

Providence Resources P.I.c. – 2017 Half Year Results

LEADERSHIP IN DRILLING OFFSHORE IRELAND

BARRYROE WELL PLANNING UNDERWAY

Dublin and London – September 21, 2017 - Providence Resources P.I.c. (PVR LN, PRP ID), the Irish based Oil and Gas Exploration Company, today announces its unaudited interim results for the half year ended June 30, 2017.

Tony O'Reilly, Chief Executive Officer commented:

"The first half of 2017 was an exceptionally busy period for Providence as we completed the extensive consenting and logistical processes for the drilling of the 53/6-1 Druid/Drombeg ultra-deepwater exploration well. During this period, we completed a major farm-out deal with Cairn, together with an option transaction with TOTAL over FEL 2/14. We also agreed a farm-out to TOTAL on LO 16/27, as well as an option with Cairn, and we continued various commercial discussions on a number of our assets, most principally our flagship Barryroe project.

The commercial transactions with Cairn and TOTAL provided incremental capital in excess of \$45 million to be used for the drilling programme – this not only allowed for the deepening of the 53/6-1 exploration well to test the Drombeg prospect, but it also significantly reduced our financial exposure to the drilling costs. These transactions also mean that the majority of Providence's Atlantic Margin assets have been successfully farmed-out to majors in accordance with our corporate strategy, with Avalon under the operatorship of TOTAL, Dunquin now under the operatorship of Eni and with TOTAL having an option to assume operatorship at FEL 2/14, which contains the undrilled Diablo prospect. Our last remaining Atlantic Margin asset, Newgrange, is the subject of ongoing farm-out discussions.

The drilling of the 53/6-1 Druid/Drombeg exploration well was a major operational undertaking for Providence, being situated in the deepest water depth ever drilled offshore north-west Europe. This is a real credit to the Providence operational team and sub-contractors who worked so diligently to ensure its safe and environmentally benign delivery. The results from the 53/6-1 well were disappointing as, while both reservoir sections were encountered within the pre-drill depth prognosis, both were water bearing. The possible presence of bitumen was reported in drill cuttings within the Drombeg reservoir interval, which may indicate that it received an oil charge which was not retained at this location. However, further studies will be required in order to confirm this interpretation and its implications for the wider prospectivity within FEL 2/14.

At Barryroe, we have continued farm-in discussions – but to date, no deal has been consummated. Whilst discussions continue, the Board has taken a decision to advance drilling at Barryroe. Noting the significant value attributable to Barryroe and prevailing low rates for rigs and associated offshore services, we have moved forward with planning for drilling (and possibly a side-track). Last month, we issued a request for expressions of interest for the supply of a mobile offshore drilling unit and have started the consent process for drilling. The details on the forward dates for the planned drilling programme will be communicated once the schedule is finalised.

Looking ahead, we await the decision whether TOTAL will exercise their option to farm-in to FEL 2/14 and we also look forward to seeing the outcome of exploration wells planned for acreage proximate to FEL 2/14, which will test plays similar to Diablo and to those which have proved to be successful in the conjugate Flemish Pass Basin, offshore Canada. Regarding Avalon, we also await the decision whether Cairn will exercise their option. Under the TOTAL farm-in to Avalon, there is already a partial promoted carry on a contingent exploration well.

As demonstrated by our recent drilling, Providence remains the most active explorer offshore Ireland, with over 20 years' operational experience generally and specifically some 13 years since it first licenced acreage in the Porcupine Basin. Looking ahead, we will continue to seek to capitalise on the significant and unrealised value of our portfolio for the benefit of our shareholders."

H1 2017 OPERATIONAL HIGHLIGHTS

APPRAISAL PROJECTS

- **Barryroe, North Celtic Sea Basin (SEL 1/11)**
 - Farm-out discussions continued
- **Offshore Petroleum Lease 1 (OPL 1) South Option, North Celtic Sea Basin**
 - Latest mapping shows that this area has the potential to host significant incremental resources

EXPLORATION PROSPECTS

- **Druid/Drombeg & Diablo, Southern Porcupine Basin (FEL 2/14)
Cairn Farm-In**
 - Farm out signed with Capricorn, a wholly owned subsidiary of Cairn Energy PLC, where in consideration for Capricorn taking a 30% working interest in FEL 2/14, with an effective date of 1 July 2016, Capricorn agreed to:
 - Pay 45% of the drilling costs of the 53/6-1 exploration well, subject to a gross well cap of US\$ 42 million, and thereafter at their 30% cost share
 - Make a cash payment of US\$ 2.82 million on a pro rata 80/20 basis to Providence and Sosina
 - Capricorn also agreed that, in the event that the JV partners agree to drill an appraisal well in FEL 2/14, it will pay 40% of well costs subject to a gross well cap of US\$ 42 million and have the right to take over operatorship
 - The equity ownership in FEL 2/14 is currently Providence 56% (Operator), Capricorn 30% and Sosina 14%

TOTAL Option

- Exclusive option agreed with TOTAL E&P Ireland B.V. ("TOTAL"), a wholly owned subsidiary of TOTAL S.A. which gives TOTAL the option and the right, but not the obligation, to farm-in to a 35% working interest in FEL 2/14 from Providence & Sosina, subject to the payment of US\$ 27 million to Providence and Sosina (US\$ 21.6 million and US\$ 5.4 million, respectively).
- The option can be exercised by TOTAL within 60 business days of the completion (P&A'ing) of the 53/6-1 well
- The amount payable by TOTAL to Providence & Sosina (on a pro rata 80/20 basis) to acquire the Option is:
 - US\$ 20.250 million (US\$ 16.2 million to Providence) – this was paid on June 19th
 - US\$ 6.750 million (US\$ 5.4 million to Providence) – this is payable no later than 3 business days following the issuance of the P&A notice for the 53/6-1 well
- If TOTAL subsequently elects to exercise the option, Providence, Sosina and TOTAL will enter into an agreed form farm-in agreement to effect the transfer of a 35% working interest and operatorship in FEL 2/14 to TOTAL, such farm-in would be subject to Ministerial approval
- On this basis, the equity ownership in FEL 2/14 would be TOTAL 35% (Operator), Capricorn 30%, Providence 28% and Sosina 7%

- **Avalon, Porcupine Basin (LO 16/27)**

TOTAL Farm-in

- Farm-in signed with TOTAL E&P Ireland B.V. ("TOTAL"), a wholly owned subsidiary of TOTAL S.A, where in consideration for TOTAL taking a 50% working interest in LO 16/27, TOTAL agreed to:
 - Pay its pro-rata share of past gross costs of c. US\$ 0.175 million
 - In addition to its pro-rata share, pay 21.4% of the past and future costs during the 2-year term of LO 16/27, subject to a gross cost cap of US\$ 1.33 million
- Subject to Ministerial approval, TOTAL is to assume operatorship of LO 16/27 with the resultant equity in LO 16/27 being TOTAL 50% (Operator), Providence 40% and Sosina 10%
- TOTAL also agreed that, in the event that the JV partners agree to convert LO 16/27 into a Frontier Exploration Licence, and a subsequent decision is taken to drill an exploration well, TOTAL will pay 60% of the drilling costs, subject to a gross well cap of US\$ 42 million

Cairn Option

- Exclusive option agreed with Capricorn, a subsidiary of Cairn Energy PLC
- Under the terms of the option, Capricorn has the right to farm-in to a 20% working interest in LO 16/27 from Providence and Sosina
- The option can be exercised by Capricorn within 60 days of the completion (P&A'ing) of the 53/6-1 well on Frontier Exploration Licence 2/14
- In the event that Capricorn exercise their option, Providence, Sosina and Capricorn will enter into an agreed farm-in agreement to effect the transfer of a 20% working interest in LO 16/27 to Capricorn, based on the following terms where Capricorn will:
 - o Pay its pro-rata share of past gross costs of c. US\$ 0.175 million
 - o In addition to its pro-rata share, pay 8.6% of the past and future costs during the 2-year term of LO 16/27, subject to a gross cost cap of US\$ 1.33 million
- Capricorn also agreed that, in the event that the JV partners agree to convert LO 16/27 into a Frontier Exploration Licence and a subsequent decision is taken to drill an exploration well, Capricorn will pay 24% of the drilling costs, subject to a gross well cap of US\$ 42 million
- In the event that Capricorn exercises the option, the final equity in LO 16/27 will be TOTAL 50% (Operator), Providence 24%, Capricorn 20% and Sosina 6%
- Conclusion of any farm-in by Capricorn would be subject to Ministerial approval
- **Dunquin South, Southern Porcupine Basin (FEL 3/04)**
- Licensing of 1,800 km² of 3D seismic data from CGG as part of their Porcupine Basin multi-client 3D acquisition programme, which was acquired in June 2017
- **Kish, Kish Bank Basin (SEL 2/11)**
- Company's working interest increased to 100%
- Extension to the 1st phase of SEL 2/11 to August 2018 and an overall extension of one year to the licence term to August 2020

H1 2017 FINANCIAL HIGHLIGHTS

- Operating Loss for the period of €3.916 million versus €2.216 million in H1 2016
- Loss of €3.441 million versus €4.440 million in H1 2016
- Loss per share of 0.58 cents versus 3.17 cents in H1 2016
- At June 30, 2017, total cash & cash equivalents were €36.398 million (€0.522 million at June 30, 2016) with a further payment of US\$ 5.4 million to Providence from TOTAL 3 days after the P&A'ing of the 53/6-1 well
- The Company had no debt at June 30, 2017 (€19.546 million at June 30, 2016)

BOARD CHANGES

- In May 2017, Angus McCoss joined the Board as a Non-executive Director

POST JUNE 30 EVENTS

- **Barryroe, North Celtic Sea Basin (SEL 1/11)**
- Extension to the 1st phase of SEL 1/11 to July 2019 and overall licence extension of 2 years to July 2021
- New 3D seismic uplift provides significantly enhanced visualization of Barryroe reservoir interval
- Planning now underway for a well to be drilled in 2H 2018/1H 2019
- EOI issued for drilling rig
- Revised well cost estimates for single vertical well of c. US\$ 20 million

▪ **Druid/Drombeg, Southern Porcupine Basin (FEL 2/14)**

Drilling Operations

- The 53/6-1 exploration well spud on July 11, 2017 using the Stena IceMax drill-ship, targeting the Druid and Drombeg exploration targets
 - On August 4, 2017, the Company confirmed that:
 - Paleocene Druid reservoir interval encountered with the pre-drill depth prognosis
 - Preliminary interpretation indicated Druid comprises a porous water bearing reservoir interval
 - On September 11, 2017, the Company confirmed that:
 - Lower Cretaceous Drombeg reservoir interval encountered with the pre-drill depth prognosis
 - Preliminary interpretation indicated Drombeg comprises a porous water bearing reservoir interval
 - The possible presence of bitumen was reported in drill cuttings within the Drombeg reservoir interval which may indicate that it received an oil charge which was not retained at this location
 - Post well studies will be carried out on the well data and the possible presence of bitumen to confirm this interpretation and its implications for the wider prospectivity within FEL 2/14
 - In accordance with the pre-drill plans, the well is currently being plugged and abandoned
- **Avalon, Southern Porcupine Basin (LO 16/27)**
- A large scale calibrated Petroleum Systems Model (PSM, c. 48,000 km²), which included the LO 16/27 area, supports the potential of a working petroleum system in LO 16/27
 - The model demonstrates that the Avalon prospect could potentially access a total hydrocarbon resource charge of c. 8.67 BBO and c. 21.43 TSCF (equivalent to c. 12 BBOE)
- **Newgrange, Goban Spur Basin (FEL 6/14)**
- Farm out process ongoing

OUTLOOK

We have a high quality portfolio of assets with significant partners and are very optimistic about the prospects both for Providence and the Irish Oil & Gas sector. We remain both determined and uniquely positioned to continue to lead the industry in identifying and realising Ireland's significant offshore potential.

INVESTOR ENQUIRIES

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ABOUT PROVIDENCE RESOURCES

Providence Resources is an Irish based Oil and Gas Exploration Company with a portfolio of appraisal and exploration assets located offshore Ireland. Providence's shares are quoted on AIM in London and the ESM in Dublin.

GLOSSARY OF TERMS USED

BBO – Billion Barrels of Oil

BBOE – Billion Barrels of Oil Equivalent

EOI – Expression of Interest

FEL – Frontier Exploration Licence

LO – Licensing Option

LU – Lease Undertaking

MMBOE – Millions of Barrels of Oil Equivalent

OPL – Offshore Production Lease

SEL – Standard Exploration Licence

TSCF – Trillion Standard Cubic Feet of Gas

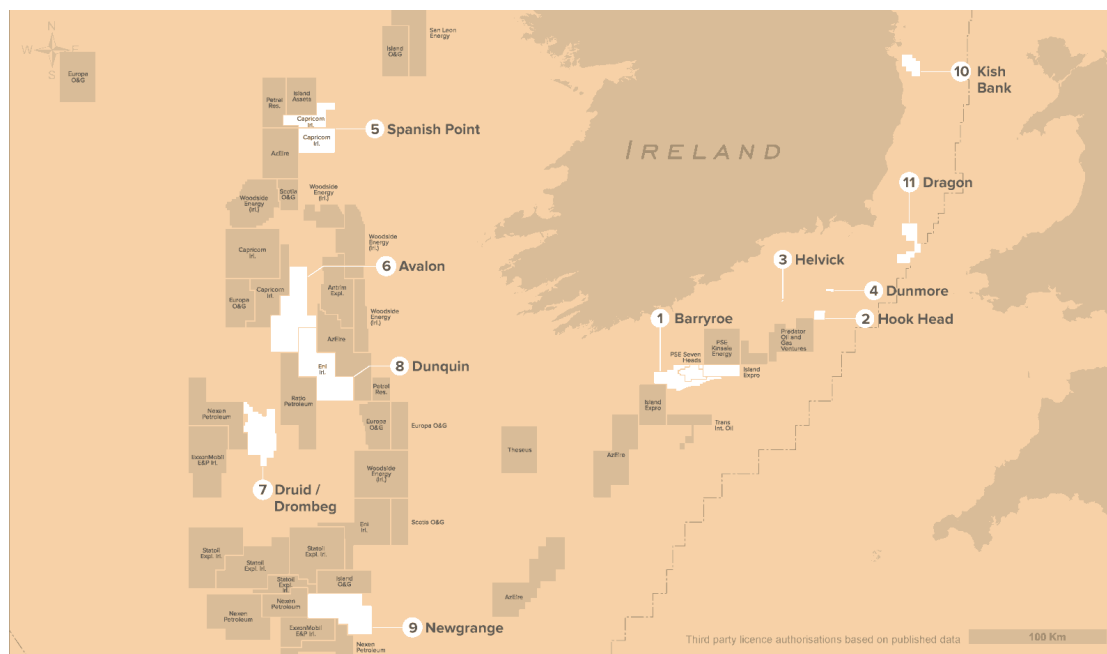
ANNOUNCEMENT

This announcement has been reviewed by Dr John O'Sullivan, Technical Director, Providence Resources P.I.c. John 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 a doctorate in Geology from Trinity College Dublin. John is a Chartered Geologist and a Fellow of the Geological Society of London. He is also a member of the Petroleum Exploration Society of Great Britain, the Society of Petroleum Engineers and the Geophysical Association of Ireland. John has more than 25 years of experience in the oil and gas exploration and production industry having previously worked with both Mobil and Marathon Oil. John is a qualified person as defined in the guidance note for Mining Oil & Gas Companies, March 2006 (London Stock Exchange). Definitions in this press release are consistent with SPE guidelines. SPE/WPC/AAPG/SPEE Petroleum Resource Management System 2007 has been used in preparing this announcement.

SUMMARY OF LICENCE INTERESTS

| Ref | Licence | Issued | Key Asset | Operator | Providence Partners | PVR % | Classification |
|----------------------------------|----------|--------|---------------|-------------------------|-------------------------------------|-------|-----------------------|
| NORTH CELTIC SEA BASIN | | | | | | | |
| 1 | SEL 1/11 | 2011 | BARRYROE | Providence | Lansdowne | 80.0 | Oil discovery |
| 2 | SEL 2/07 | 2007 | HOOK HEAD | Providence | Atlantic; Sosina | 72.5 | Oil & gas discovery |
| 3 | LU | 2016 | HELVICK | Providence | Atlantic; Sosina, Lansdowne; MFDC | 62.5 | Oil & gas discovery |
| 4 | LU | 2016 | DUNMORE | Providence | Atlantic; Sosina; MFDC | 72.5 | Oil discovery |
| NORTHERN PORCUPINE BASIN | | | | | | | |
| 5 | FEL 2/04 | 2004 | SPANISH POINT | Cairn | Cairn; Sosina | 58.0 | Oil & gas discoveries |
| 5 | FEL 4/08 | 2008 | SPANISH POINT | Cairn | Cairn; Sosina | 58.0 | Oil & gas exploration |
| SOUTHERN PORCUPINE BASIN | | | | | | | |
| 6 | LO 16/27 | 2016 | AVALON | TOTAL ¹ | Sosina; (Cairn) ² | 40.0 | Oil & gas exploration |
| 7 | FEL 2/14 | 2014 | DRUID | Providence ³ | Cairn; Sosina; (TOTAL) ³ | 56.0 | Oil & gas exploration |
| 7 | FEL 2/14 | 2014 | DROMBEG | Providence ³ | Cairn; Sosina; (TOTAL) ³ | 56.0 | Oil & gas exploration |
| 7 | FEL 2/14 | 2014 | DIABLO | Providence ³ | Cairn; Sosina; (TOTAL) ³ | 56.0 | Oil & gas exploration |
| 8 | FEL 3/04 | 2014 | DUNQUIN | Eni | Eni; Repsol; Sosina | 26.8 | Oil exploration |
| GOBAN SPUR BASIN | | | | | | | |
| 9 | FEL 6/14 | 2014 | NEWGRANGE | Providence | Sosina | 80.0 | Oil & gas exploration |
| KISH BANK BASIN | | | | | | | |
| 10 | SEL 2/11 | 2011 | KISH BANK | Providence | | 100.0 | Oil & gas exploration |
| ST GEORGE'S CHANNEL BASIN | | | | | | | |
| 11 | SEL 1/07 | 2007 | DRAGON | Providence | | 100.0 | Gas discovery |

MAP OF LICENCE INTERESTS



¹ Subject to Ministerial Consent

² Capricorn (Cairn) has the option to take 20% working interest (subject to Ministerial consent)

³ TOTAL has the option to take 35% working interest and assume operatorship (subject to Ministerial consent)

PROVIDENCE RESOURCES P.I.c.
Condensed consolidated income statement
For the 6 months ended 30 June 2017

| | Notes | 6 months ended 30 June 2017 Unaudited €'000 | 6 months ended 30 June 2016 Unaudited €'000 | Year ended 31 December 2016 Audited €'000 |
|--|-------|--|--|--|
| Continuing operations | | | | |
| Administration and legal expenses | 3 | (3,624) | (1,739) | (3,688) |
| Pre-licence expenditure | | - | (59) | (61) |
| Impairment of exploration and evaluation assets | | (292) | (418) | (15,095) |
| Operating loss | 2 | (3,916) | (2,216) | (18,844) |
| Finance income | | 67 | 6 | 39 |
| Finance expense | 4 | 408 | (2,230) | (1,741) |
| Loss before income tax | | (3,441) | (4,440) | (20,546) |
| Income tax expense | | - | - | - |
| Loss for the period | | (3,441) | (4,440) | (20,546) |
| Loss per share (cent) – continuing operations | | | | |
| Basic and diluted loss per share | 9 | (0.58) | (3.17) | (5.80) |

PROVIDENCE RESOURCES P.I.c.
Consolidated statement of comprehensive income
For the 6 months ended 30 June 2017

| | 6 months ended 30 June 2017 Unaudited €'000 | 6 months ended 30 June 2016 Unaudited €'000 | Year ended 31 December 2016 Audited €'000 |
|--|--|--|--|
| Loss for the financial period | (3,441) | (4,440) | (20,546) |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Foreign exchange translation differences | (4,807) | (2,266) | 1,994 |
| Total income and expense recognised in other comprehensive income from continuing operations | (4,807) | (2,266) | 1,994 |
| Total comprehensive expense for the period | (8,248) | (6,706) | (18,552) |

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

PROVIDENCE RESOURCES P.I.c.

Consolidated statement of financial position

As at 30 June 2017

| | Notes | 30 June 2017 Unaudited €'000 | 30 June 2016 Unaudited €'000 | 31 December 2016 Audited €'000 |
|---|-------|------------------------------------|------------------------------------|---|
| Assets | | | | |
| Exploration and evaluation assets | 5 | 83,451 | 96,904 | 89,276 |
| Property, plant and equipment | | 93 | 136 | 102 |
| Intangible assets | | 139 | 243 | 192 |
| Total non-current assets | | 83,683 | 97,283 | 89,570 |
| Trade and other receivables | 8 | 6,373 | 2,400 | 255 |
| Cash and cash equivalents | | 36,398 | 522 | 31,403 |
| Total current assets | | 42,771 | 2,922 | 31,658 |
| Total assets | | 126,454 | 100,205 | 121,228 |
| Equity | | | | |
| Share capital | 6 | 71,452 | 25,694 | 71,452 |
| Capital conversion reserve fund | | 623 | 623 | 623 |
| Share premium | 6 | 247,918 | 226,998 | 247,918 |
| Foreign currency translation reserve | | 9,008 | 9,555 | 13,815 |
| Share based payment reserve | | 1,605 | 3,151 | 1,398 |
| Retained deficit | | (227,329) | (203,785) | (223,888) |
| Total equity attributable to equity holders of the Company | | 103,277 | 62,236 | 111,318 |
| Liabilities | | | | |
| Decommissioning provision | | 7,259 | 7,324 | 7,783 |
| Total non-current liabilities | | 7,259 | 7,324 | 7,783 |
| Trade and other payables | 7 | 15,918 | 11,099 | 2,127 |
| Loans and borrowings | | - | 19,546 | - |
| Total current liabilities | | 15,918 | 30,645 | 2,127 |
| Total liabilities | | 23,177 | 37,969 | 9,910 |
| Total equity and liabilities | | 126,454 | 100,205 | 121,228 |

PROVIDENCE RESOURCES P.I.c.

Consolidated statement of changes in Equity

For the 6 months ended 30 June 2017

| | Share Capital €'000 | Capital Conversion Reserve Fund €'000 | Share Premium €'000 | Foreign Currency Translation Reserve €'000 | Share Based Payment Reserve €'000 | Retained Deficit €'000 | Total €'000 |
|--|------------------------|--|------------------------|--|---|---------------------------|----------------|
| At 1 January 2016 | 25,694 | 623 | 226,998 | 11,821 | 3,586 | (199,780) | 68,942 |
| Loss for financial period | - | - | - | - | - | (4,440) | (4,440) |
| Currency translation | - | - | - | (2,266) | - | - | (2,266) |
| Total comprehensive income | - | - | - | (2,266) | - | (4,440) | (6,706) |
| <i>Transactions with owners, recorded directly in equity</i> | | | | | | | |
| Share options lapsed in period | - | - | - | - | (435) | 435 | - |
| At 30 June 2016 | 25,694 | 623 | 226,998 | 9,555 | 3,151 | (203,785) | 62,236 |
| At 1 January 2017 | 71,452 | 623 | 247,918 | 13,815 | 1,398 | (223,888) | 111,318 |
| Loss for financial period | - | - | - | - | - | (3,441) | (3,441) |
| Currency translation | - | - | - | (4,807) | - | - | (4,807) |
| Total comprehensive income | - | - | - | (4,807) | - | (3,441) | (8,248) |
| <i>Transactions with owners, recorded directly in equity</i> | | | | | | | |
| Share based payments in period | - | - | - | - | 207 | - | 207 |
| At 30 June 2017 | 71,452 | 623 | 247,918 | 9,008 | 1,605 | (227,329) | 103,277 |
| At 1 January 2016 | 25,694 | 623 | 226,998 | 11,821 | 3,586 | (199,780) | 68,942 |
| Loss for financial year | - | - | - | - | - | (20,546) | (20,546) |
| Currency translation | - | - | - | 1,994 | - | - | 1,994 |
| Total comprehensive income | - | - | - | 1,994 | - | (20,546) | (18,552) |
| <i>Transactions with owners, recorded directly in equity</i> | | | | | | | |
| Share based payments | - | - | - | - | 142 | - | 142 |
| Share options lapsed in year | - | - | - | - | (837) | 837 | - |
| Share options cancelled in year | - | - | - | - | (1,493) | 1,493 | - |
| Shares issued in period | 45,758 | - | 20,920 | - | - | (5,892) | 60,786 |
| At 31 December 2016 | 71,452 | 623 | 247,918 | 13,815 | 1,398 | (223,888) | 111,318 |

PROVIDENCE RESOURCES P.I.c.

Consolidated statement of cash flows

For the 6 months ended 30 June 2017

| | 6 months ended 30 June 2017 | 6 months ended 30 June 2016 | Year ended 31 December 2016 |
|---|--------------------------------|--------------------------------|--------------------------------|
| | Unaudited | Unaudited | Audited |
| | €'000 | €'000 | €'000 |
| Cash flows from operating activities | | | |
| Loss before income tax for the period | (3,441) | (4,440) | (20,546) |
| Adjustments for: | | | |
| Depletion and depreciation | 33 | 34 | 66 |
| Amortisation of intangible assets | 52 | 52 | 104 |
| Impairment of exploration and evaluation assets | 292 | 418 | 15,095 |
| Finance income | (67) | (6) | (39) |
| Finance expense | (408) | 2,230 | 1,741 |
| Equity settled share based payment charge | 207 | - | 142 |
| Foreign exchange | 1,288 | (572) | 1,113 |
| Change in trade and other receivables | (6,118) | (226) | 1,919 |
| Change in trade and other payables | 6,886 | (1,705) | (10,585) |
| Interest paid | - | (996) | (1,266) |
| Net cash (outflow) from operating activities | (1,276) | (5,211) | (12,256) |
| Cash flows from investing activities | | | |
| Interest received | 67 | 6 | 39 |
| Acquisition of exploration and evaluation assets | (10,861) | (326) | (3,982) |
| Acquisition of property, plant and equipment | (24) | - | - |
| Farm in proceeds | 18,497 | - | - |
| Net cash from/(used) in investing activities | 7,679 | (320) | (3,943) |
| Cash flows from financing activities | | | |
| Proceeds from issue of share capital | - | - | 61,202 |
| Share capital issue costs | - | - | (416) |
| Repayments of loans and borrowings | - | - | (19,633) |
| Net cash from financing activities | - | - | 41,153 |
| Net (decrease)/increase in cash and cash equivalents | 6,403 | (5,531) | 24,954 |
| Cash and cash equivalents at beginning of period | 31,403 | 6,518 | 6,518 |
| Effect of exchange rate fluctuations on cash and cash equivalents | (1,408) | (465) | (69) |
| Cash and cash equivalents at end of period | 36,398 | 522 | 31,403 |

PROVIDENCE RESOURCES P.I.c.

Note 1

Basis of preparation

Providence Resources P.I.c ("the Company") is a company incorporated in the Republic of Ireland. The unaudited consolidated interim financial statements of the Company for the six months ended 30 June 2017 (the "Interim Financial Statements") include the Company and its subsidiaries (together referred to as the "Group"). The Interim Financial Statements were authorised for issue by the Directors on 20 September 2017.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. These condensed set of financial statements included in this half-yearly report have been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the Group's accounting policies as disclosed in the 2016 Annual Report, which are available from the group's website www.providenceresources.com.

The Interim Financial Statements do not constitute statutory financial statements. The statutory financial statements for the year ended 31 December 2016, extracts from which are included in these Interim Financial Statements, were prepared under IFRSs as adopted by the EU and will be filed with the Registrar of Companies with the Company's 2016 annual return.

The Interim Financial Statements are presented in Euro, rounded to the nearest thousand, which is the functional currency of the parent company and also the presentation currency for the Group's financial reporting.

Amendments to existing standards

During the period, a number of amendments to existing accounting standards became effective. These have been considered by the directors and have not had a significant impact on the Group's consolidated financial statements.

PROVIDENCE RESOURCES P.I.c.

Note 2

Operating segments

| | 6 months ended 30 June 2017 | 6 months ended 30 June 2016 | Year ended 31 December 2016 |
|---|--------------------------------|--------------------------------|--------------------------------|
| | Unaudited | Unaudited | Audited |
| | €'000 | €'000 | €'000 |
| Segment net (loss) for the period | | | |
| UK – exploration assets | 54 | (73) | (67) |
| Republic of Ireland – exploration assets | (346) | (345) | (15,028) |
| Corporate expenses | (3,624) | (1,798) | (3,749) |
| | | | |
| Operating loss for the period | (3,916) | (2,216) | (18,844) |
| | | | |
| Segment assets | | | |
| | | | |
| Republic of Ireland – exploration assets | 89,824 | 96,904 | 89,659 |
| US | - | 32 | - |
| Group assets | 36,630 | 3,269 | 31,569 |
| Total assets | 126,454 | 100,205 | 121,228 |
| | | | |
| Segment Liabilities | | | |
| | | | |
| UK – exploration | (37) | (101) | (64) |
| Republic of Ireland – exploration | (23,140) | (18,322) | (9,598) |
| US | - | - | (1) |
| Group liabilities | - | (19,546) | (247) |
| Total Liabilities | (23,177) | (37,969) | (9,910) |
| | | | |
| Capital Expenditure | | | |
| | | | |
| UK – exploration assets | (54) | 71 | 67 |
| Republic of Ireland – exploration assets | (678) | 255 | 3,915 |
| Republic of Ireland – property, plant and equipment | 24 | - | - |
| Total Capital Expenditure | (708) | 326 | 3,982 |
| | | | |
| Impairment charge | | | |
| | | | |
| Republic of Ireland – exploration assets | 346 | 345 | 15,028 |
| UK – exploration assets | (54) | 73 | 67 |
| | 292 | 418 | 15,095 |

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Note 3

Administration and legal Expense

| | 6 months ended 30 June 2017 | 6 months ended 30 June 2016 | Year ended 31 December 2016 |
|---|--------------------------------|--------------------------------|--------------------------------|
| | Unaudited | Unaudited | Audited |
| | €'000 | €'000 | €'000 |
| Corporate, exploration and development expenses | 3,144 | 1,952 | 4,271 |
| Legal expenses | 25 | 110 | 68 |
| Foreign exchange difference | 1,490 | 219 | 507 |
| Total administration expenses for the period | 4,659 | 2,281 | 4,846 |
| Capitalised in exploration and evaluation assets | (1,035) | (542) | (1,158) |
| Total charged to the income statement | 3,624 | 1,739 | 3,688 |

Note 4

Finance Expense

| | 6 months ended 30 June 2017 | 6 months ended 30 June 2016 | Year ended 31 December 2016 |
|---|--------------------------------|--------------------------------|--------------------------------|
| | Unaudited | Unaudited | Audited |
| | €'000 | €'000 | €'000 |
| Interest charge | - | 1,010 | 1,093 |
| Amortisation of arrangement fees and other amounts | - | 1,680 | 1,643 |
| Unwinding of discount on decommissioning provision | 70 | 66 | 138 |
| Foreign exchange on decommissioning provision | (478) | (140) | 221 |
| Interest charge on legal settlement** | - | - | (1,055) |
| Foreign exchange gain on revaluation of loan | - | (386) | (299) |
| Total finance expense recognised in income statement | (408) | 2,230 | 1,741 |
| Recognised directly in equity | | | |
| Foreign currency differences on foreign operations | (4,807) | (2,266) | 1,994 |
| Total foreign exchange expenses recognised in equity | (4,807) | (2,266) | 1,994 |

** The interest credit arose on the resolution of the Transocean legal case

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Note 5

Exploration and evaluation assets

| | Republic of Ireland | UK | Total |
|-------------------------------------|------------------------|----------|---------------|
| | €'000 | €'000 | €'000 |
| Cost and book value | | | |
| At 1 January 2016 | 98,211 | - | 98,211 |
| Additions | 507 | 65 | 572 |
| Cash calls received in period | (788) | - | (788) |
| Administration expenses capitalised | 537 | 5 | 542 |
| Impairment charge | (345) | (73) | (418) |
| Foreign exchange translation | (1,218) | 3 | (1,215) |
| At 30 June 2016 | 96,904 | - | 96,904 |
| At 1 January 2016 | 98,211 | - | 98,211 |
| Additions | 4,047 | 62 | 4,109 |
| Administration expenses capitalised | 1,153 | 5 | 1,158 |
| Cash call received in year | (1,285) | - | (1,285) |
| Impairment charge | (15,028) | (67) | (15,095) |
| Foreign exchange translation | 2,178 | - | 2,178 |
| At 31 December 2016 | 89,276 | - | 89,276 |
| At 1 January 2017 | 89,276 | - | 89,276 |
| Additions | 9,879 | (54) | 9,825 |
| Cash calls received in period | - | - | - |
| Farm in proceeds | (11,592) | - | (11,592) |
| Administration expenses capitalised | 1,035 | | 1,035 |
| Impairment charge | (346) | 54 | (292) |
| Foreign exchange translation | (4,801) | - | (4,801) |
| At 30 June 2017 | 83,451 | - | 83,451 |

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Note 6

Share Capital and Share Premium

| | | Number | |
|--------------------------------|----------------|---------------|----------------|
| | | '000 | €'000 |
| Authorised: | | | |
| At 1 January 2017 | | | |
| Deferred shares of €0.011 each | | 1,062,442 | 11,687 |
| Ordinary shares of €0.10 each | | 986,847 | 98,685 |
| | | | |
| At 30 June 2017 | | | |
| Deferred shares of €0.011 each | | 1,062,442 | 11,687 |
| Ordinary shares of €0.10 each | | 986,847 | 98,685 |
| | | | |
| | | | |
| | Number | Share Capital | Share Premium |
| Issued: | '000 | €'000 | €'000 |
| | | | |
| Deferred shares of €0.011 each | 1,062,442 | 11,687 | 5,691 |
| Ordinary share of €0.10 each | 140,076 | 14,007 | 221,307 |
| | | | |
| At 1 January 2016 | 140,076 | 25,694 | 226,998 |
| At 30 June 2016 | 140,076 | 25,694 | 226,998 |
| Shares issued | 457,582 | 45,758 | 20,920 |
| | | | |
| At 31 December 2016 | 597,658 | 71,452 | 247,918 |
| | | | |
| At 30 June 2017 | 597,658 | 71,452 | 247,918 |

Note 7

Trade and other creditors

| | 6 months ended 30 June 2017 | 6 months ended 30 June 2016 | Year ended 31 December 2016 |
|---|--------------------------------|--------------------------------|--------------------------------|
| | Unaudited | Unaudited | Audited |
| | €'000 | €'000 | €'000 |
| Capital expenditure payable(1) | - | 8,110 | - |
| Accruals and deferred income | 6,273 | 1,604 | 1,589 |
| Trade creditors | 2,740 | 1,385 | 538 |
| Advance payment from Joint Operation Partner | 6,905 | - | - |
| | | | |
| Total | 15,918 | 11,099 | 2,127 |

(1) Capital invoices and associated costs related to the Transocean legal dispute

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Note 8

Trade and other receivables

| | 6 months ended 30 June 2017 | 6 months ended 30 June 2016 | Year ended 31 December 2016 |
|--|--------------------------------|--------------------------------|--------------------------------|
| | Unaudited | Unaudited | Audited |
| | €'000 | €'000 | €'000 |
| VAT recoverable | 33 | 54 | 38 |
| Prepayments | 1,418 | 342 | 125 |
| Amounts due from Joint Operation Partner | 4,922 | 2,004 | 92 |
| Total | 6,373 | 2,400 | 255 |

Note 9

Earnings per share

| | 30 June 2017 | 30 June 2016 | 31 December 2016 |
|--|---------------|---------------|---------------------|
| | Unaudited | Unaudited | Audited |
| | €'000 | €'000 | €'000 |
| Loss attributable to equity holders of the company from continuing operations | (3,441) | (4,440) | (20,546) |
| The basic weighted average number of Ordinary share in issue ('000) | | | |
| In issue at beginning of year | 597,658 | 140,076 | 140,077 |
| Adjustment for shares issued in period | - | - | 214,374 |
| Weighted average number of ordinary shares | 597,658 | 140,076 | 354,451 |
| Basic loss per share (cent) – continuing operations | (0.58) | (3.17) | (5.80) |
| The weighted average number of ordinary shares for diluted earnings per share calculated as follows: | | | |
| Weighted average number of ordinary shares | 597,658 | 140,076 | 354,451 |
| Diluted loss per share (cent) – continuing operations | (0.58) | (3.17) | (5.80) |

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

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Note 10

Share schemes

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.

3,750,000 (2016: nil) options granted during the period 2017 under this scheme. The fair value of the options granted during the year was estimated at €0.10c per share. The following key input assumptions were applied:

| | |
|-------------------------|---------|
| Volatility | 65% |
| Time period | 7 years |
| Dividend yield | 0% |
| Risk free interest rate | (0.22%) |
| Exercise price | 0.17c |

At 30 June 2017, options over 28.440 million (2016: 0.910 million) shares remained outstanding at subscription prices ranging from €0.142 to €6.13. These options expire at varying dates up to June 2024.

| For the period ended 30 June 2017 | 2016 scheme | | 2009 scheme | |
|-----------------------------------|---------------------------|-----------------------------------|---------------------------|-----------------------------------|
| | No of share options 000's | Weighted average exercise price € | No of share options 000's | Weighted average exercise price € |
| At 1 January 2017 | 22,200 | 0.45 | 2,490 | 0.84 |
| Granted during period | - | - | 3,750 | 0.17 |
| Expired during period | - | - | - | - |
| Cancelled during period | - | - | - | - |
| At 30 June 2017 | 22,200 | 0.45 | 6,240 | 0.44 |

Note 11

Commitments

As at 30 June 2017, the Group has capital commitments of approximately €8.585mm to contribute to its share of costs of exploration and evaluation activities. This is the net cost to Providence Resources Plc after receiving all funds from JV partners.