test is carried out at each balance sheet date to assess whether the net book value of capitalised costs in each pool, together with the future costs of development of undeveloped reserves, is covered by the discounted future net revenues from the reserves within that pool, calculated at prices prevailing at the year end. Any deficiency arising is provided for to the extent that, in the opinion of the Directors, it is considered to represent a permanent diminution in the value of the related asset, and, where arising, is dealt with in the profit and loss account as additional depreciation.

Notes to the Company financial statements continued

for the year ended 31 December 2011

1 Statement of accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provisions for impairment.

Depreciation is provided on all tangible assets on a straight line basis to write off the cost (net of estimated residual value) over the expected useful economic lives of these assets as follows:

Furniture and equipment 3–10 years

Financial fixed assets

Financial fixed assets consist of the Company's investments in equity instruments and its subsidiaries and are stated at cost less, where considered necessary in the opinion of the Directors, provisions for impairment.

Leases

Rentals under operating leases are charged on a straight line basis over the lease terms.

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Issue expenses and share premium account

Issue expenses arising on the issue of equity securities are written off against the share premium account.

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(i) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(ii) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where a financial instrument that contains both equity and financial liability components, exists these components are seperated and accounted for individually under the above policy.

2 Oil and gas interests – exploration expenditure

The movement on expenditures, pending further evaluation are analysed as follows:

Full details of the Company's interests in exploration and evaluation assets, together with key developments in 2011, are contained in the Operational Review on pages 6 to 12.

	Ireland and UK €'000
Cost	
At 1 January	10,140
Exploration and appraisal expenditure	32,972
Cash call received in year	(6,440)
Impairment write-down in year	(1,731)
Transfer from administration expenses	1,007
Increase in abandonment costs	266
At 31 December	**36,214**

2 Oil and gas interests – exploration expenditure (continued)

The Directors have reviewed the carrying value of exploration and expenditure assets and have determined that an impairment of €1.7 million is required at year end. However, while the Directors are satisfied that there are no current indications of further impairment, they recognise that the future realisation of these exploration and evaluation assets is dependent on future successful exploration and appraisal activities and the subsequent economic production of hydrocarbon reserves. They have reviewed current and prospective plans for each of the licence areas and are satisfied that future exploration and evaluation activities are appropriate.

3 Tangible fixed assets

	Furniture & equipment €'000
Costs	
At 1 January 2011	367
Additions in year	21
At 31 December 2011	**388**
Depreciation	
At 1 January 2011	343
Charge for year	23
At 31 December 2011	**366**
Net book value	
At 31 December 2011	**22**
At 31 December 2010	24

4 Financial fixed assets

	2011 €'000
Investments in subsidiaries at start and end of year	**2**

At 31 December 2011, the Company had the following principal subsidiaries:

Name	Registered Office/Country of Incorporation	Activity	Interest in Ordinary Share Capital
Providence Resources UK Limited	5th Floor, 6 St Andrews Street, London EC4A 3AE	Oil and gas exploration and production	100%
Providence Resources (NI) Limited	13 Lombard Street, Belfast, Northern Ireland	Oil and gas exploration and production	100%
Providence Resources (International) Limited	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands	Holding company	100%
Providence Resources (Nigeria Holdings) Limited	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands	Holding company	100%
Providence Exploration (GB) Limited	5 Jubilee Place, London SW3 3TD, UK	Oil and gas exploration and production	100%
P.R. Oil & Gas Indonesia Limited	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands	Holding company	100%
Providence Resources (US Holdings) Limited	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands	Holding company	100%
Providence Resources (GOM) LLC	Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware, USA	Holding company	100%
Providence Resources (Trading) Limited	Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware, USA	Holding company	100%
P.R. Singleton Limited	5 Jubilee Place, London SW3 3TD, UK	Oil and gas exploration and production	100%
P.R. UK Holdings Limited	5 Jubilee Place, London SW3 3TD, UK	Holding company	100%
Providence Resources (GOM No. 2) LLC	Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware, USA	Oil and gas exploration and production	100%
Providence Resources (Holdings USA) LLC	Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware, USA	Holding company	100%
Providence Resources (Gulf) Limited	Airfield House, Airfield Park, Donnybrook, Dublin 4	Holding company	100%
Eirgas Limited	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands	Holding company	100%

Notes to the Company financial statements continued

for the year ended 31 December 2011

5 Debtors

	2011 €'000	2010 €'000
Trade debtors	**78**	–
VAT	**7**	33
Prepayments and accrued income	**91**	52
Amounts due from subsidiaries	**71,428**	58,162
	71,604	58,247

All of the above amounts fall due within one year.

6 Creditors: amounts falling due within one year

	2011 €'000	2010 €'000
Trade creditors	**16,284**	326
Accruals and deferred income	**4,416**	255
Amounts owed to subsidiaries	**38,549**	19,456
Cash calls received in advance	**1,246**	1,231
Other creditors	**2,368**	2,369
Convertible bond (Note 7 (a))	**33,447**	–
	96,310	23,637

7 Creditors: amounts falling due after more than one year

	2011 €'000	2010 €'000
Revolving credit facility	**–**	1,697
Convertible bond (a)	**–**	39,798
	–	41,495

(a) In July 2008, the Company raised €42 million in a bond issue. The denomination of each bond was €100,000, with a coupon rate of 12%, redeemable in 2012. The bond issue was accounted for in accordance with FRS 25, and the principal raised was allocated between debt and equity. As a consequence of the sale of the AJE asset by the Group in 2011, the Company repaid €7.7 million of the bond. The remaining balance is scheduled to be repaid in 2012.

8 Provision for liabilities – Decommissioning

	2011 €'000	2010 €'000
At 1 January	**1,657**	921
Unwinding of discount	**317**	–
Increase in provision in year	**266**	736
Liability assumed from partner	**1,241**	
Balance 31 December	**3,481**	1,657

Decommissioning costs are expected to be incurred over the remaining lives of the fields, which are estimated to be between 2012 and 2017. The provision for decommissioning is reviewed annually. The provision has been calculated assuming industry established oilfield decommissioning techniques and technology at current prices and is discounted at 10% per annum, reflecting the associated risk profile.

9 Share capital and share premium

See Note 18 to the Group financial statements.

10 Reserves

	Capital converion fund €'000	Share based payment reserve €'000	Warrants €'000	Convertible bond – equity portion €'000	Profit and loss account €'000
At 1 January	623	3,537	5,641	2,944	(106,005)
Loss for financial year	–	–	–	–	(12,011)
Share based payments	–	898	–	–	–
Forfeiture of share options	–	(67)	–	–	67
Part redemption of bond	–	–	–	(611)	611
	623	**4,368**	**5,641**	**2,333**	**(117,338)**

11 Pension arrangements

The Group contributes to an externally administered defined contribution pension scheme to satisfy the pension arrangements in respect of certain management personnel.

The pension cost charged for the year was €163,000 (2010: €115,000).

12 Commitments and contingencies

(a) Exploration, appraisal and development activities

The Company has capital commitments of approximately €20.7 million to contribute to its share of costs of exploration, evaluation and production activities during 2012.

(b) Operating leases

Annual commitments exist under non-cancellable property leases expiring as follows:

	2011 €'000	2010 €'000
Within one year	**163**	137
Between two and five years	**7**	8
Total	**170**	145

13 Statutory information

Under the provisions of Section 148 of the Companies Act, 1963, the Company has not presented its own profit and loss account. A loss of €12,011,000 (2010: €7,622,000) for the financial year ended 31 December 2011 has been dealt with in the separate profit and loss account of the Company.

	2011 €'000	2010 €'000
Auditors' remuneration	**42**	42

During the year the Company employed 16 people (2010: 16 people) and incurred payroll costs of €1.7 million (2010: €1.7 million).

14 Related party transactions

(a) Mr Tony O'Reilly Jnr has through Kildare Consulting Limited, a company beneficially owned by him, renewed a contract for the provision of service to the company outside the Republic of Ireland effective from 1 September 2011. The amount paid under the contract for 2011 is €451,950.

(b) The contract referred to the Note 14(a) above is of two years duration and is subject to one years notice period.

15 Post balance sheet events

In April 2012, the Company placed 13,148,930 shares at a price of stg£4.80 per share, raising €75.9 million before costs.

16 Approval of financial statements

The financial statements were approved by the Directors on 21 May 2012.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Providence Resources P.l.c. will be held in The Hilton Hotel, Charlemont Place, Dublin 2 on Tuesday 26 June 2012 at 11.00 am for the purpose of transacting the following ordinary business:

(1) To receive and consider the Directors' Report and Financial Statements for the year ended 31 December, 2011.

(2) (a) To re-elect Dr. Brian Hillery as a Director.
(b) To re-elect Mr. Philip O'Quigley as a Director.

(3) To authorise the Directors to fix the remuneration of the auditor.

(4) To transact any further ordinary business.

As special business to consider and, if thought fit, to pass the following resolution.

As a Special Resolution:

(5) That, the Directors be and they are hereby empowered pursuant to Section 24 of the Companies (Amendment) Act 1983 (the "1983 Act") to allot equity securities (within the meaning of Section 23 of the said Act) for cash pursuant to the authority conferred on them by resolution of the shareholders passed on 24 June 2008 as if the restrictions in sub-section (1) of Section 23 did not apply to any such allotment, provided however that the power hereby conferred shall be limited to:

(i) the allotment of equity securities in connection with or pursuant to any offer of equity securities open for a period fixed by the Directors, by way of rights issue, open offer or otherwise (an "Offering") to the holders of ordinary shares and/or any other persons entitled to participate therein (including without limitation any holders of options under the Company's share option scheme(s) for the time being) in proportion (as nearly as may be) to their respective holdings of ordinary shares (or, as appropriate, the number of ordinary shares which such other persons are for the purposes of such Offering deemed to hold) on a record date fixed by the Directors (whether before or after the date of this meeting) and subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any legal or practical problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in relation to fractional entitlements or otherwise howsoever;

(ii) pursuant to the terms of any scheme for Directors and/or employees etc. of the Company and/or its subsidiaries; and

(iii) otherwise than pursuant to sub-paragraphs (i) and (ii) above, having, in the case of relevant shares (as defined in Section 23 of the 1983 Act), a nominal amount or, in the case of any other equity securities, giving the right to subscribe for or convert into relevant shares, having a nominal amount, not exceeding in aggregate €643,576 (corresponding to 10%) of the issued Ordinary Share Capital of the Company

provided in each case the power shall, unless revoked or renewed in accordance with the provision of Section 24 of the 1983 Act, expire on the earlier of fifteen months from the date of passing this Resolution and the conclusion of the next Annual General Meeting of the Company unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or issued after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not

Dated 21 May 2012
By order of the board
M. Graham, Secretary, Airfield House, Airfield Park, Dublin 4.

Notes

1. A member entitled to attend and vote at the above General Meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. The appointment of a proxy does not preclude a member from attending and voting at the meeting should he/she so wish.
2. In accordance with the requirements of The Stock Exchange, copies of the Directors' service contracts, if any, will be available for inspection by members at the registered office of the Company during normal business hours from the date of this notice and at the place of the Annual General Meeting for a period of fifteen minutes prior to the said meeting until the conclusion of the meeting.
3. A Form of Proxy for use at the AGM is enclosed. To be effective, the Form of Proxy, together with any Power of Attorney or other authority under which it is executed, or a notarially certified copy thereof, must be completed and reach the Company's Registrars, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 not less than forty-eight hours before the time for the holding of the meeting.
4. The Form of Proxy must (i) in the case of an individual member be signed by the member or his/her attorney duly authorised in writing; or (ii) in the case of a body corporate be given either under its common seal or signed on its behalf by its duly authorised officer or attorney.
5. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
6. Only those shareholders on the register of members of the Company as at 6.00 pm on 22 June 2011 will be entitled to attend and vote at the Annual General Meeting and may also only vote in respect of the number of shares registered in their name at that time.

Corporate Information

Board of Directors

Dr Brian Hillery
(Chairman), appointed 1997 [1,2,3]

Dr Philip Nolan
(Non-executive Director), appointed 2004 [1,2,3]

James S.D. McCarthy
(Non-executive Director), appointed 2005 [1,2,3]

Lex Gamble
(Non-executive Director), appointed 2005 [1,2,3]

Tony O'Reilly
Chief Executive, appointed 1997 (Non-executive),
appointed 2005 (Executive Director)

Philip O'Quigley
(Non-executive Director 2012), appointed 2008 (Finance Director) [1]

John O'Sullivan
(Technical Director), appointed 2010

[1] Non-executive
[2] Member Audit Committee
[3] Member Remuneration Committee

Secretary and Registered Office

Michael Graham
Providence Resources P.l.c.
Airfield House
Airfield Park
Dublin 4
Ireland
www.providenceresources.com
T +353 1 219 4074
F +353 1 219 4006

UK Representative Office

Providence Resources UK Ltd.
5 Jubilee Place
London
SW3 3TD
United Kingdom
T +44 207 349 5284
F +44 207 349 5281

Created by
Jonesandpalmer
www.jonesandpalmer.co.uk
empowering corporate communications

Registrar

Computershare Investor Services (Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18
Ireland

Nominated Adviser

Cenkos Securities Limited
6-7-8 Tokenhouse Yard
London
EC2R 7AS
United Kingdom

Irish Stockbrokers

J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

UK Stockbrokers

Cenkos Securities Limited
6-7-8 Tokenhouse Yard
London
EC2R 7AS
United Kingdom

Liberum Capital
Level 12
25 Ropemaker Street
London
EC2Y 9LY

Principal Bankers

Deutsche Bank AG
Allied Irish Banks P.l.c.
DnB NOR
HSBC plc

Auditor

KPMG
Chartered Accountants
and Registered Auditors
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Financial PR

Murray Consultants Dublin
Powerscourt Media London

Providence Resources P.l.c.
Airfield House
Airfield Park
Donnybrook
Dublin 4
Ireland

T: +353 1 2194074
F: +353 1 2194006
info@providenceresources.com

5 Jubilee Place
London SW3 3TD
United Kingdom

T: +44 207 3495284

www.providenceresources.com