

# AGM Presentation July 27, 2016



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**James McCarthy**  
**Chairman**

# Agenda

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## **Resolutions**

## **Chairman's Remarks**

## **Operational Update**

- Tony O'Reilly, Chief Executive
- John O'Sullivan, Technical Director

## **Q&A**

## Resolutions

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### **Ordinary Business**

1. To receive and consider the Directors' Report and Financial Statements for the year ended 31 December 2015
  
2. (a) To re-elect Mr. James McCarthy as a Director  
(b) To re-elect Dr. Phil Nolan as a Director
  
3. To authorise the Directors to fix the remuneration of the Auditors

### **Special Business**

4. Issue Shares for Cash
  
5. Disapplication of pre-emption rights
  
6. Amend the Memorandum of Association
  
7. Adopt Revised Articles of Association

# Focused on Offshore Ireland

## Irish Focused Oil & Gas Portfolio



## Providence is Central to the Irish E&P Space

### Focus on early stage exploration & appraisal opportunities

- Diversified portfolio of licences offshore Ireland
- Mixture of exploration prospects & appraisal projects with material equity stakes
- Carry out subsurface evaluation / seismic / drilling
- Co-venture with industry partners for development phase

### Since 2004 Providence has drilled 5 wells and participated in 14 seismic surveys

- Recent wells are Barryroe (2012) and Dunquin North (2013)

### Since 2007 Providence has invested c. \$190 million in its licences offshore Ireland

### Material exploration & appraisal resource base (REC)

- c. 358 MMBOE net audited 2C Contingent Resources
- c. 4,792 MMBOE gross un-risked Prospective Resources

## Partnership is Key



# Providence Assets – July 2016

## Irish Focused Oil & Gas Portfolio



Map source: DECC (<https://www.gov.uk/>), PAD (<http://www.dcenr.gov.ie/>)

## Estimated Resource Volumes:

1. **Barryroe Oil Project (PVR - 80%)**  
Field Size (2C): c. 346 MMBOE REC  
Net to PVR: c. 277 MMBOE REC
2. **Hook Head Oil Project (PVR - 72.5%)**  
Field Size (2C): c. 35 MMBOE REC  
Net to PVR: c. 25 MMBOE REC
3. **Spanish Point Gas Condensate Project (PVR - 58%)**  
Field Size : c. 337 MMBOE REC  
Net to PVR: c. 195 MMBOE REC
4. **Dunquin South Oil Prospect (PVR – 20%\*)**  
Prospect Size (Pmean): c. 1,389 MMBOE REC  
Net to PVR: c. 278 MMBOE REC
5. **Avalon Oil prospect (PVR – 80%)**  
Prospect Size (Pmean): TBC
6. **Druid / Drombeg Oil Prospects (PVR - 80%)**  
Druid Prospect Size (Pmean): c. 1,120 MMBO REC  
Drombeg Prospect Size (Pmean) : c. 675 MMBO REC  
Net to PVR: c. 1,436 MMBO REC
7. **Newgrange Gas Prospect (PVR - 80%)**  
Prospect Size (P50): c. 1.126 BBOE REC  
Net to PVR: c. 900 MMBOE REC
8. **Kish Oil Prospect (PVR - 100%#)**  
Prospect Size (P50): c. 210 MMBO REC  
Net to PVR: c. 210 MMBOE REC
9. **Silverback Oil Prospect (PVR - 100%)**  
Est. REC @ 20% RF = c. 272 MMBOE  
Net to PVR: c. 272 MMBOE

\* Providence currently holds 16% in Dunquin. The assignment of the additional 4% from Atlantic Petroleum (Ireland) Limited is subject to Ministerial approval and the fulfilment of the remaining terms and conditions under the Atlantic Farmout Agreement.

# Industry Overview - Oil Price

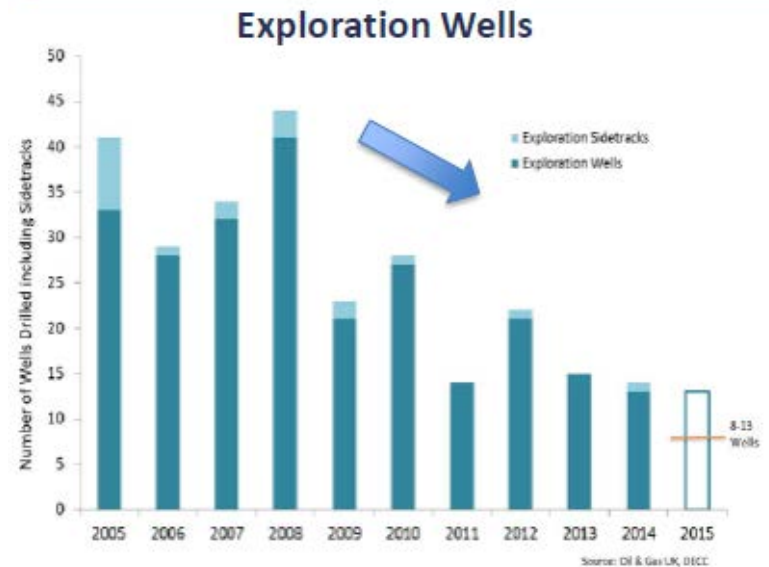
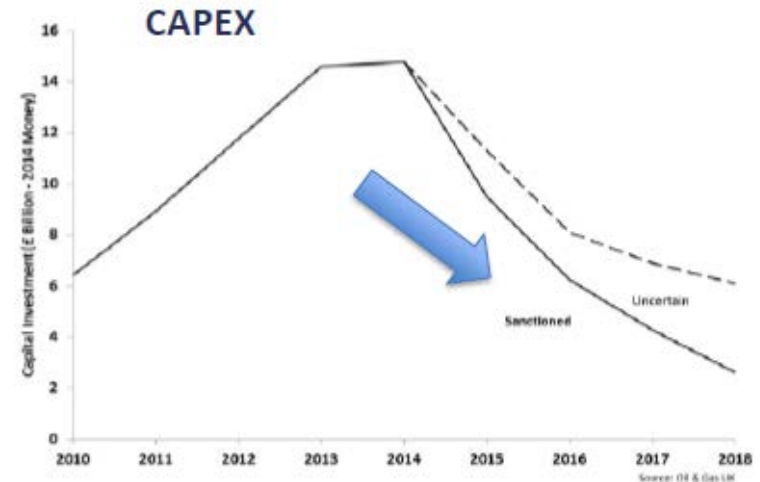


SOURCE: WWW.TRADINGECONOMICS.COM | ICE



# Industry Overview - North Sea Developments

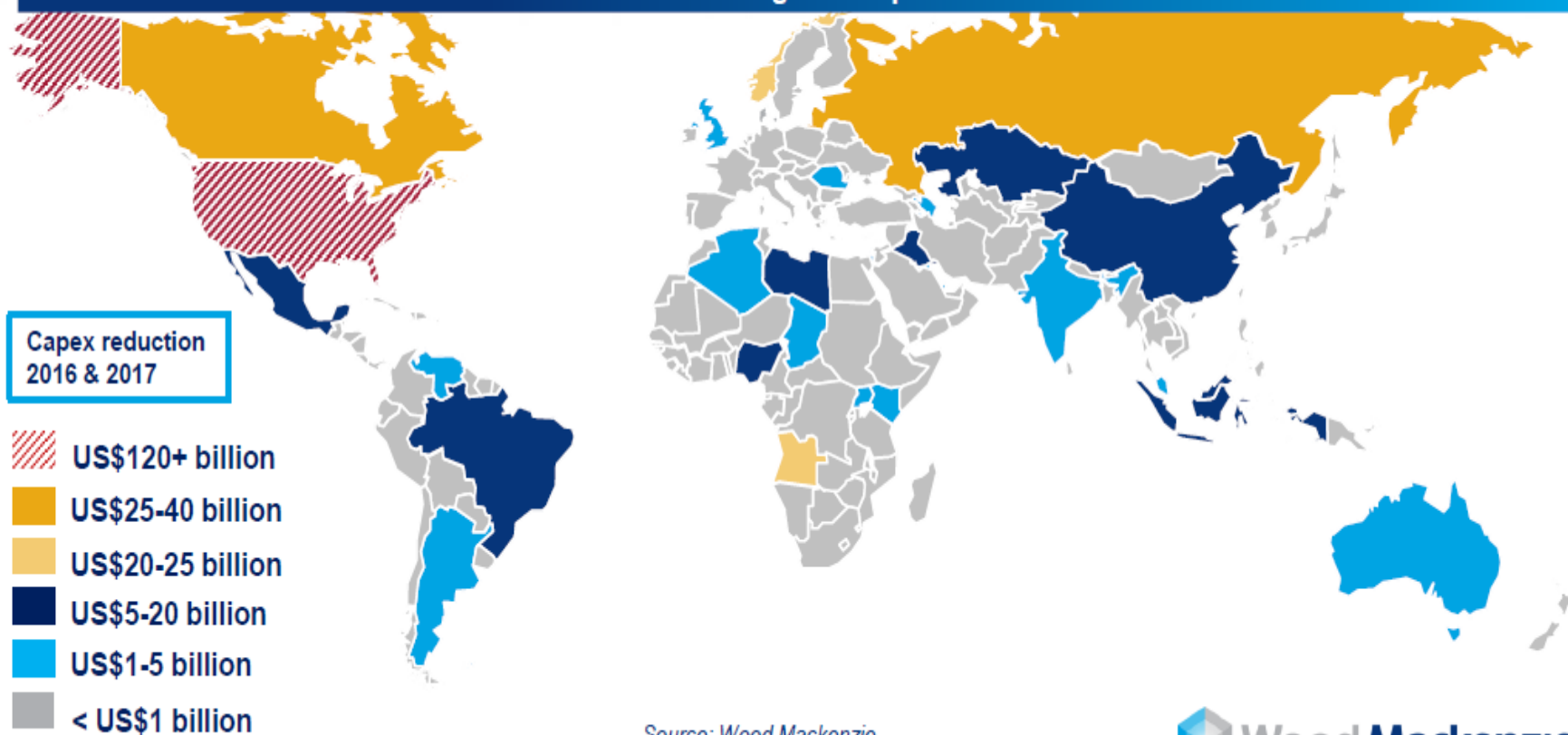
- The number of jobs that the industry supports will have fallen 33% from its peak of 450,000 in 2014 to around 300,000 by the end of 2016
- Net investment has fallen £1 billion – 1/8<sup>th</sup> of the average over the last 5 years and insufficient to sustain current rates of production
- Exploration and appraisal activity has all but stopped with only 13-19 wells expected to be drilled in 2016
- Industry focus shifting to large scale decommissioning
- M&A activity has stalled due to the decommissioning liability issues and lack of funding



# Industry Overview - Global Developments

Since the oil price drop: UK 2016-17 capex forecast slashed by US\$4.6 billion (20%), with global spend falling **US\$370 billion** (30%)

**Wood Mackenzie's view: reduction in 2016-17 global capital investment from Q4 2014 to Q2 2016**



Source: Wood Mackenzie

# Industry Overview - E&P Sectoral Implications

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## **Future Global Supply & Demand Imbalance**

- IHS Energy reports that investment planned for the years from 2014 to 2020 has already been reduced by US\$1.8 trillion
- Further reductions expected from Venezuela, Nigeria, Libya and US unconventional players to be partially offset by increases from Canada and Iran
- Longer term, big project areas such the Arctic and Tar Sands under threat
- Whilst short term oil price forecasts vary widely, most industry commentators suggest that prices will rebound post 2016 to meet forecast global demand/supply imbalance

## **Industry Consolidation**

- Mergers, acquisitions and bankruptcies

## **Operating & Capital Costs**

- Costs down 40-75% from 2013/14 highs - Costs expected to reduce further given depressed activity levels and technological advances

**Tony O'Reilly**  
**Chief Executive**

# 2015 Highlights

## 1. Barryroe Oil Project, North Celtic Sea Basin (SEL 1/11)

- 2 year extension to 1<sup>st</sup> phase of SEL 1/11 to July 2017 and an extension to 2<sup>nd</sup> phase to July 2019
- Area of SEL 1/11 increased by c.118 km<sup>2</sup> to accommodate mapped potential extensions
- Assessed separate development options of the highly productive C-Sand gas bearing reservoir

## 2. Offshore Petroleum Lease 1 (OPL 1) South Option, North Celtic Sea Basin

- Option with PSE Kinsale Energy Limited for a right to earn 60% working interest\* in southern portion of OPL 1 exercisable for a 3 year period
- Option is exercisable over 3 years and is earned through 100% financing/drilling of a well
- Based on mapping, this area has the potential to host significant incremental resources

## 3. Spanish Point Gas Condensate Project, Northern Porcupine Basin (FEL 2/04 and 4/08)

- Acquired CEPIL, increasing working interest in Spanish Point licences (FELs 2/04 & 4/08) from 32% to 58% and FEL 1/14 from 32% to 43%
- HIIP of c. 730 MMBOE and combined contingent plus prospective recoverable resources of up to 337 MMBOE
- Farm out campaign launched in October 2015



\* subject to Ministerial approval

## 2015 Highlights

### 1. Dunquin Oil Prospect, Southern Porcupine Basin (FEL 3/04)

- Agreed to acquire\* Atlantic Petroleum (Ireland) Limited's 4% interest in FEL 3/04 increasing the Company's working interest to 20%

### 2. Druid/Drombeg Oil Prospects, Southern Porcupine Basin (FEL2/14)

- Major post 3D seismic analysis carried out; 3D seismic morphologies consistent with large stacked Lower Cretaceous and Paleocene deep-water fan systems at Drombeg and Druid
- Apparent depth consistent Class II AVO responses noted on both fan systems
- Large deeply buried pre-Cretaceous Diablo Ridge presence confirmed

### 2015 Financial Highlights

- Operating loss for the period of €13.080 million versus €6.463 million in 2014
- Loss of €24.137 million versus €11.489 million in 2014
- Loss per share of 19.57 cents versus 17.77 cents in 2014
- At December 31, 2015, total cash and cash equivalents were €6.518 million versus €8.552 million (2014, includes restricted cash of €3.296 million)



## Post Year-End Events

### 1. Barryroe Oil Project, North Celtic Sea Basin (SEL 1/11)

- Farm out campaign continues
- Upper C-Sand GIIP within SEL 1/11 & OPL1 Option area now estimated at c. 400 BSCF
- Well cost estimate of c. US\$25 million
- Court of Appeal ruling

### 2. Druid/ Drombeg Oil Prospects, Southern Porcupine Basin (FEL 2/14)

- Results of Schlumberger exploration collaboration project issued
- Total cumulative in-place un-risked prospective resources of c. 5.095 BBO (PMean)
- Drilling of Druid being planned for summer 2017

### 3. Avalon Oil Prospect (LO 16/27)

- Award of new Licensing Option in 2015 Atlantic Margin Licensing Round

### 4. Spanish Point Gas Condensate Project, Northern Porcupine Basin (FEL 2/04)

- Farm out campaign continues

### 5. Dunquin Oil Prospect, Southern Porcupine Basin (FEL 3/04)

- Evidence of more significant residual oil in the Dunquin North well



## Post Year-End Events

1. **Newgrange Prospect, Goban Spur Basin (FEL 6/14)**
  - Pre-Cretaceous structural closure far larger than previously mapped
  - Prospective resource potential of 13.6 TSCF or c. 9.2 BBO STOIP
  - Top seal capacity analysis indicates potential for a hydrocarbon column of up to 350 metres
  - Latest well cost estimates of c. \$22.5 million
2. **Kish Oil Prospect, Kish Bank Basin (SEL 2/11)**
  - Company's working interest increased to 100%
3. **Helvick/Dunmore Oil Discoveries North Celtic Sea Basin**
  - Award of Lease Undertakings
  - 50% staged farm in by MFDevCo
4. **Ruadhan Prospect, Northern Porcupine Basin (FEL 1/14)**
  - Recently acquired 3D seismic data confirm the presence of a large base Cretaceous structural closure

### Relinquishments made to Licence Authorisations over:

- Cuchulain, Southern Porcupine Basin (FEL 1/99)
- Polaris, Rathlin Basin (P 1885)
- Dragon (UK), St George's Channel Basin (P 1930)





## Background to the Placing & Open Offers

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### **Working Capital**

- Overview of working capital situation
- Background to the share suspension

### **Transocean Litigation**

- Reasons for Transocean litigation
- Background to the Court of Appeal ruling

### **Financing Structure**

- Reasons for Placing and Open Offers
- Placing Participants

### **Farm Outs**

- Farm out process update

### **Drilling**

- Druid drilling

## Background to the Placing & Open Offers

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### Working Capital

- Without Barryroe farm out concluded - Melody debt repayment impossible as per facility schedule
- Contingency plan - basis of extension agreed with Melody (late 2015)
- Oil price collapse further compounded difficulties in progressing farm out discussions
- Management implemented further round of cost reductions
- Unexpected ruling from the Court of Appeal in favour of Transocean
- Shares suspended following consultation with advisors in order to give us the opportunity to obtain clarity on financial matters with Transocean and Melody. Suspension lifted on announcement of Placing & Open Offers

## Background to the Placing & Open Offers

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### Transocean Litigation

- Post the Barryroe drilling operations, Transocean made a financial claim for c.\$19 million
- Transocean initiated legal proceedings in the Commercial Court in 2012
- Our position was vindicated in Dec. 2014 when Transocean were found in breach of contract for failing to maintain their equipment
- Transocean initiated the Court of Appeal proceedings. We defended our position again
- Whilst the Court of Appeal did not reverse the ruling that Transocean was in breach of contract, the Court did favour a different interpretation on consequential loss, which unfortunately had negative financial ramifications
- The amounts owed through the Court of Appeal ruling have now been discharged to Transocean. There is one further matter to be determined where Transocean are seeking payment under a part 36 provision which largely relates to costs - no date has been set yet for a hearing. The liability is estimated at net \$3.1 million if determined against the Company
- We are seeking the right to appeal to the Supreme Court to get the Court of Appeal ruling overturned and to seek to recover amounts paid to Transocean. The cost of such an appeal, if granted, is less than £250,000. A decision on whether we will be allowed to appeal is not expected until next year

## Background to the Placing & Open Offers

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### **Financing Structure**

- Financing need was acute
- Placing and Open Offer considered most appropriate and efficient for our needs – validated by institutional take-up and existing shareholder support

### **Farm Outs**

- We are currently involved in 3 major farm out programmes at Barryroe, Spanish Point and Druid – with active participation by interested parties
- The repayment of Melody debt means that we now have an unencumbered portfolio of assets

### **Drilling**

- Schlumberger project results on Druid/Drombeg released after share suspension
- Shareholders have provided capital to drill Druid specifically because we currently have a unique opportunity to drill a world class exploration well

## Results of the Placing & Open Offers

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### EGM

- Held on July 14<sup>th</sup>, 2016
- All resolutions were passed with +98% acceptances

### Placing Offer

- Raised proceeds of £47.961 million through the issuance of 399.671 million shares
- Placed with over 30 institutions
- Providence has significantly increased the depth of its institutional shareholder base
- Notable shareholders include (as of July 22<sup>nd</sup>, 2016):
  - M&G 14.97%
  - Capital 9.71%
  - Henderson 5.99%
  - Hargreave Hale 5.57%
  - Pageant 4.61%
  - Blackrock 3.51%

### Open Offer

- Raised proceeds of €1.516 million through the issuance of 9.975 million shares\*
  - Directors subscribed for 1.956 million shares\* at cost of c. €297k
- \*Includes 200,000 direct share subscription by Lex Gamble

## Results of the Placing Offer & Open Offer

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### Planned Use of Proceeds

- Retire Melody debt (paid July 15<sup>th</sup>)
- Payment to Transocean (paid July 18<sup>th</sup>)
- Fund medium term working capital
- Fund Druid drilling costs (2017)

### Issued Share Capital

- The new ordinary shares were admitted for trading on July 15<sup>th</sup>
- Issued Share Capital now stands at 597.659 million, comprised of:
 

140.077 million	Shares in issue before Placing and Open Offers
399.671 million	Placing shares issued
37.998 million	Cenkos fee shares issued
9.975 million	Open Offer shares subscribed + Director direct subscription
<u>9.938 million</u>	Melody liability shares issued
597.659 million	

## Providence Today

- Capital raise fundamentally changes **BALANCE SHEET** and restores financial flexibility
- Target farm-out/appraisal drilling of **BARRYROE** in 2017
- Operate & drill an exploration well on **DRUID** in 2017
- Target farm-out/appraisal drilling of **SPANISH POINT** in 2018



**PROVIDENCE NOW HAS THE FINANCIAL RESOURCES IN PLACE TO DEVELOP ITS EXTENSIVE AND UNIQUE PORTFOLIO OF ASSETS OFFSHORE IRELAND**

**John O'Sullivan**  
**Technical Director**



# Exploration & Appraisal Strategy

## Appraise Known & Material Oil & Gas Discoveries

- **Barryroe**
  - Commercial – plan to continue farm-out discussions & drill in 2017
  - Technical – explore application of new state of the art technologies
    - 3D seismic data mining as in Druid/Drombeg
  
- **Spanish Point**
  - Commercial – plan to reduce equity to 26% & drill in 2018 through farm out process

## Explore High Resource Density Oil Prone Reservoir Systems

- **Druid**
- **Drombeg**
- **Dunquin South**
- **Avalon**
- **Newgrange**
- **Kish**



# **Technical Update**

**Barryroe**

# Barryroe Oil Field, North Celtic Sea Basin

## Audited Gross Resources

- 6 wells drilled (4 tested) & 3D seismic coverage
- 4 stacked reservoir systems
- Resource audits carried out by RPS (2011) & NSAI (2013)
  - Audited resources – 346 MMBOE
- Field size covers area of c. 300 km<sup>2</sup>

## Upside Potential

- Tested C-Sand gas – est. GIIP 400 BCF
  - Gas resource distributed between eastern portion of SEL 1/11 and southern portion of OPL 1 #
- P50 STOIP Purbeckian – 362 MMBO (PVR)
- P50 STOIP Lower Wealden – 416 MMBO (PVR)

## Forward Plans

- Target Drilling of further appraisal wells
- Intend to take First Phase Production System (FPPS) to FID status
  - FPPS Target REC – c. 75 MMBOE
- Target subsequent appraisal of balance of field

## Current Status

- Discussions ongoing with potential counterparties



#The assignment of a 60% interest in a southern block of OPL 1 from PSE Kinsale Energy Limited to Providence is subject to Providence exercising the Option and is also subject to the fulfilment of the terms and conditions under the Option Agreement including, but not limited to, Ministerial consent to the assignment and Providence funding the drilling a well.

## Licence and Tax Data

Licence:	SEL 1/11
Equity:	<b>EXOLA - 80%</b> LANSDOWNE – 20%
Operator:	EXOLA (a wholly owned sub of PROVIDENCE)
Tax Rate:	25% to 40%*

\*Corporation tax rate is 25%. Additional Profit Resource Rent Tax is up to 15%.

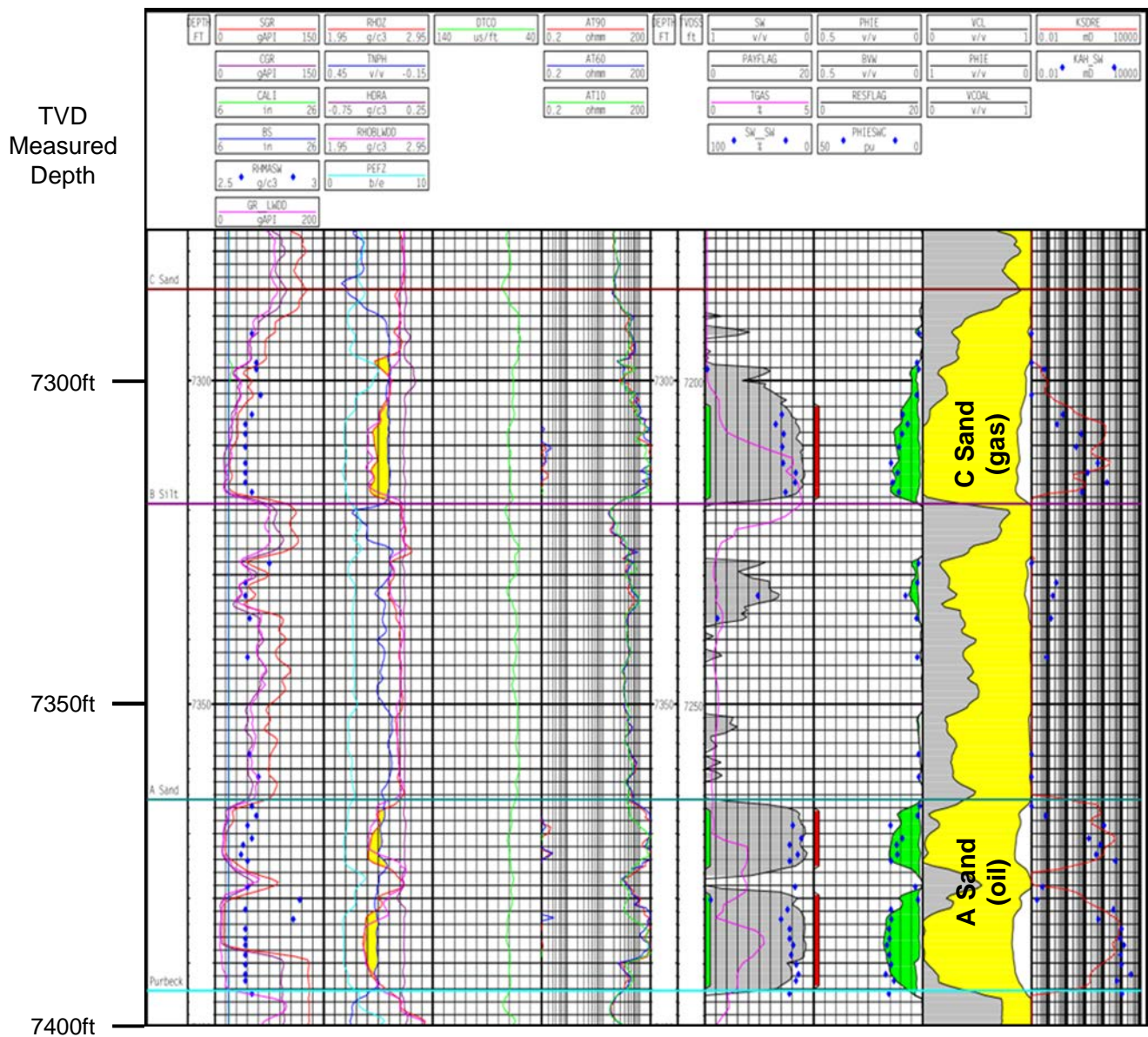


## Technical Data

Basin – North Celtic Sea Basin  
 Distance – c. 50 km offshore  
 Water Depth – c. 80m  
 Reservoir Depth – c. 1,500 - 2,500m  
 Reservoir Age – Lower Cretaceous  
 Reservoir Type – Braided Fluvial  
 Trap type – Structural  
 Fluid type – Oil  
 Contingent Resources (2C) – c. 346 MMBOE

# **48/24-10Z Well Results**

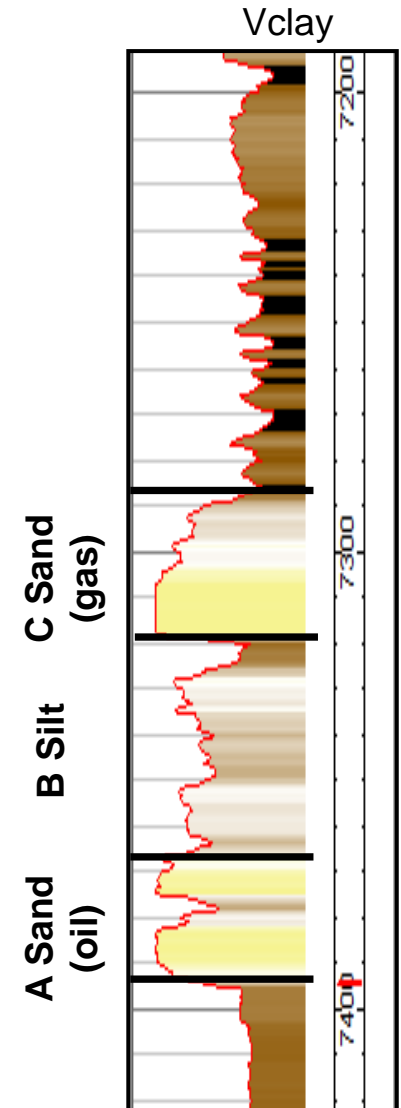
# Barryroe Oil Field – 48/24-10z Petrophysical Log



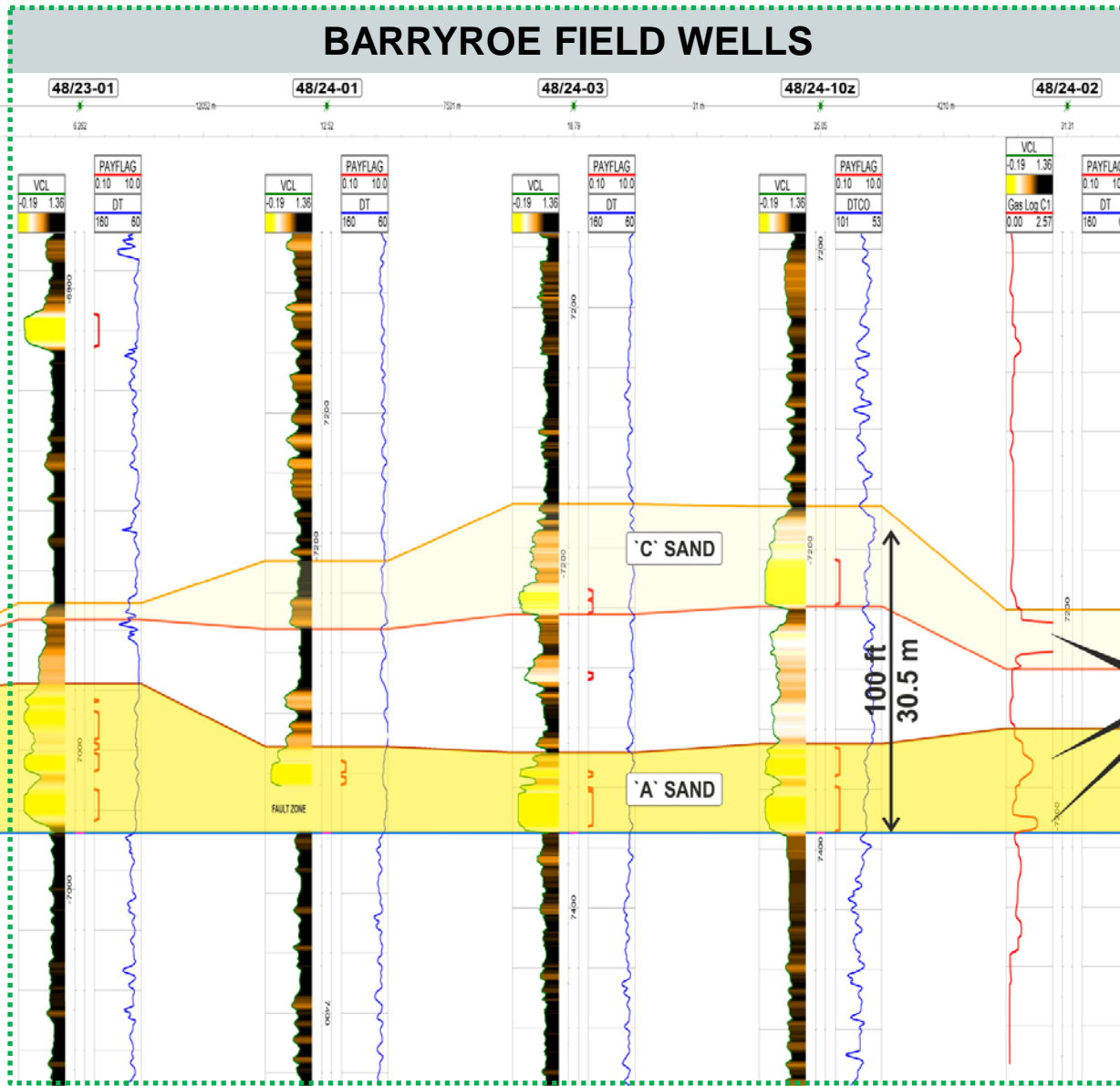
Basal Wealden Sands

## Barryroe Oil Field – Excellent Reservoir Quality

- Comprises 3 intervals- A-Sand (oil), B-Silt, C-Sand (gas)
- Sit directly on the Purbeck Shale Fm (source)
- Arenitic well developed, clean, laterally continuous
  - A-Sand rotary sidewall core porosity up to 17.8%, core permeability up to 3D
  - Average A-Sand rotary sidewall core permeability 660 mD
  - A-Sand average permeability from well test 550 mD
  - Tabular sand bodies, well sorted
  - Braid plain, low sinuosity depositional environment
- Oil bearing Basal Wealden A-Sand is the primary objective
- A-Sand well test flowed ~ 3,500 BOPD (Skin of c. +10) without artificial lift from ~ 7m perforated basal oil zone



# Barryroe Oil Field – Laterally Extensive Basal Wealden Reservoir System



TOP BASAL WEALDEN SAND

TOP PURBECK BASE WEALDEN

'C' SAND

'A' SAND

TOP C GAS SAND

BASE C' GAS SAND

TOP A OIL SAND

BASE A OIL SAND

Basal sand lobes clearly evident on Gas Log

100 ft  
30.5 m

30 miles  
50 km

## Barryroe Oil Field – Waxy Crude

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- Barryroe is a light, sweet, high value, waxy crude oil:
  - 43 API oil (lighter than Brent which is c. 38 API)
  - 17% wax content
- Excellent low in-situ oil viscosity: 0.8 cP in-situ
- In-situ Reservoir temperature well above the WAT and PP:
  - 66°C Reservoir Temp
  - 46°C Wax Appearance Temp (WAT)
  - 21°C Pour Point (PP) Temp
- Barryroe crude oil challenges arises as oil is cooled below the Wax Appearance Temperature (for wax deposition) and Pour Point Temperature (for crude oil flow) when it is flowed to surface
- Chemicals additives can provide significant benefits to management of the waxy crude
- Heat management is the primary solution for wax management





# Appraisal Planning

## Barryroe Oil Field – Compartmentalisation

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### Risk Mitigation

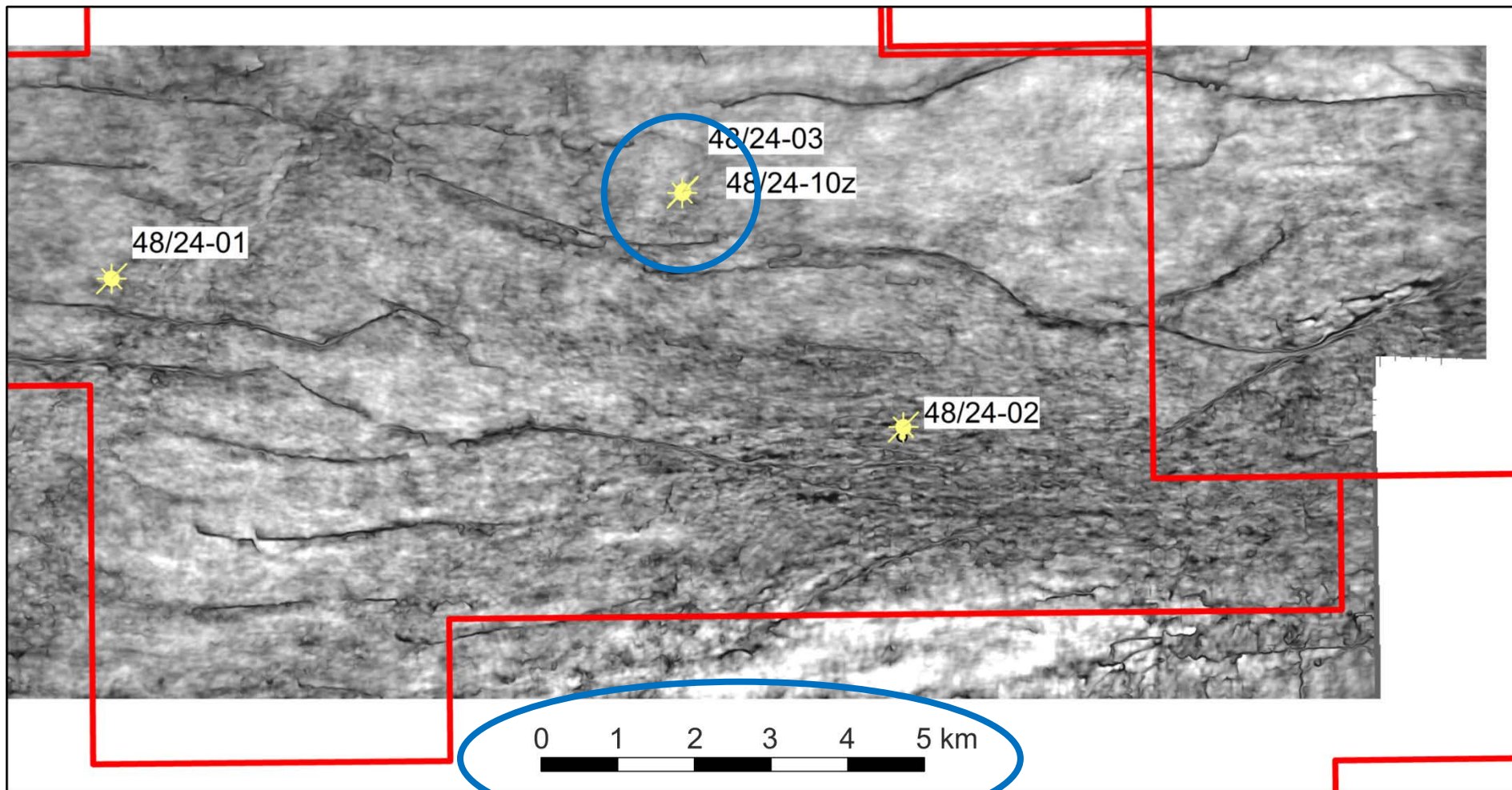
- In 2012 the planned side-track of the 48/24-10z well to further appraise the field and address compartmentalisation, was not drilled due to programme delays associated with 3<sup>rd</sup> party equipment problems – well suspended.
- However, subsequent multidisciplinary analysis indicates lower than previously assumed compartmentalisation risks.
  - 3D seismic data shows a much greater degree of faulting in the overlying Seven Heads gas field, but faulting dying out with depth yielding low fault density at Basal Wealden reservoir level
  - Reservoir now interpreted to be a braid plain deposit which globally tend to have good lateral connectivity with high associated recovery factors
  - The 48/24-10z data calibration well was never designed to demonstrate volume and yet it contacted a minimum c. 5 MMBO from just c. 7m of perforated vertical section with no reservoir pressure depletion was seen on the test

### Future Appraisal

- Future Appraisal Drilling to confirm low compartmentalisation risk/hydrocarbon distribution characteristics

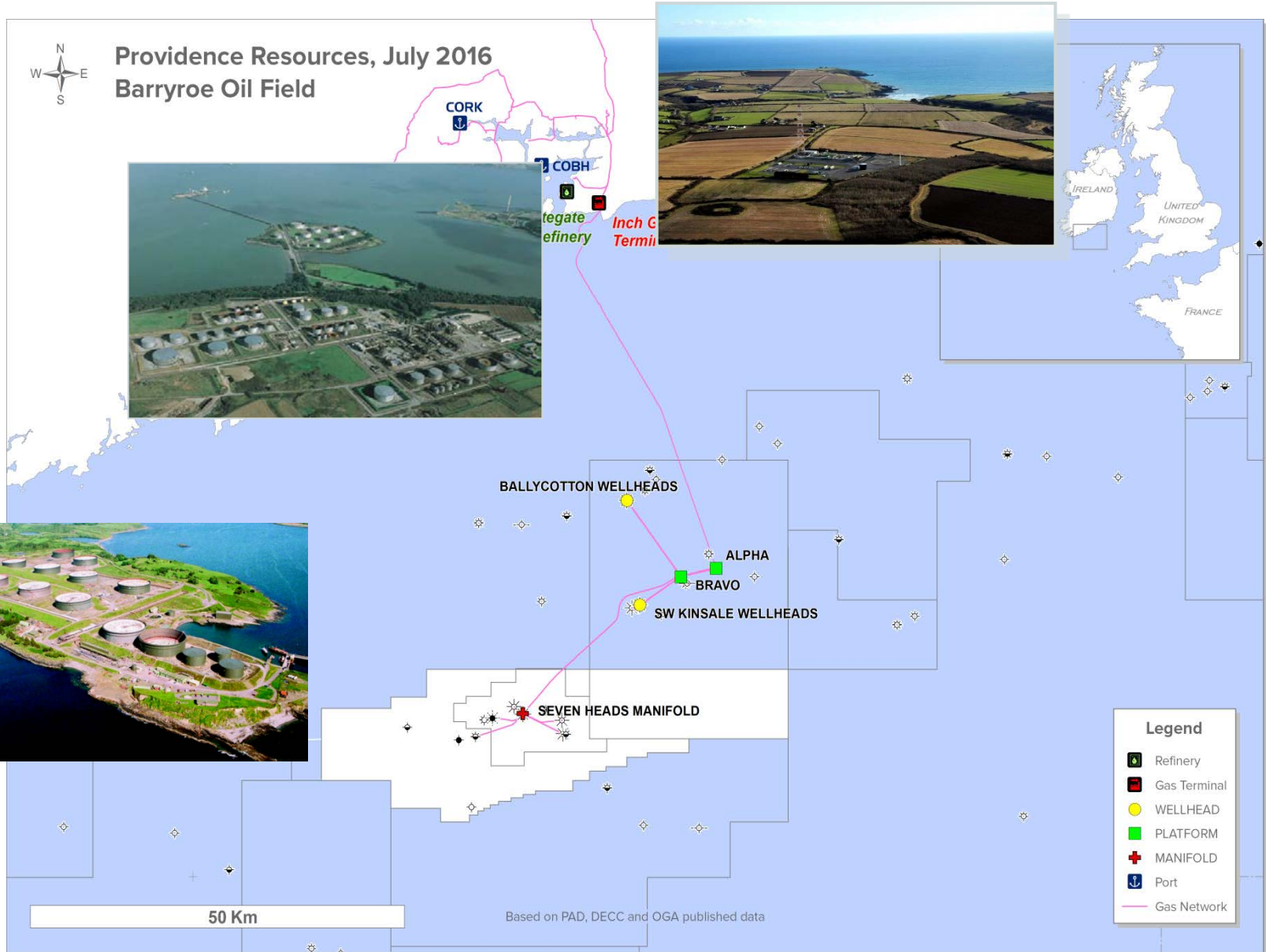
# Barryroe Oil Field – Compartmentalisation

## Low Fault Density



# Development Planning

# Barryroe – Ideal Oil & Gas Development Location



## Current Preferred Oil Development Analogue - Maari Oil Field, New Zealand

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- Maari (OMV operated) discovered 1983 in 100 metres water. Production start up in Feb. 2009.
- Maari crude is **37 API** with **18% Wax Content** and a **PP of 20 C and WAT of 48 C**
- Developed with a Well Head Platform tied back to an FPSO. Jack Up rig used for drilling
- Peak design rate 35,000 BOPD, recovery of 60 MMSTB from STOIIP of 135 MMBO
- 8 horizontal producers (6000ft reservoir length) and 2 water injectors (hot water).



# **Technical Update**

## **Spanish Point**

# Spanish Point Gas Condensate Field, Northern Porcupine

## Audited Gross Resources

- Tested well and 3D PSDM seismic coverage
- Senergy CPR Resource Audit (2011) - 2C c. 97 MMBOE REC
- Updated Operator estimates (2015) - HIIP of c. 730 MMBOE and combined contingent plus prospective recoverable resources of up to 337 MMBOE
- Updated well modelling indicated original 35/8-2 vertical well had an undamaged flow potential of c. 10,700 BOEPD from the uppermost 'A' Sand interval
- PVR acquired CEPIL in Feb 2015 increasing its equity from 32% to 58%
- In Oct 2015, PVR launched a farm-out campaign for PVR's original 32% interest, whilst retaining the 26% interest acquired through CEPIL purchase, which has a 2-well promote from Cairn of 63.3% of costs, up to agreed caps

## Exploration Upside

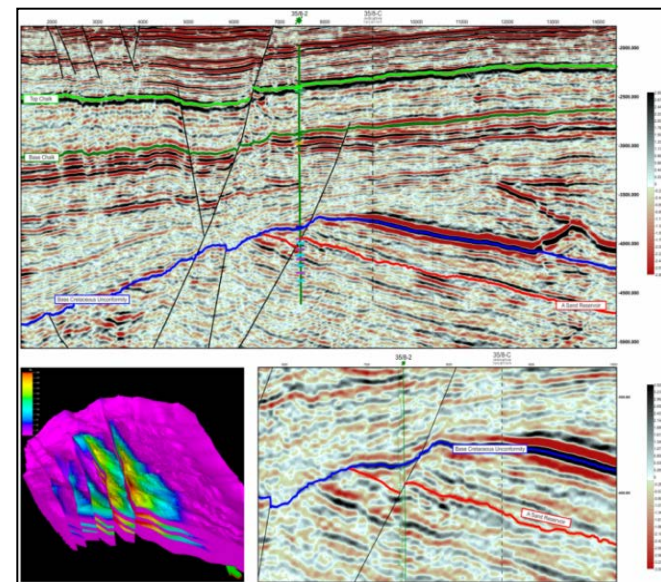
- Partnership holds 10 blocks (c. 2,000 km<sup>2</sup>) with 3D coverage
- Senergy Audit (2011) - Gross un-risked prospective resources of up to c. 749 MMBOE REC

## Forward Plans

- Target farm out and drilling of an appraisal well
- Aim to assess potential of Burren oil discovery

## Current Status

- Data room process ongoing with objective of targeting a farm out for future drilling



## Licence and Tax Data

Licence: FEL 2/04  
FEL 4/08

Equity: CAIRN ENERGY – 38%  
**PROVIDENCE – 58%**  
SOSINA – 4%

Operator: CAIRN ENERGY

Tax Rate: 25% - 40%\*

\*Corporation tax rate for FEL 2/04 is 25%. FEL 4/08 is subject to an additional Profit Resource Rent Tax of up to 15%.

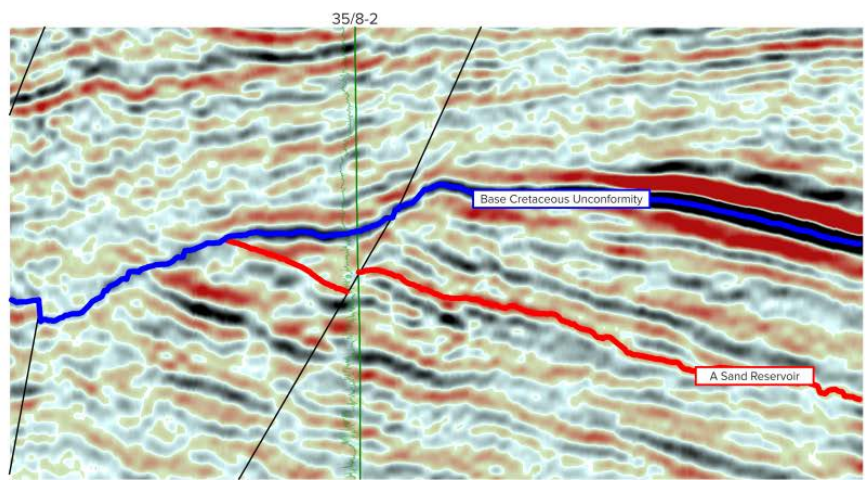
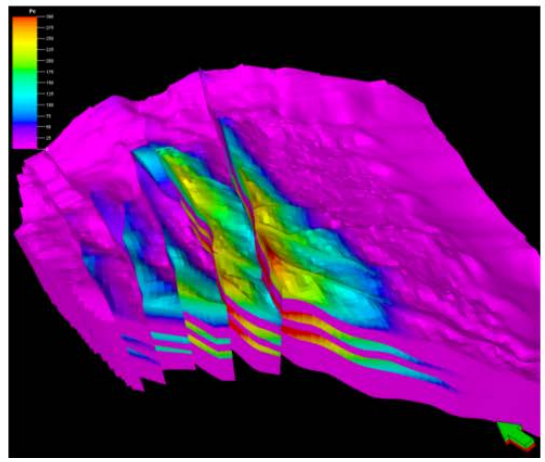
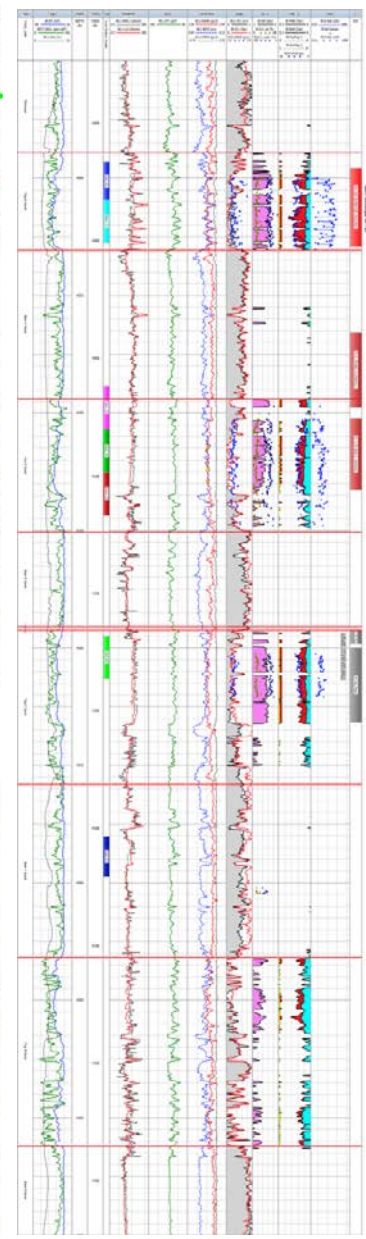
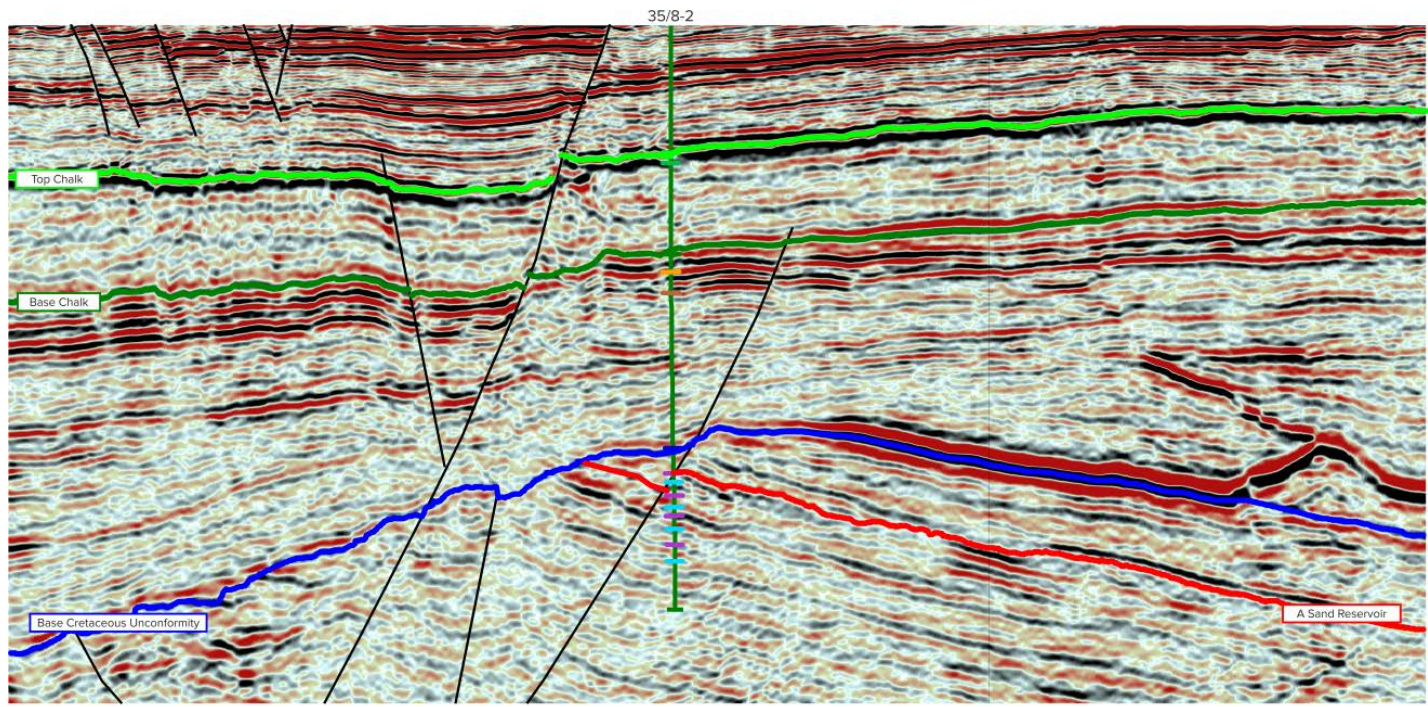


## Technical Data

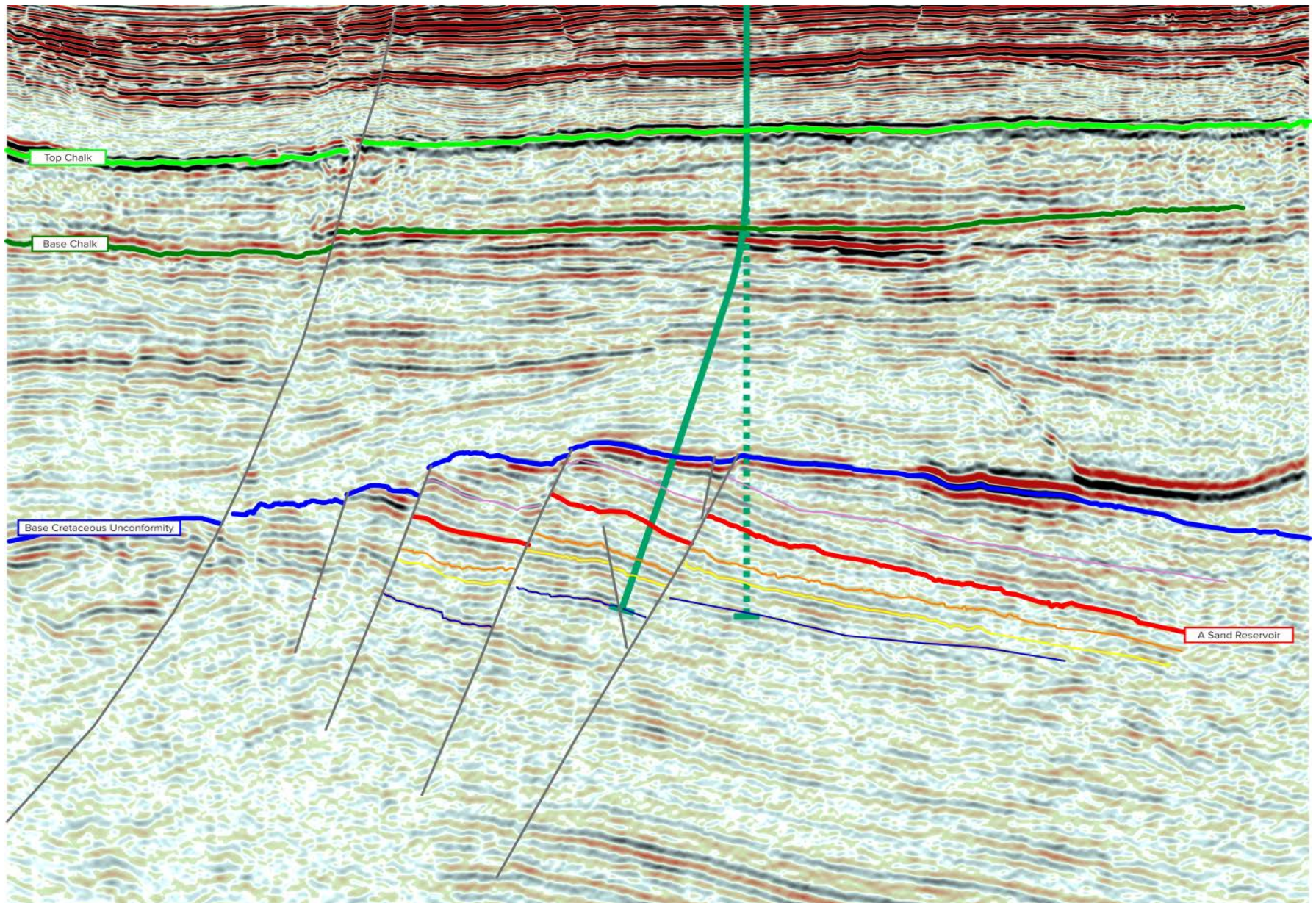
Basin - Porcupine Basin  
Distance – c.150 km offshore  
Water Depth – 300 – 500m  
Reservoir Depth – c. 4,000m  
Reservoir Age – Upper Jurassic  
Reservoir Type – Deepwater sandstones  
Fluid Type – Gas Condensate  
Contingent Resources (2C) – 97 MMBOE



# Spanish Point – 35/8-2 Discovery Well

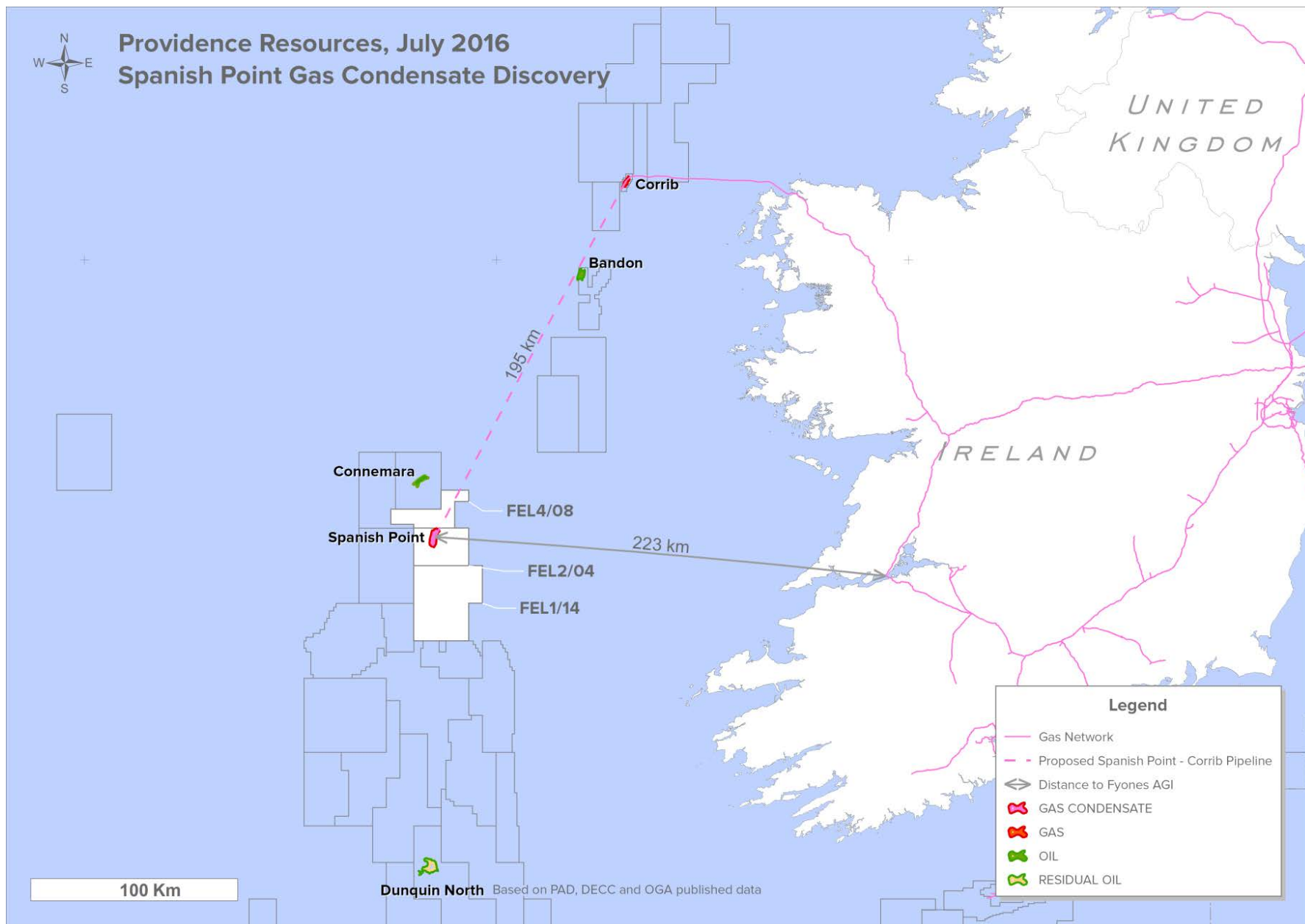


# Spanish Point – Potential Appraisal Drilling Programme





# Spanish Point – Potential Gas Development Tie-Back Distances



# Technical Update

**Kish**

# Kish Oil Prospect, Kish Bank Basin

## Kish - Prospect Details

- Significant Lower Triassic structural closure mapped on
- 2D seismic data
- P50 REC – 210 MMBO (PVR)
- Provisional exploration well location agreed
- UK East Irish Sea Basin oil field analogues – Douglas and Lennox

## Forward Plans

- Advance permitting for well
- Plan to re-apply for Foreshore Licence
- Target carrying out of a Site Survey
- Drill an exploration well



## Current Status

- In Dec 2015, PVR announced the assignment of a 50% interest in Kish from PSE Seven Heads, thereby increasing Providence's equity to 100%

### Licence and Tax Data

Licence:	SEL 2/11
Equity:	<b>PROVIDENCE – 100%</b>
Operator:	PROVIDENCE
Tax Rate:	25% to 40%*

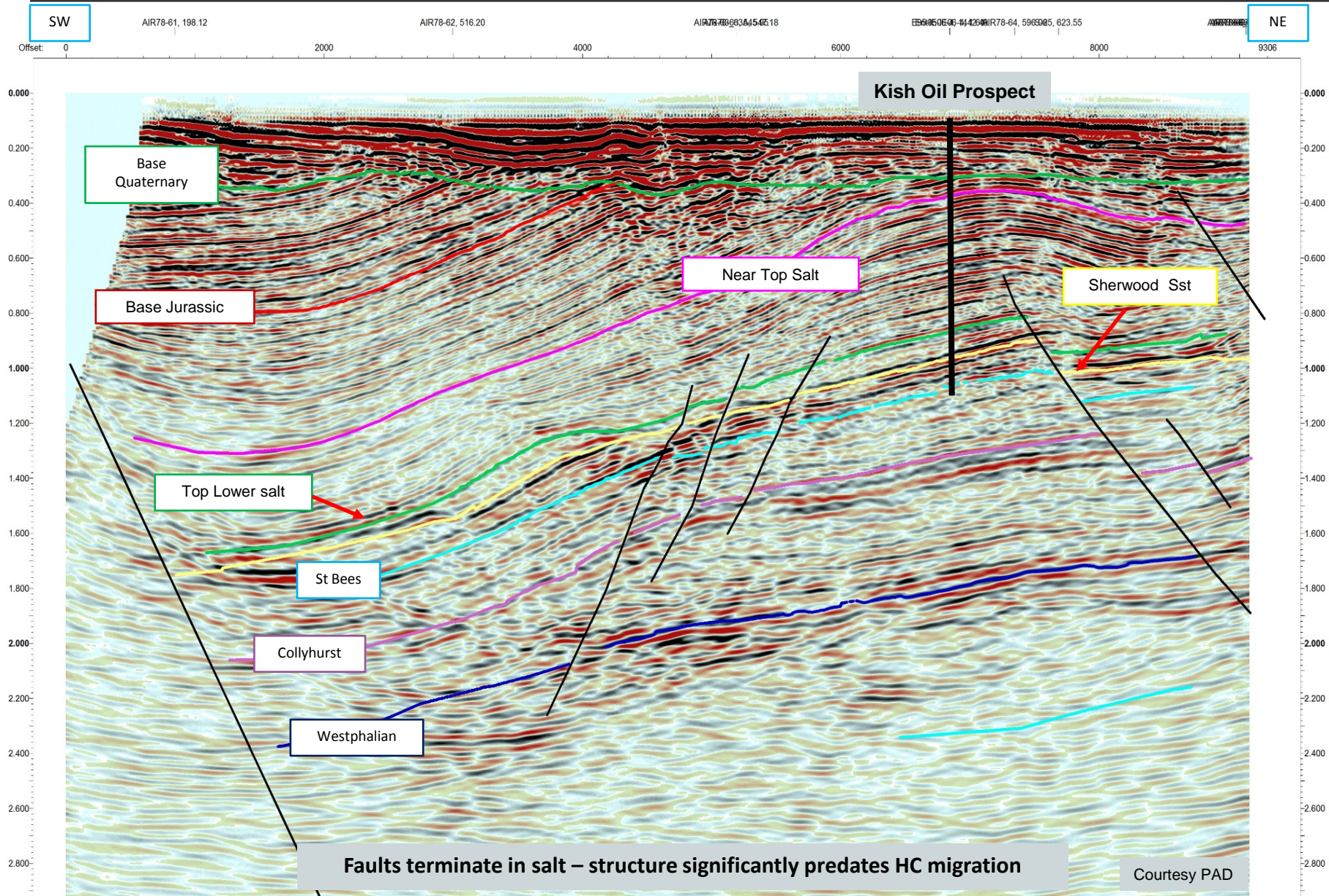
\*Corporation tax rate is 25%. Additional Profit Resource Rent Tax is up to 15%.



### Technical Data

Basin – Kish Bank Basin  
 Distance – c. 7 km offshore  
 Water Depth – c. 25m  
 Reservoir Depth – c. 1,700m  
 Reservoir Age – Lower Triassic  
 Reservoir Type – Aolian/Fluvial  
 Trap type – Structural  
 Fluid type – Oil  
 P50 REC Estimate – c. 210 MMBO

# Kish Oil Prospect – 2D Seismic Reflection Profile



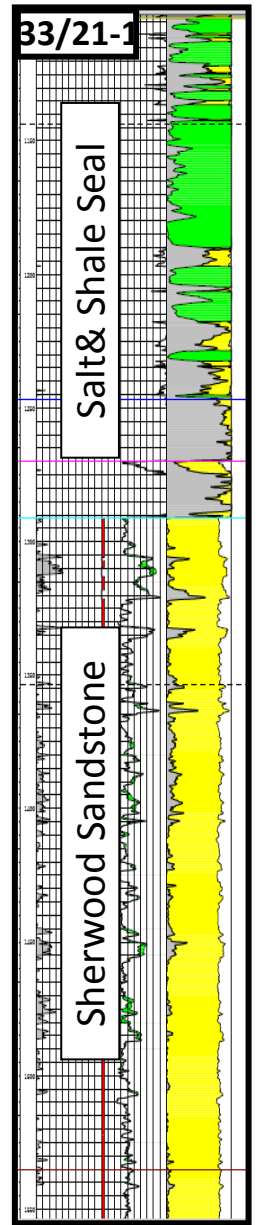
# Kish Oil Prospect – Sub-Salt Petroleum System

SYSTEM	SERIES / GROUP	STAGE / FORMATION	LITHOLOGY
QUATERNARY / TERTIARY			
TRIASSIC	MIDDLE	BREC. MOST	Mudstone
		KIRK. MOST	
		PREE HAL	
		THO. MOST	
		AT. (HGT) HAL	
	LOWER	UPPER ORMBKIRK BBT	Sandstone
		LOWER ORMBKIRK BBT	
		BT BEEB SANDSTONE	
		'SILICIFIED ZONE'	
PERMIAN	UPPER	MANCHESTER MARL	Shale
		BT BEEB EVAPS	
		BT BEEB SHALE	
	LOWER	COLLYHURBT SANDSTONE	Sandstone
CARBONIFEROUS	UPPER SILESIA	WESTPHALIAN (COAL MEASURES)	Coal Measures
		NAMURIAN (MILLSTONE GRIT)	

Seal

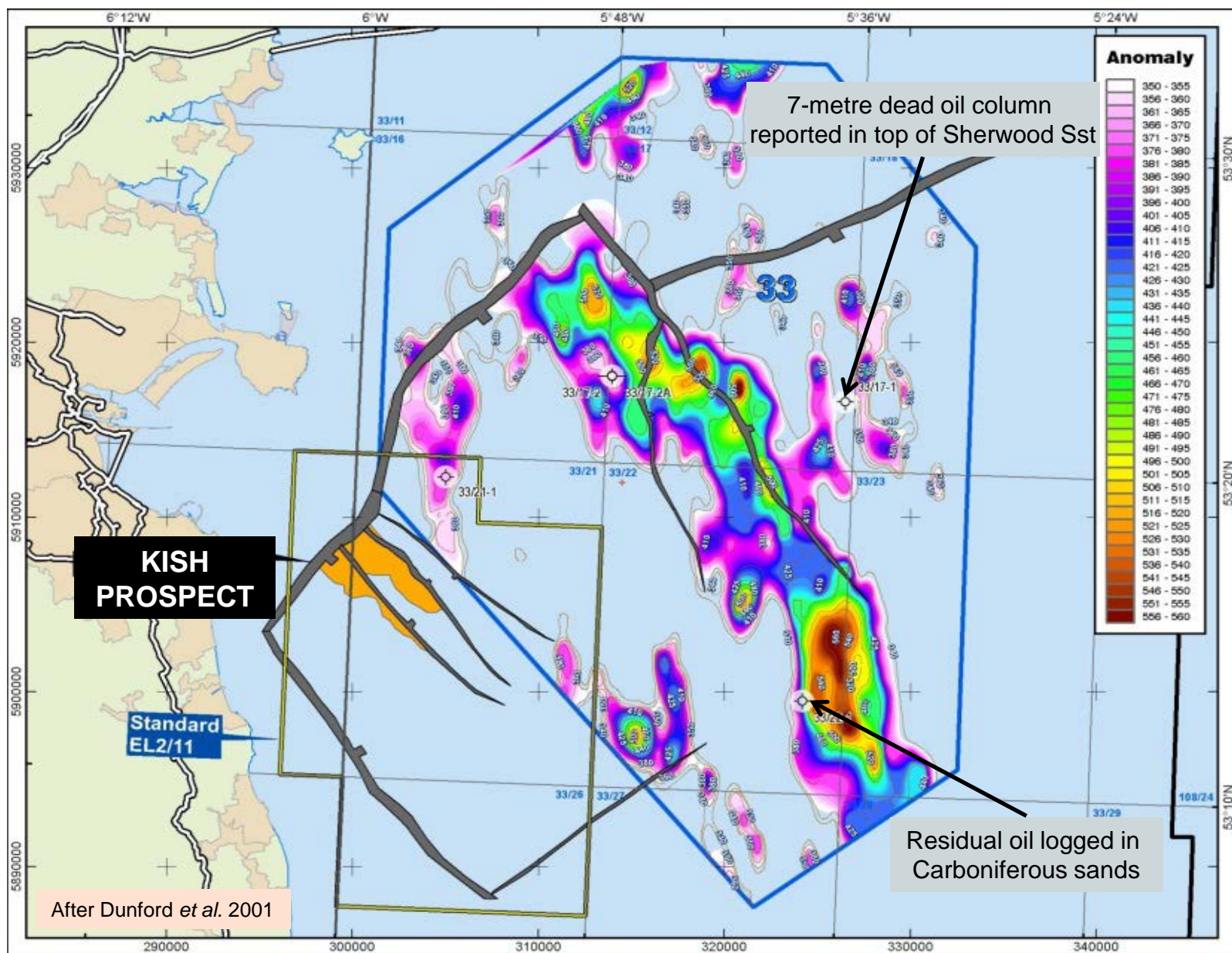
Primary Reservoir

Source (Gas)  
Source (Oil)

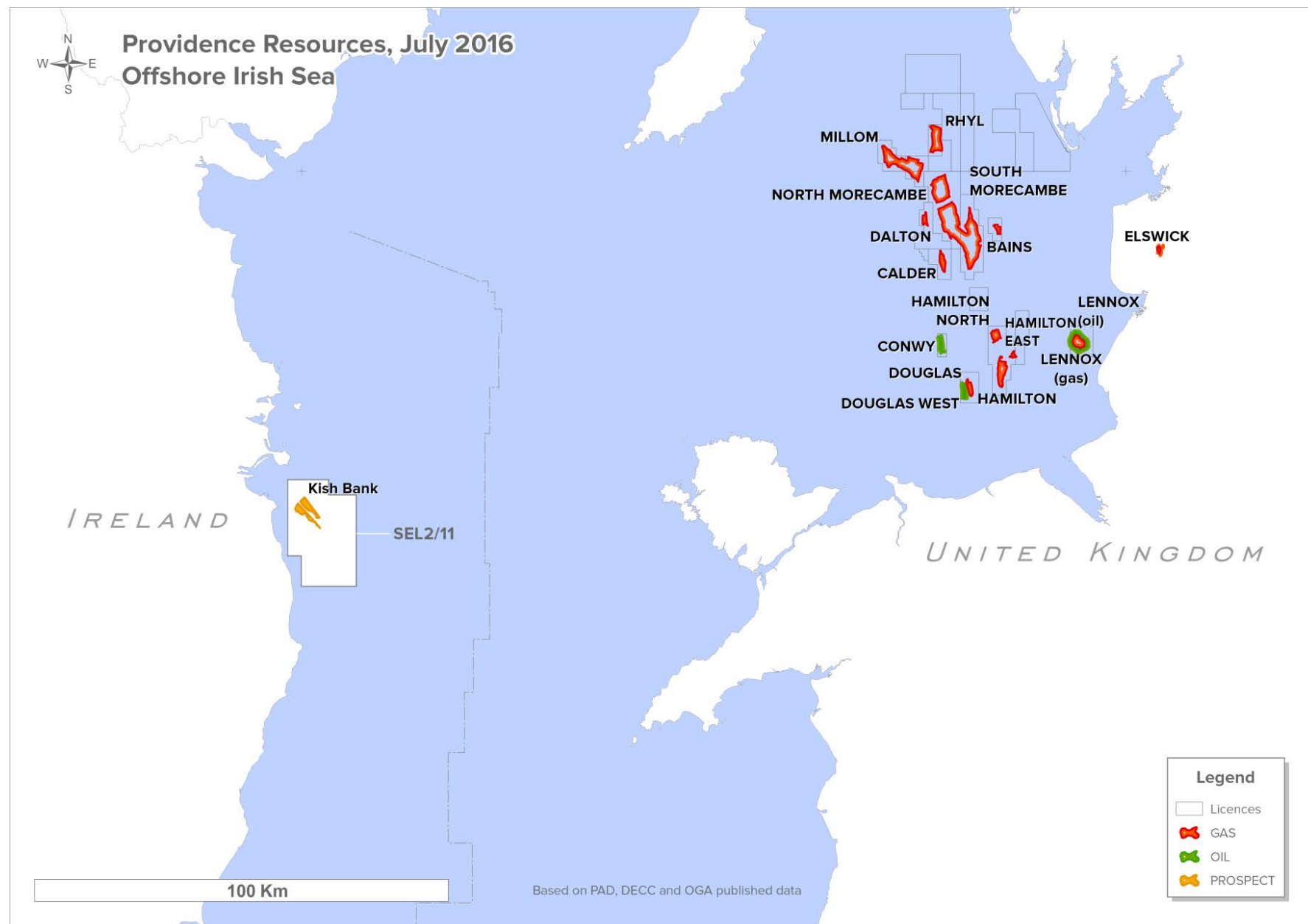




# Kish Bank – Modern Day Surface Oil Seeps – Mature Oil Source Rocks



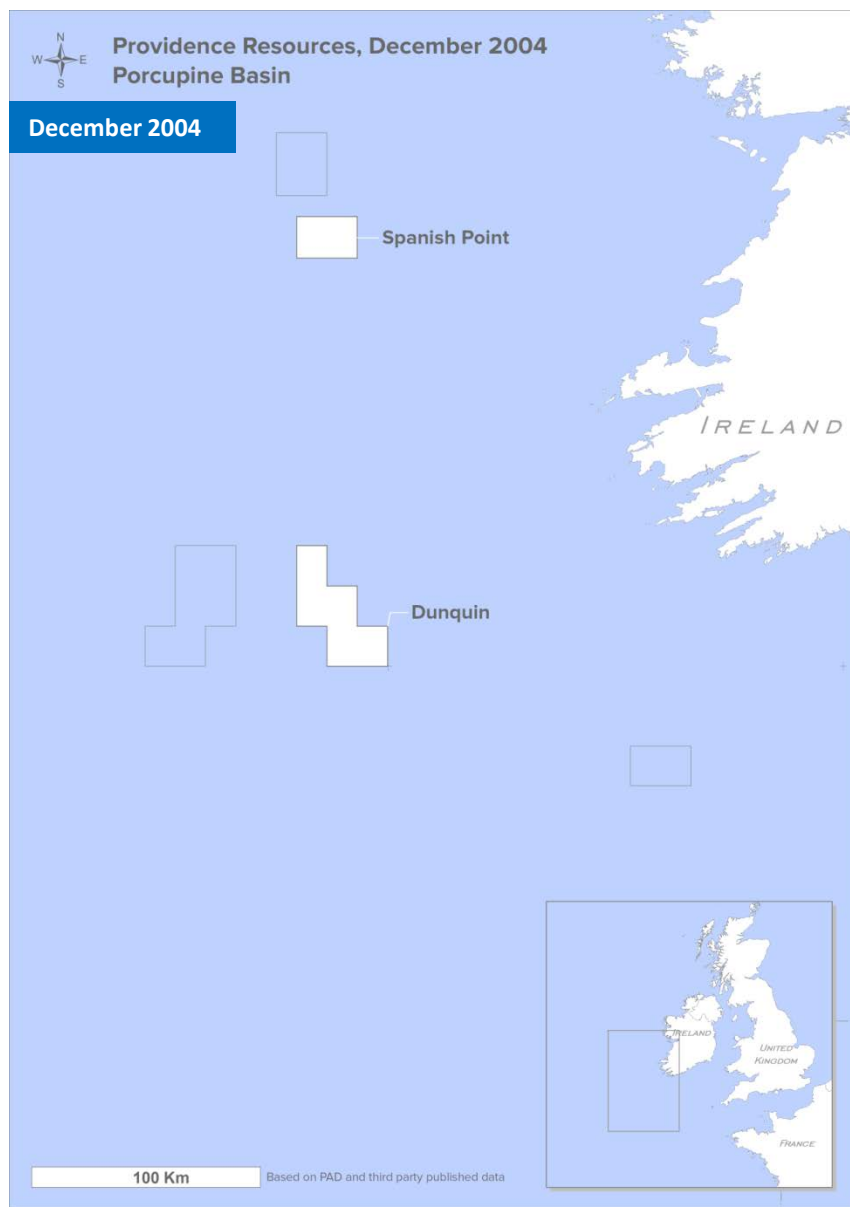
# Kish Oil Prospect – East Irish Sea Exploration Analogue



# **Technical Update**

## **The Irish Atlantic Margin**

# Providence's Leadership Role in the Porcupine Basin



## 2004

- Licensed Dunquin & Spanish Point

## 2006

- ExxonMobil farm in to Dunquin
- Licence Option secured for Newgrange with ExxonMobil
- 2D seismic acquired over Dunquin, Newgrange & Druid/Drombeg

## 2008

- Chrysaor farms into Spanish Point
- Licence Option secured over Druid/Drombeg with ExxonMobil
- ExxonMobil assumes Operatorship of Dunquin
- 2D seismic acquired over Druid/Drombeg

## 2009

- ENI farm-in to Dunquin and JV make well commitment
- 3D seismic acquired over Spanish Point

## 2011

- 3D seismic acquired over Spanish Point North
- Repsol farm-in to Dunquin
- Providence secure new Licence Options for Druid/Drombeg & Newgrange

## 2013

- Dunquin North well drilled – 600 MMBO residual oil accumulation
- Cairn farm-in to Spanish Point

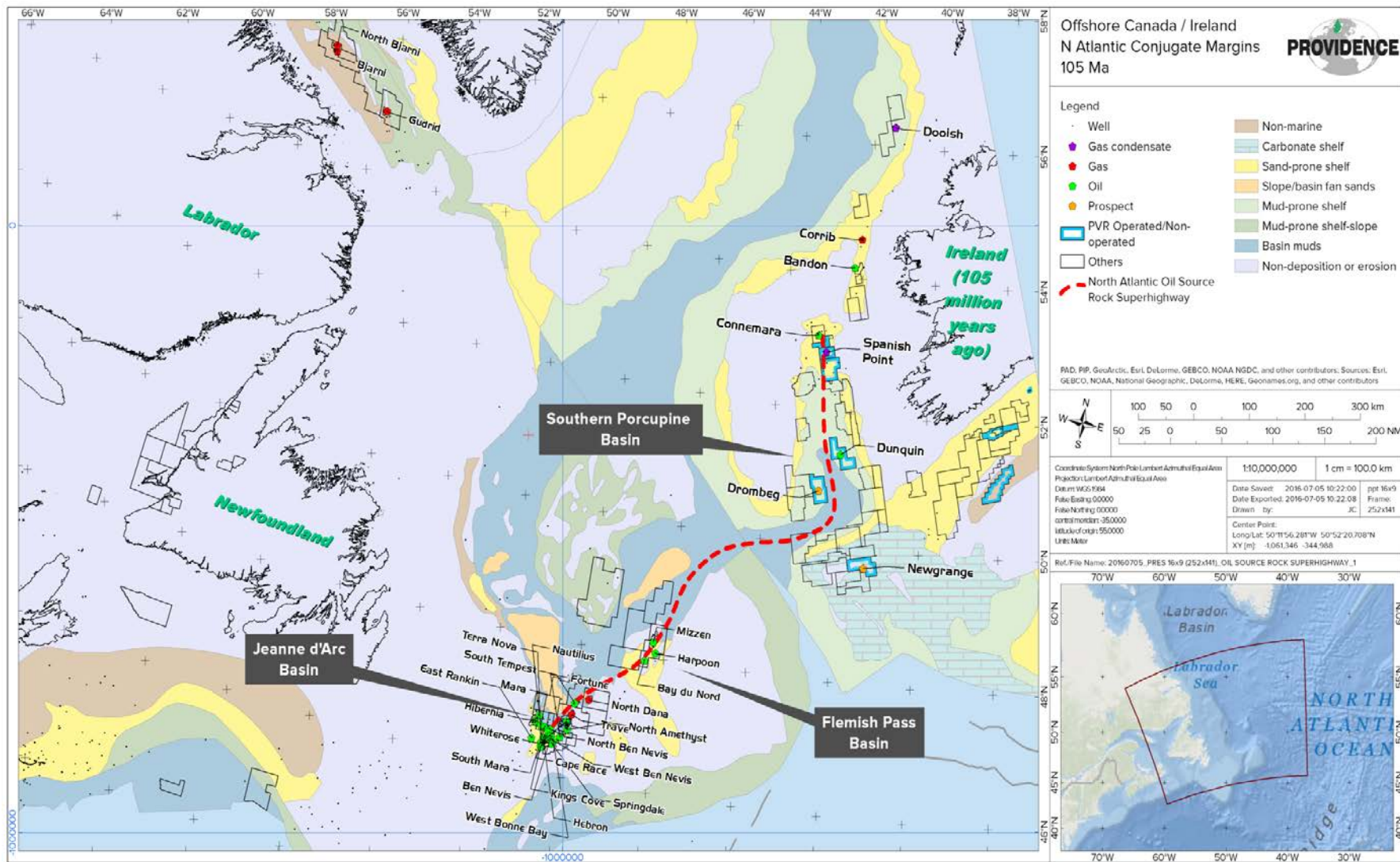
## 2014

- 3D seismic acquired over Drombeg
- 2D seismic acquired over Newgrange
- 3D seismic acquired over Spanish Point South

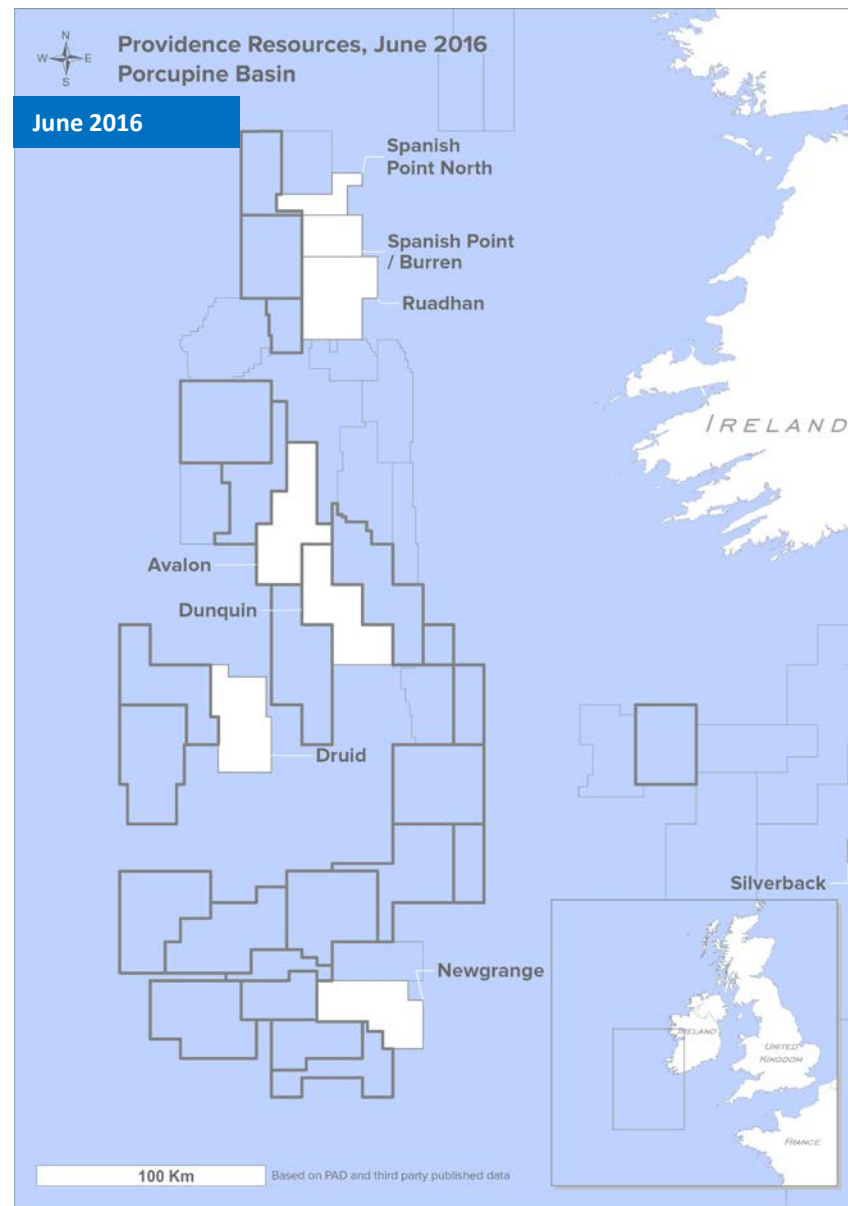
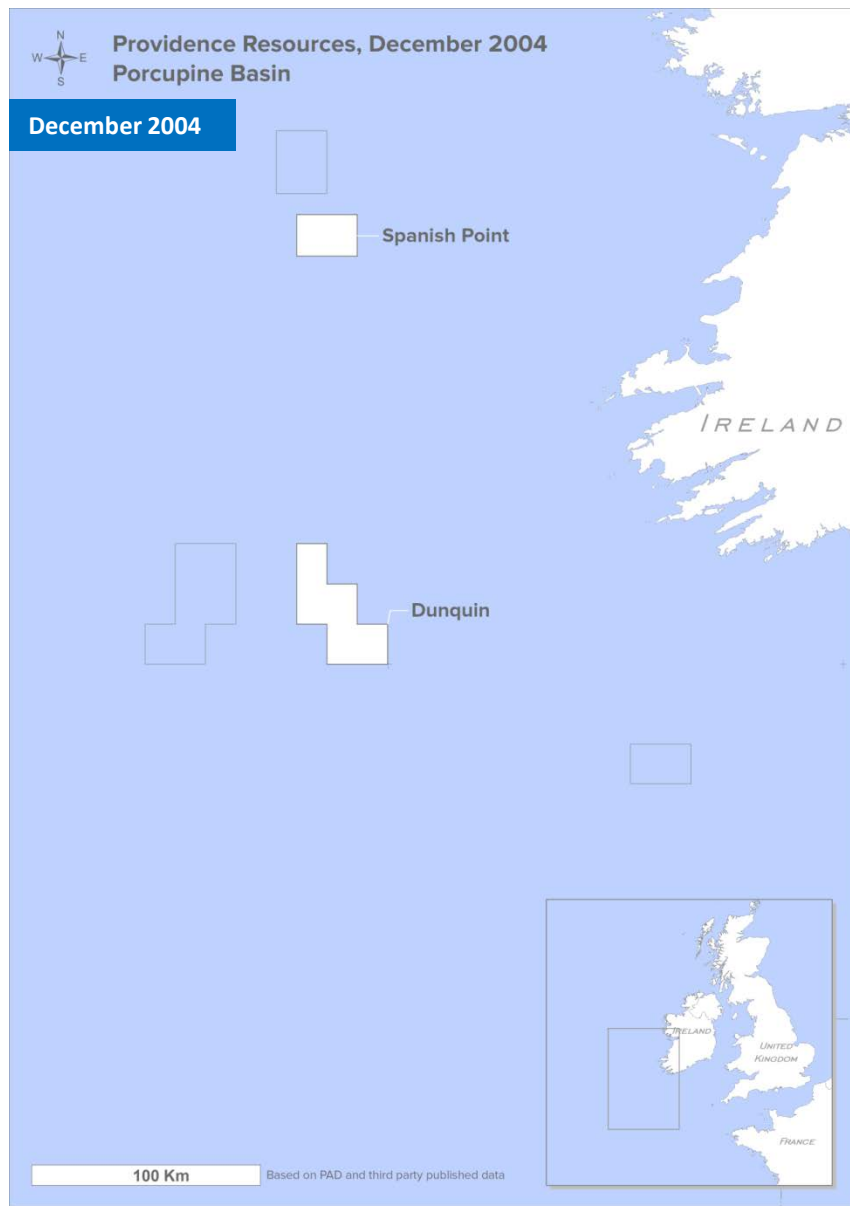
## 2015

- Collaborative Study with Schlumberger – Druid, Drombeg, Newgrange and Dunquin South

# North Atlantic Source Rock Superhighway



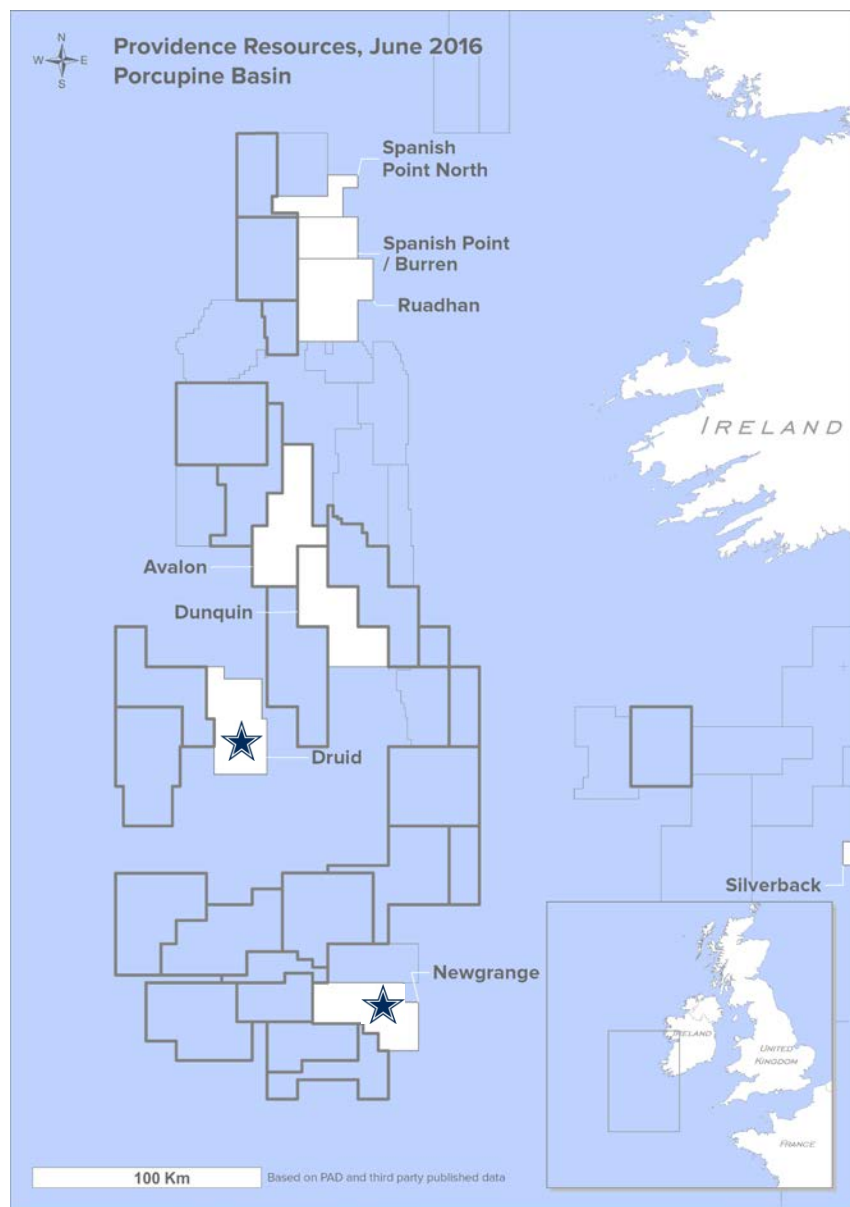
# Porcupine Basin Licence Activity – 2004 vs 2016



## **Technical Update**

# **Schlumberger Exploration Collaboration Project**

# Schlumberger Exploration Collaboration Project



## September 2015

- Providence and Schlumberger sign Strategic Exploration Collaboration Agreement
- Project commenced primarily designed to focus on the Druid, Drombeg, Newgrange and Dunquin South exploration prospects
- 30 technical professionals worked on this project, which included 24 specialists from Schlumberger and a further 6 from Providence/Sosina
- The primary technical disciplines included Geology, Geophysics, Geo-mechanics and Petroleum Systems Modelling
- Initial focus was on the Druid and Drombeg exploration prospects (new 3D seismic)
- Further work is ongoing relating to the Newgrange exploration prospect

## April 2016

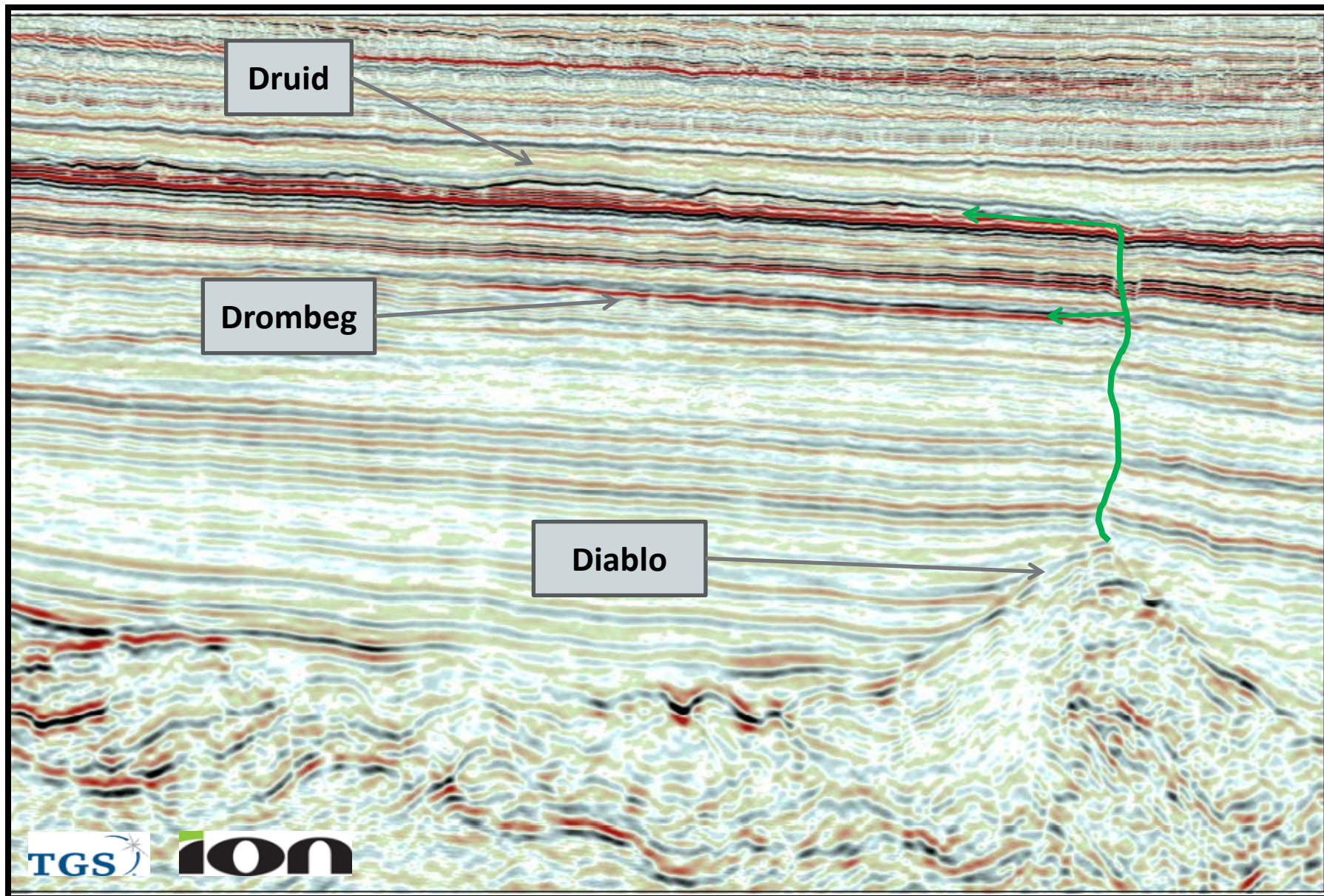
- Results of Project issued for Druid and Drombeg

## July 2016

- Results of Project issued for Newgrange

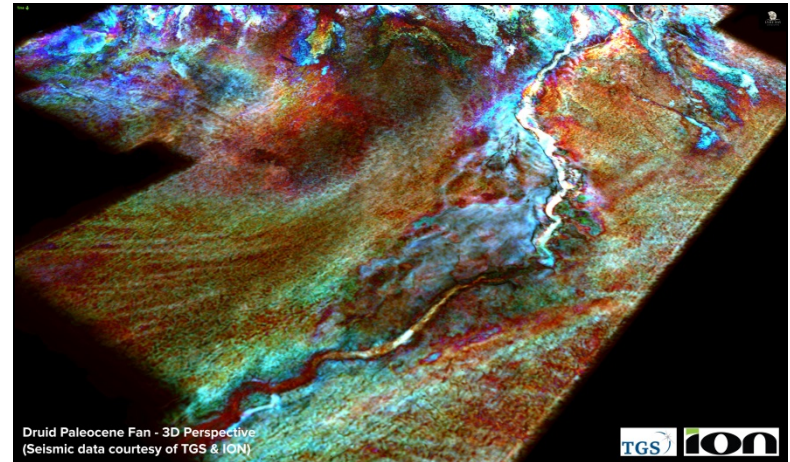


# Druid/Drombeg Oil Prospects, Southern Porcupine Basin

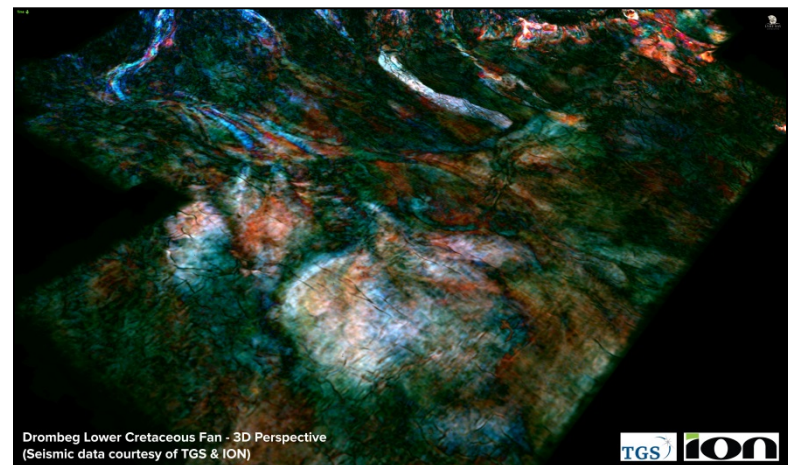


# Schlumberger Exploration Collaboration Project

- Multi-domain analysis confirms that the 3D seismic responses from the Druid and Drombeg prospects are consistent with the presence of two large vertically stacked stratigraphically trapped oil accumulations
- Total cumulative in-place un-risked prospective resources of c. 5.095 BBO (PMean)
  - **Druid – c. 3.180 BBO (PMean)**
  - **Drombeg – c. 1.915 BBO (PMean)**
- Druid drilling cost is estimated at less than \$50 million (gross)
- Both Druid and Drombeg prospects could be evaluated with a single vertical exploration well
- Schlumberger have proposed a risk-sharing model on the drilling and evaluation of the project



**DRUID EXPLORATION PROSPECT**



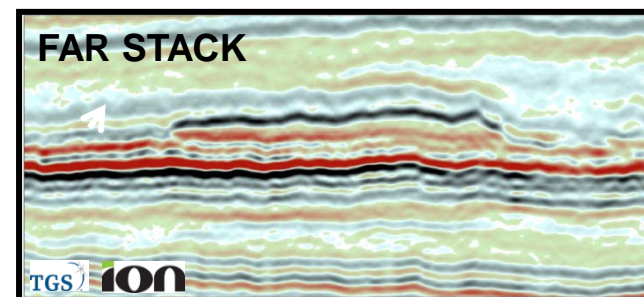
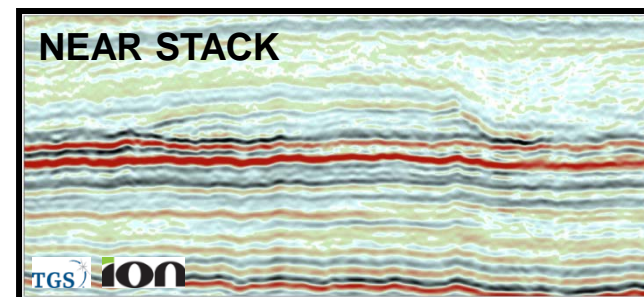
**DROMBEG EXPLORATION PROSPECT**

# **Technical Update**

## **Druid**

# Druid Oil Prospect, Southern Porcupine Basin

- Two fans c. 1,750 m BML and structurally up-dip from a potential significant fluid escape feature from the underlying pre-Cretaceous Diablo Ridge
- Cumulative in-place un-risked prospective resources of 3.180 BBO (PMean)
  - Fan 1 – 984 MMBO (PMean)
  - Fan 2 – 2,196 MMBO (PMean)
- Pre-stack seismic inversion and regional rock physics analysis shows Druid is consistent with a highly porous (30%) and high net-gross, light oil-filled sandstone reservoir system up to 85 metres thick
- A depth conformant Class II AVO anomaly is present and synthetic forward modelling of an oil-water contact correlates with the observed seismic response
- Spectral decomposition, seismic compactional drape and mounding are reflective of a large sand-rich submarine fan system with no significant internal faulting and clear demonstration of an up-dip trap mechanism
- Geomechanical analysis using regional well and high resolution seismic velocity data indicates that Druid is normally pressured and the top seal is intact



## Licence and Tax Data

Licence: FEL 2/14

Equity: **PROVIDENCE – 80%**  
SOSINA – 20%

Operator: PROVIDENCE

Tax Rate: **25% to 40%\***

*\*Corporation tax rate is 25%. Additional Profit Resource Rent Tax is up to 15%.*



## Technical Data

Basin – Southern Porcupine Basin

Distance – c. 220 km offshore

Water Depth – c. 2,250m

Reservoir Depth – c. 4,000m (c. 1,750m BML)

Reservoir Age – Palaeocene

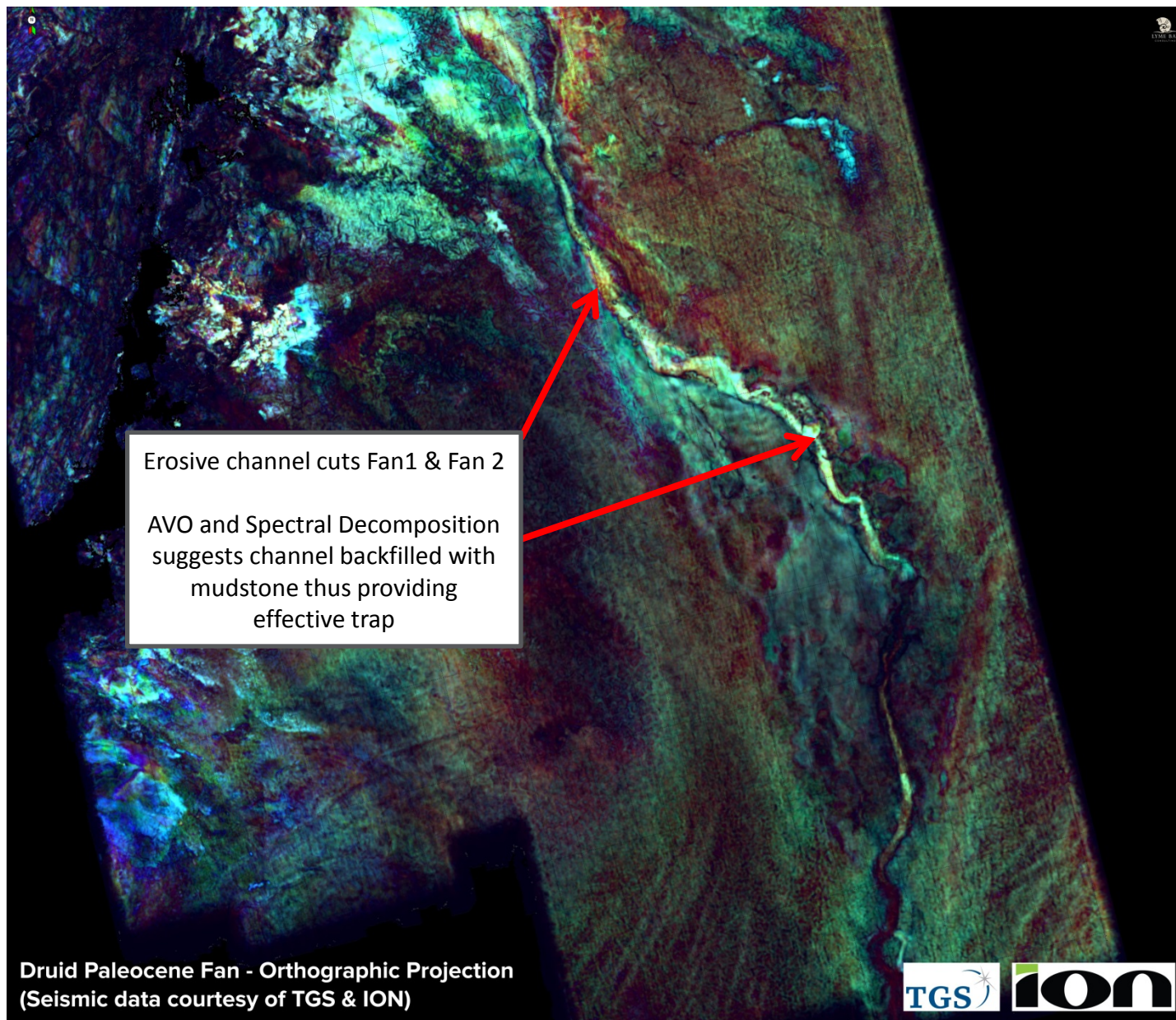
Reservoir Type – Deep-water sandstone fan

Trap type – Stratigraphic

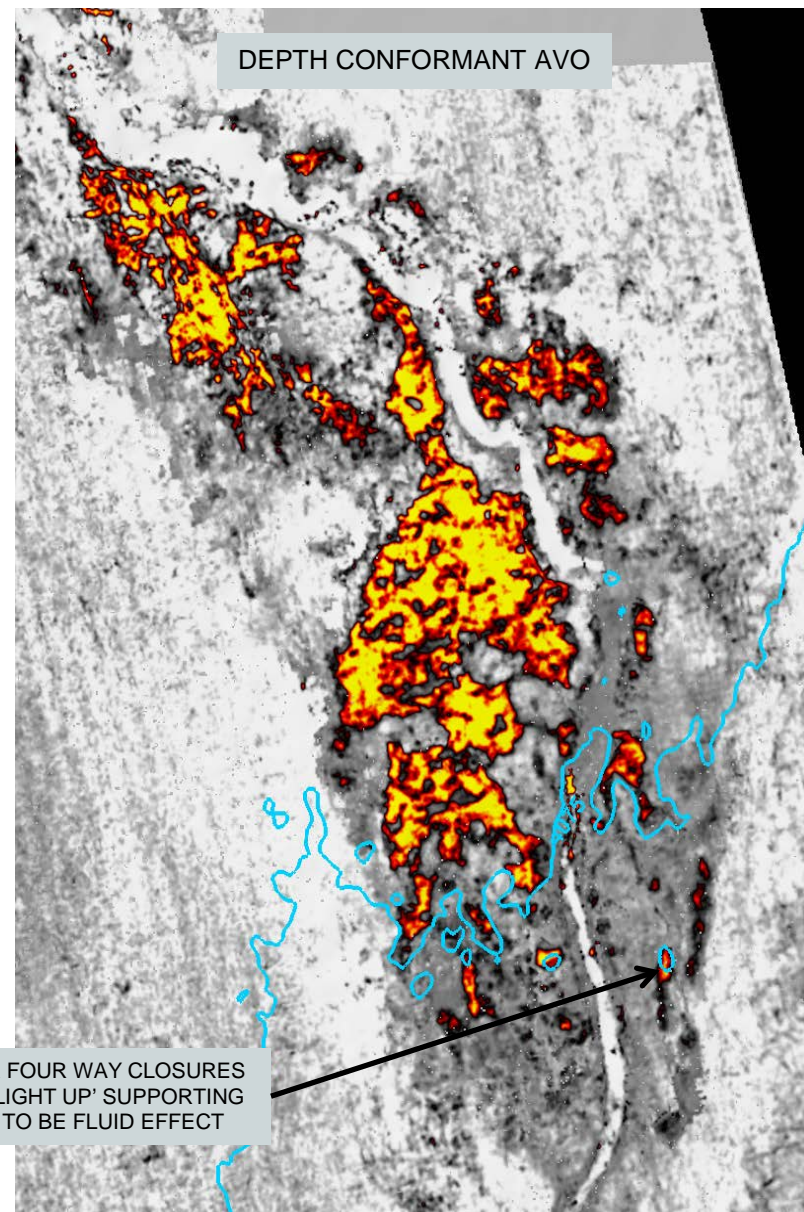
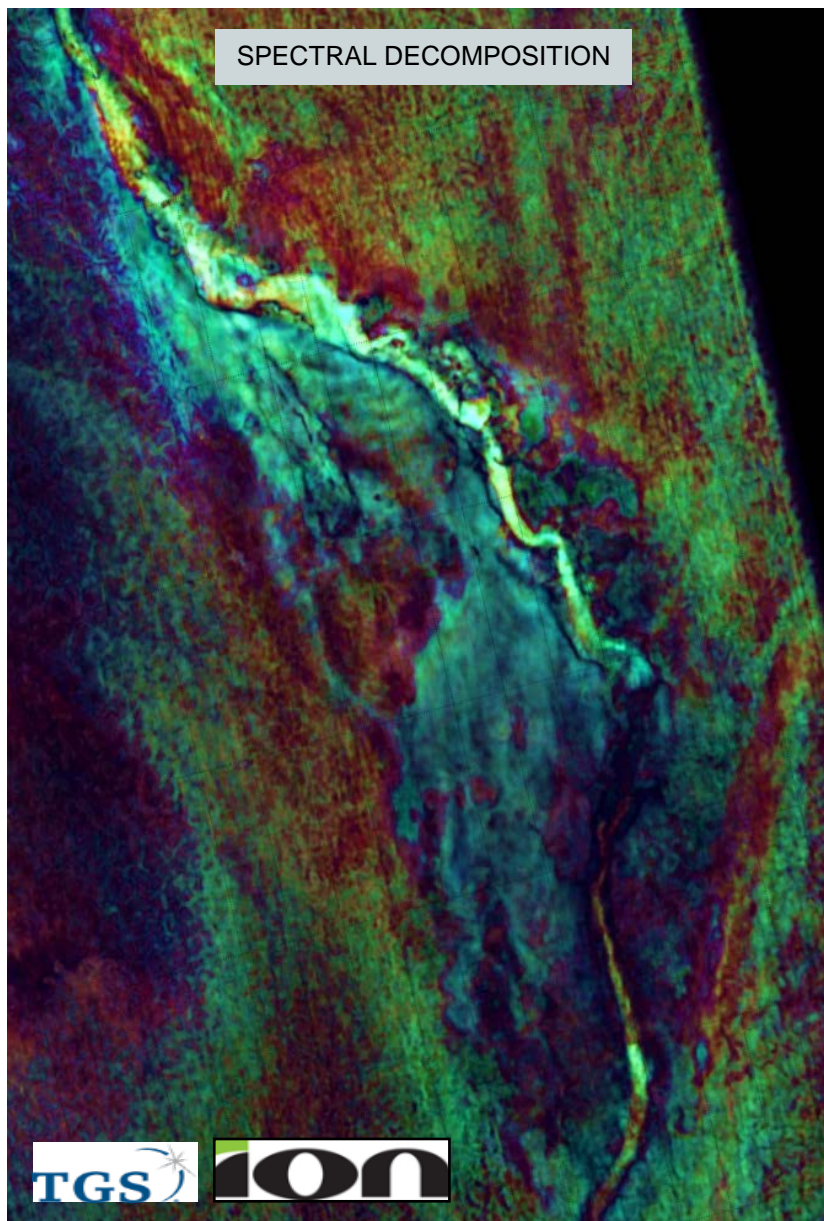
Fluid type – Light Oil

Pmean REC Estimate – 1,113 MMBO (35% Rf)

# Druid Oil Prospect, Southern Porcupine Basin

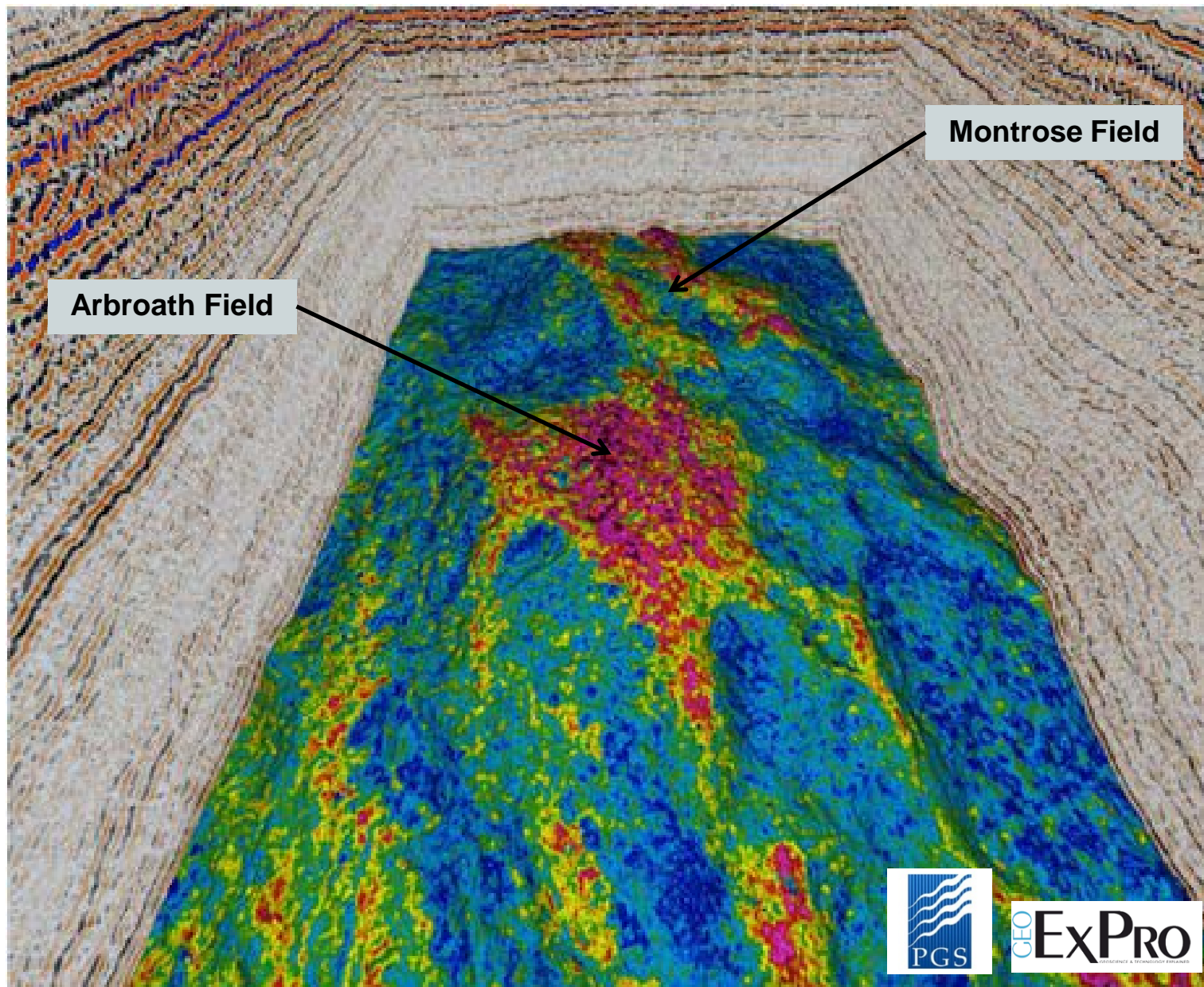


# Druid Oil Prospect – Depth Conformant AVO Anomaly



AVO product (Far – Near)\*Far

# Forties Formation, UK North Sea – AVO Success...



Arbroath Field

Montrose Field



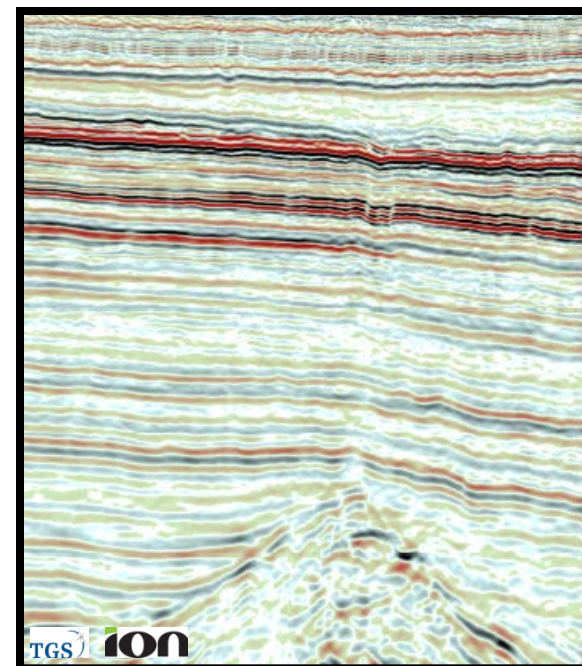
# **Technical Update**

## **Drombeg**



# Drombeg Oil Prospect, Southern Porcupine Basin

- Located c. 2,750 m BML and structurally up-dip from a potential significant fluid escape feature from the underlying pre-Cretaceous Diablo Ridge
- In-place un-risked prospective resource of 1.915 BBO (PMean)
- Pre-stack seismic inversion and regional rock physics analysis shows Drombeg is consistent with a highly porous (20%), light oil-filled sandstone reservoir system up to 45 metres thick
- A depth conformant Class II AVO anomaly is present and spectral decomposition is reflective of a large sand-rich submarine fan system with no significant internal faulting, and supports an up-dip trap mechanism
- Geomechanical analysis using regional well and high resolution seismic velocity data indicates that Drombeg is over-pressured with an intact top seal



## Licence and Tax Data

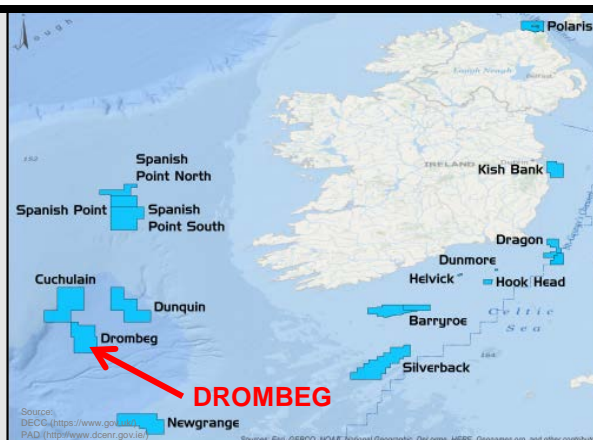
Licence: FEL 2/14

Equity: **PROVIDENCE – 80%**  
SOSINA – 20%

Operator: PROVIDENCE

Tax Rate: **25% to 40%\***

*\*Corporation tax rate is 25%. Additional Profit Resource Rent Tax is up to 15%.*



## Technical Data

Basin – Southern Porcupine Basin

Distance – c. 220 km offshore

Water Depth – c. 2,250m

Reservoir Depth – c. 5,000m (c. 2,750m BML)

Reservoir Age – Lower Cretaceous

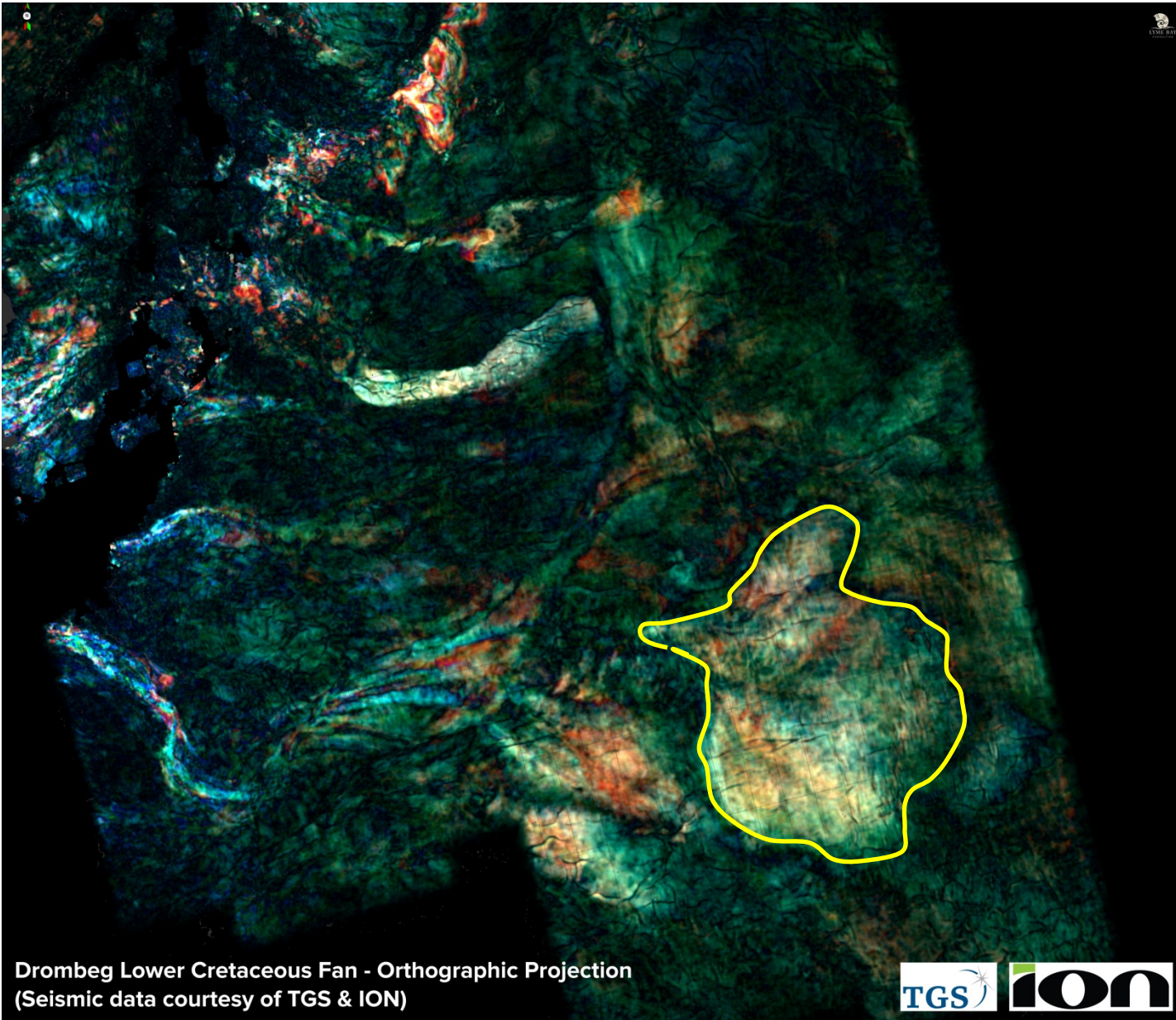
Reservoir Type – Deepwater Fan

Trap type – Stratigraphic

Fluid type – Light Oil

Pmean REC Estimate – 670 MMBO (35% Rf)

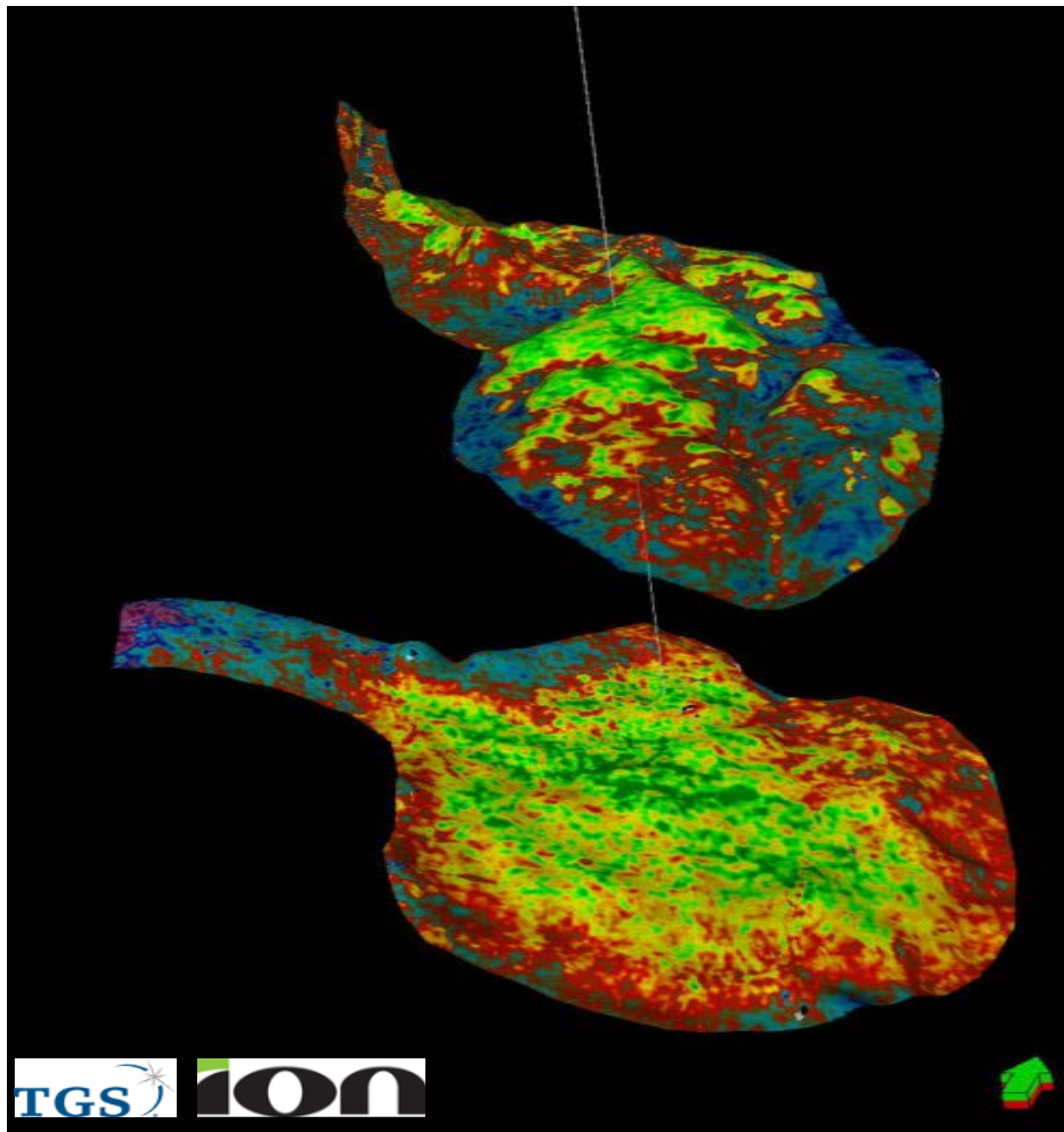
# Drombeg Oil Prospect, Southern Porcupine Basin



Drombeg Lower Cretaceous Fan - Orthographic Projection  
(Seismic data courtesy of TGS & ION)

# Druid/Drombeg – Vp/Vs Supports Two Stacked Sandstone Rich Fan Systems

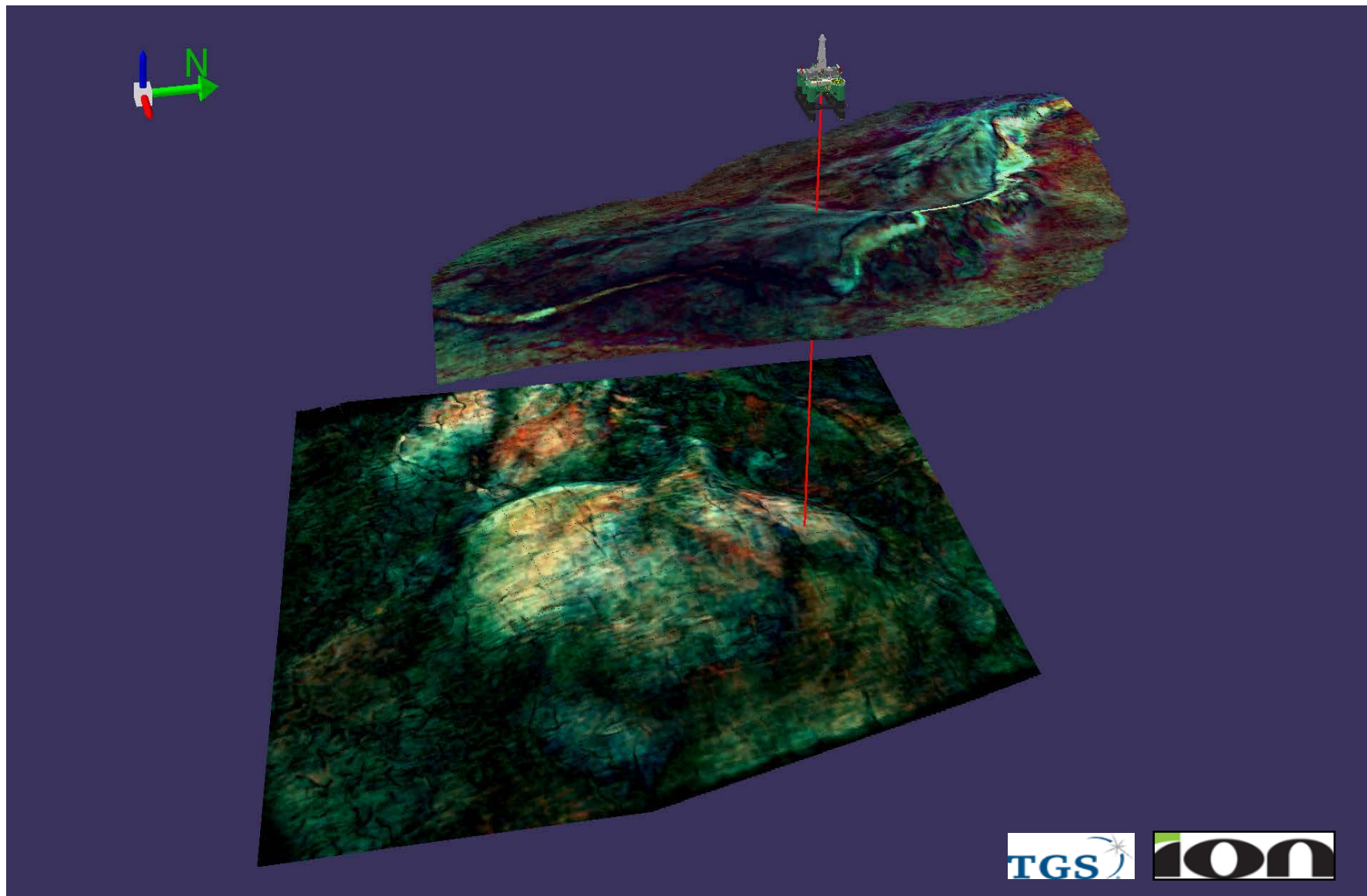
Well 53/6-A



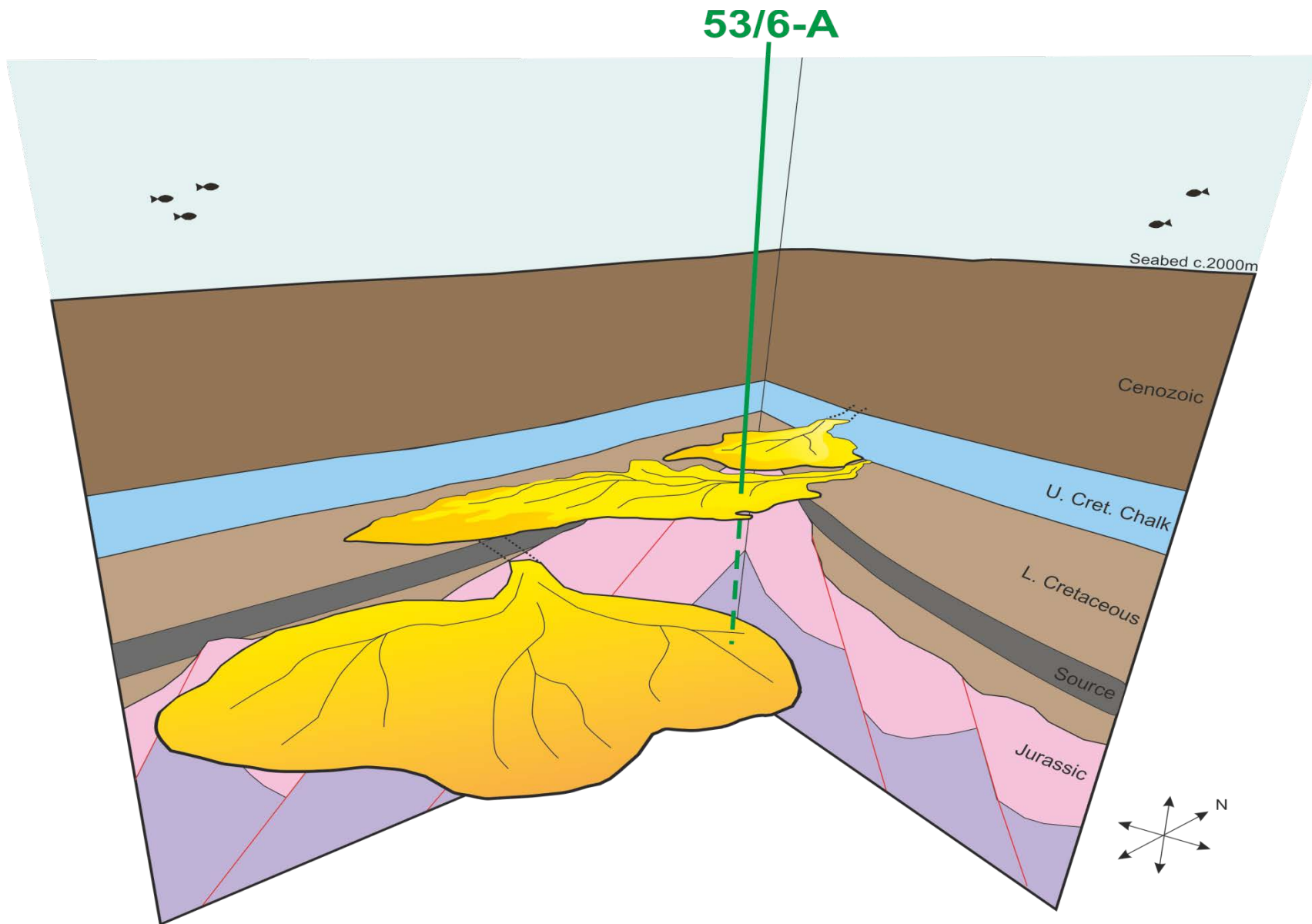
# **Technical Update**

## **Druid/Drombeg Drilling**

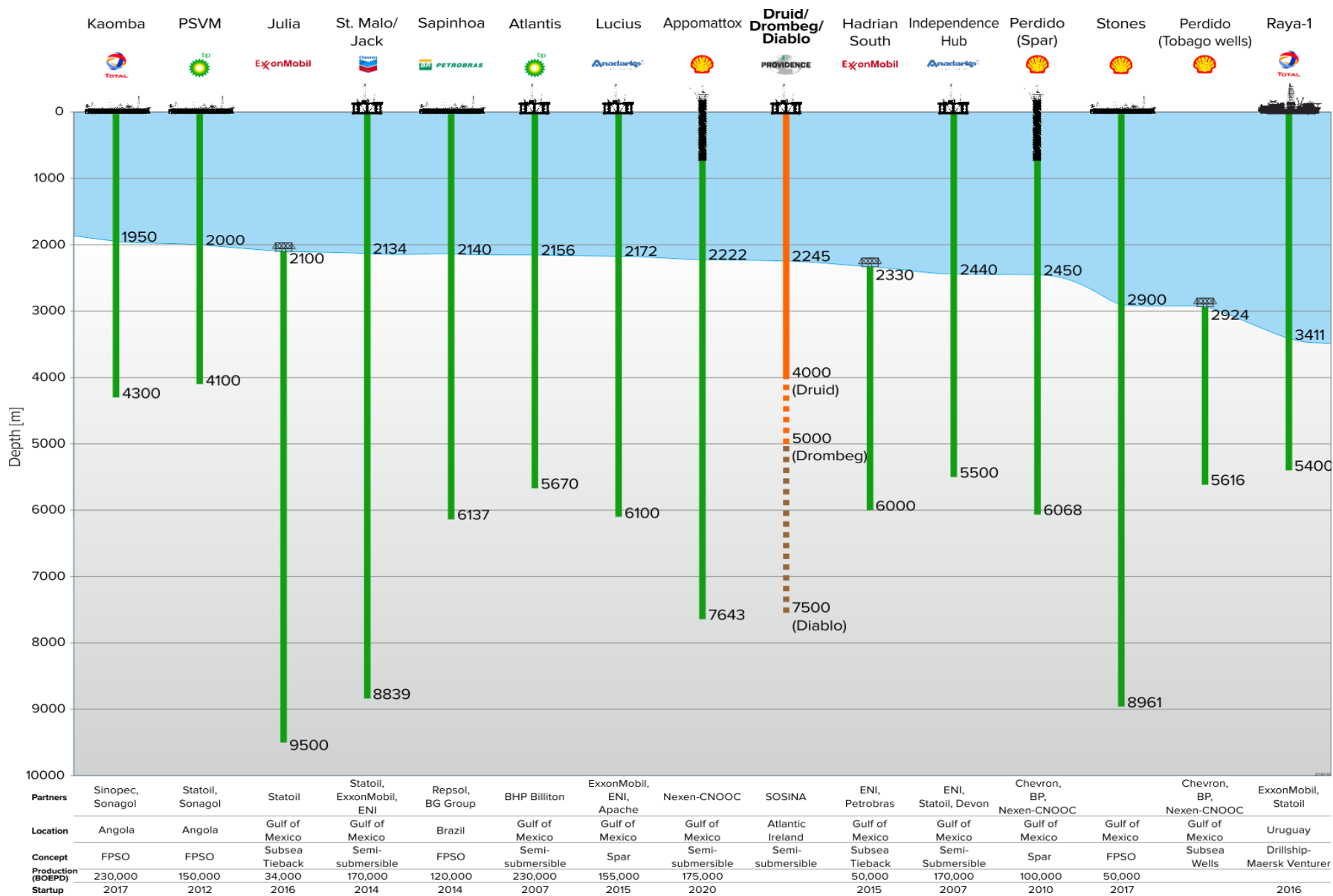
# Druid/Drombeg – Provisional Well Location Schematic



# Druid/Drombeg – Provisional Well Location Schematic



# Druid/Drombeg – Global Analogues



# **Technical Update**

## **Dunquin South**



# Dunquin South Oil Prospect, Southern Porcupine Basin

## Prospect Details

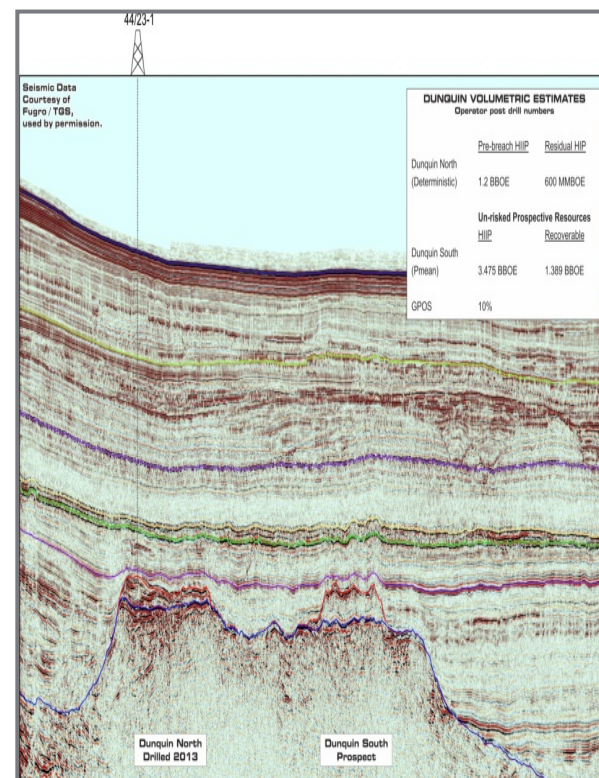
- 2<sup>nd</sup> of two isolated carbonate platforms – Dunquin North & South
- Dunquin North exploration well drilled in 2013
- Dunquin South – Prospective Resources
  - Hydrocarbons in place – c. 3.475 BBOE (Pmean, ExxonMobil)
  - Recoverable – c. 1.389 BBOE (Pmean, ExxonMobil)
- Additional stacked potential is also being assessed in the underlying c. 700 km<sup>2</sup> Dunquin Ridge which may be of pre-rift sedimentary origin
- 3<sup>rd</sup> party petrophysical evaluation has indicated the presence of residual oil saturations over the entire drilled c. 250 metre DQN Lower Cretaceous carbonate reservoir interval suggesting potentially prolific oil source rock access to the Dunquin licence

## Forward Plans

- Farm out, 3D seismic, and subject to results, drill exploration well on Dunquin South

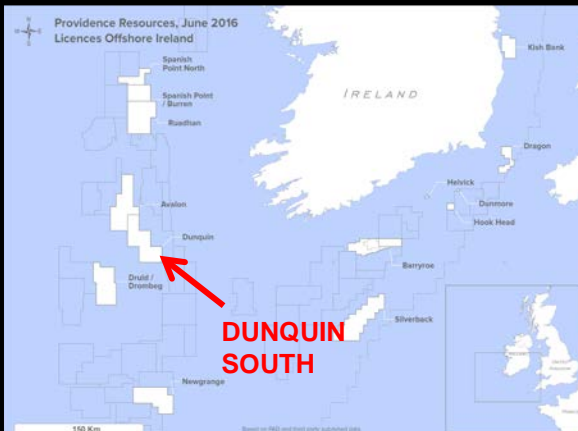
## Current Status

- In July 2015, PVR acquired Atlantic's Petroleum's 4% stake increasing equity to 20%



## Licence and Tax Data

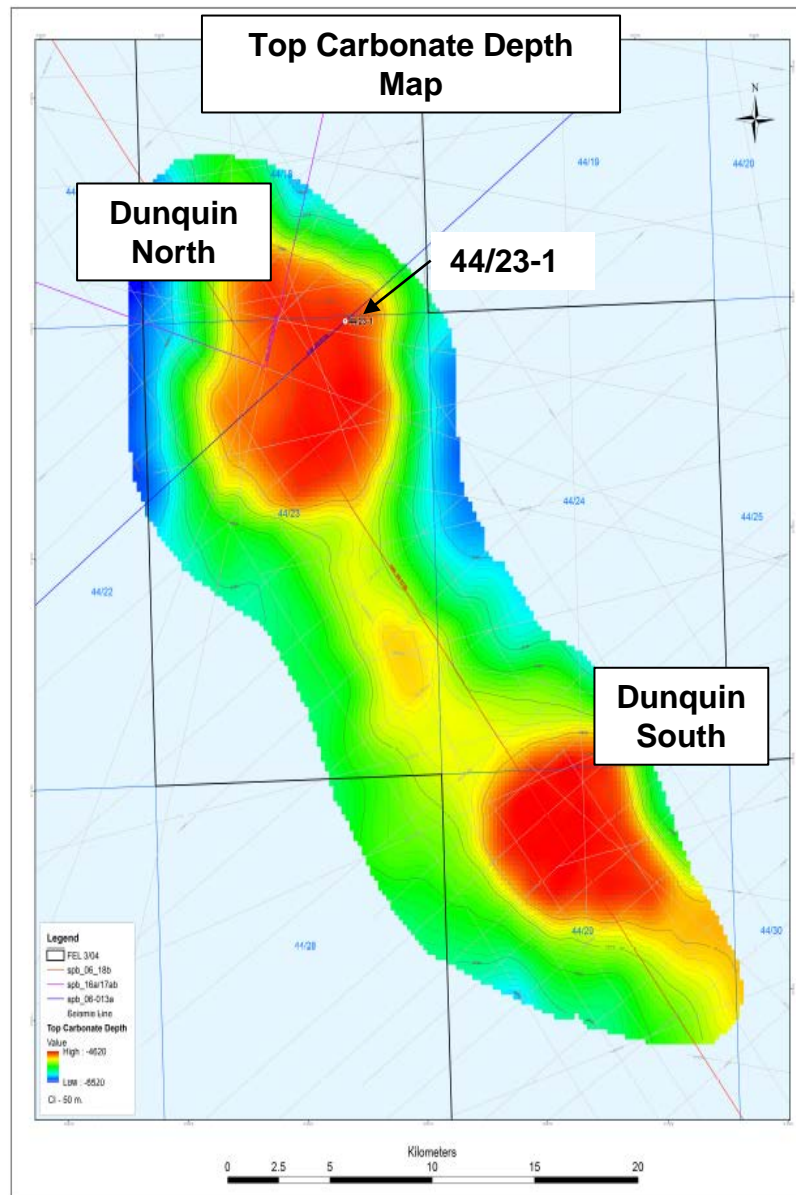
Licence:	FEL 3/04
Equity:	ENI – 27.5% EXXONMOBIL – 25.5% REPSOL – 25% <b>PROVIDENCE – 20%</b> SOSINA – 2%
Operator:	EXXONMOBIL
Tax Rate:	25%



## Technical Data

Basin – Southern Porcupine Basin  
 Distance – c.160 km offshore  
 Water Depth – 1,500 – 1,900 m  
 Reservoir Depth – c. 5,000m  
 Reservoir Age – Lower Cretaceous  
 Reservoir Type – Isolated Carb. Platform  
 Fluid type – Oil  
 Pmean REC Estimate – c. 1.389 BBOE

# Dunquin South – Location Map



# Dunquin North – Well Results

## Drilled in 2013

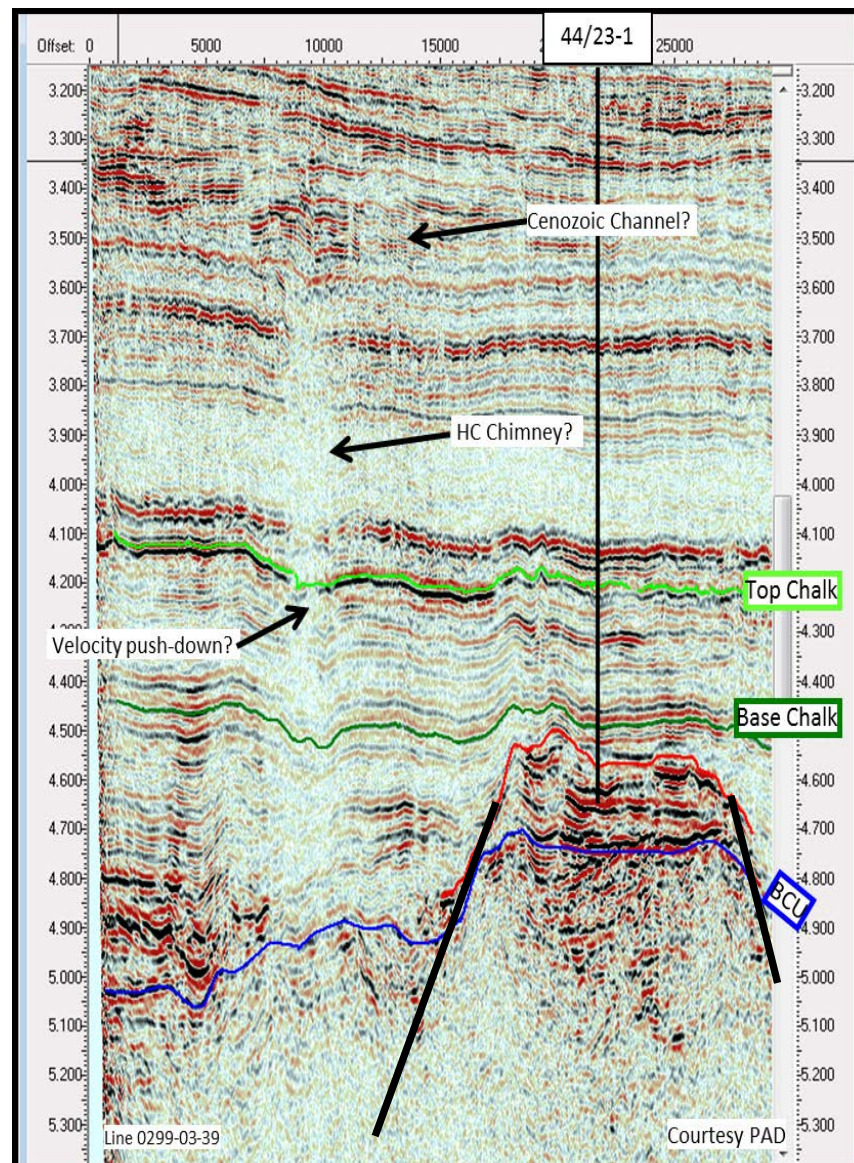
- Thick, high porosity carbonate reservoir
- c. 44m residual oil column encountered in massive over-pressured high porosity carbonate reservoir system
- DQN Pre-breach oil STOIIP – c. 1.2 BBOE (ExxonMobil)
- DQN Current residual oil STOIIP – c. 600 MMBOE (ExxonMobil)

## Key play elements proven by 44/23-1 well

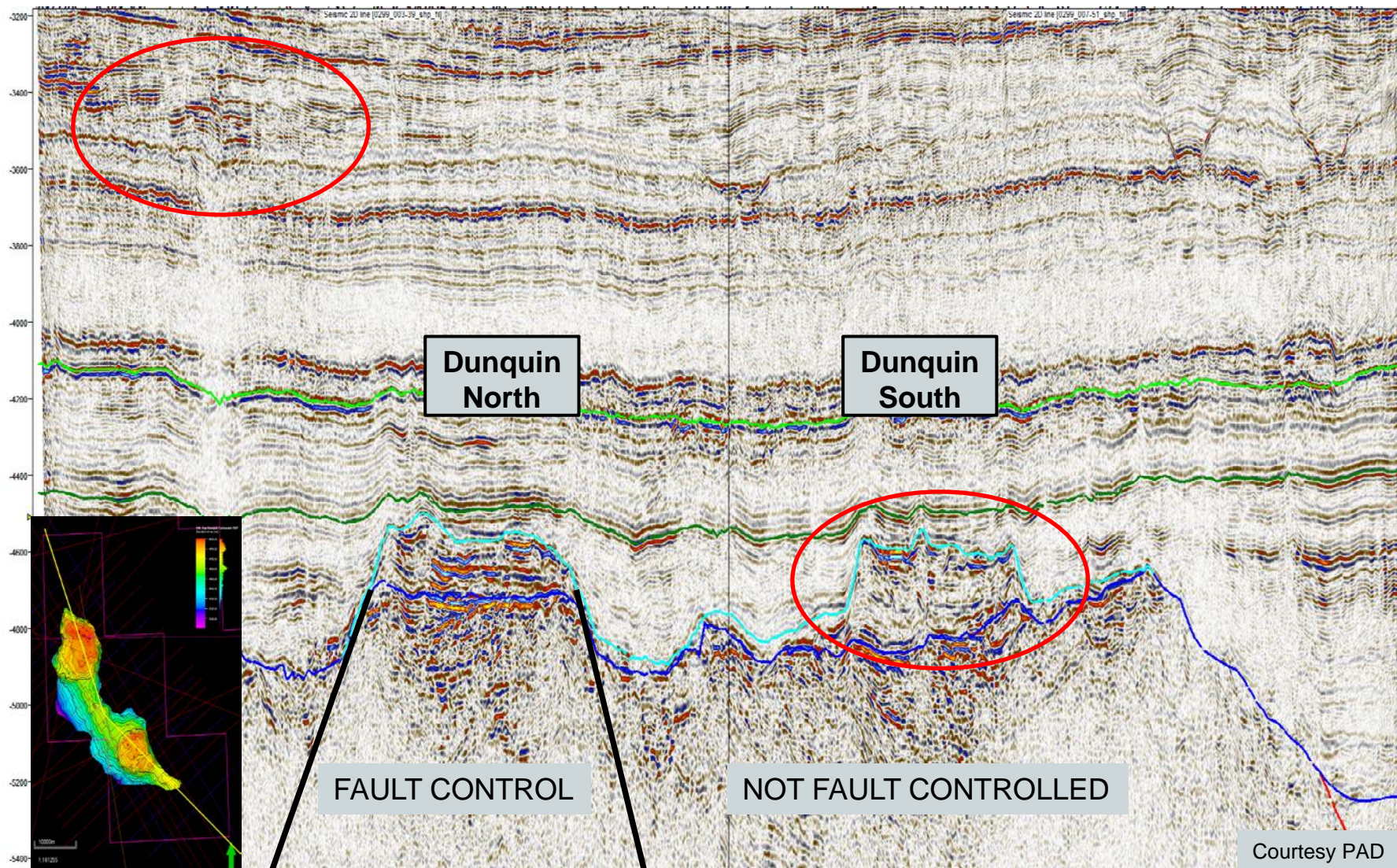
- Thick, high porosity carbonate reservoir
- Access to mature oil source and clear migration paths
- Trap presence present day (overpressure)

## Dunquin South Exploration Highlights

- Carbonate reef play analogous to Dunquin North
- Prospect significantly de-risked by 44/23-1 in terms of reservoir and hydrocarbon migration
- Prospective recoverable resources of 1.389 BBO (Pmean)
- Attractive legacy fiscal terms (25% tax)

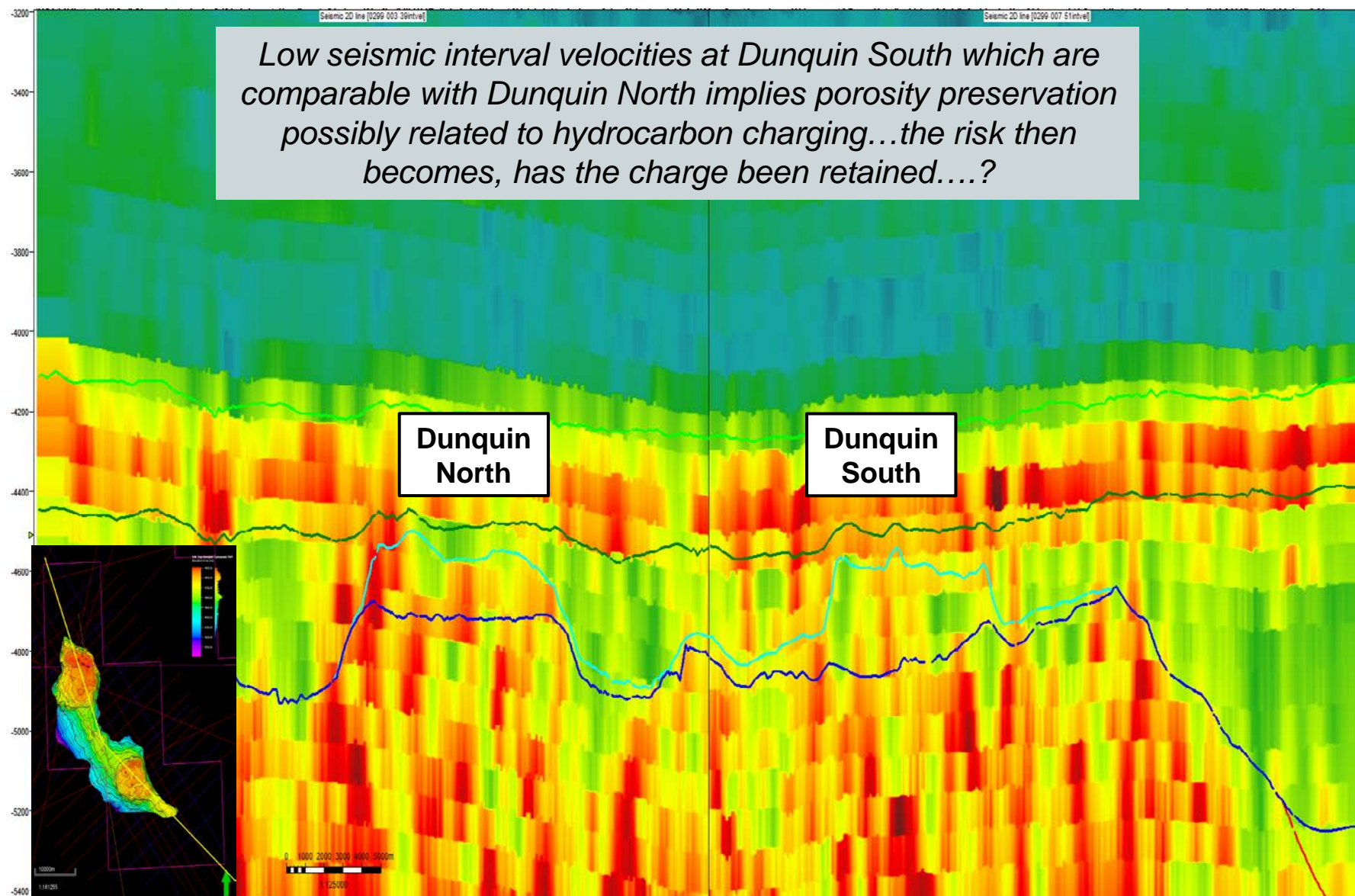


# Dunquin North vs Dunquin South – 2D Seismic Data



Line 0299-03i00 0299-07-51

# Dunquin North vs Dunquin South – 2D Velocity Data



# **Technical Update**

## **Avalon**

# Avalon Oil Prospect, Porcupine Basin

## Avalon - Prospect Details

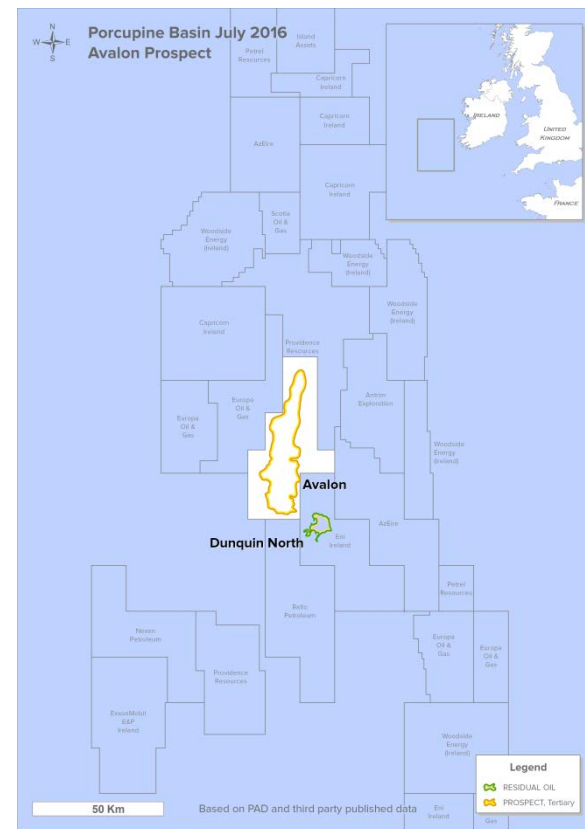
- Mapped on 2D vintage seismic data as part of recent 2015 Irish AMLR
- Significant Paleocene basin floor stratigraphic trap identified in basin axis
- Target is c. 2,500 m BML in c. 1,300 m water depth
- Located close to the Dunquin North residual oil accumulation
- Back-flexure down to the north provides structural closure in the proximal direction
  - Positive for trapping potential
- Limited 2D seismic gathers available supported potential depth conformant Class II AVO
  - Analogous to Druid

## Current Status

- Agreed PAD work programme commenced
- Interest expressed by Druid data-room attendees
- Pmean STOIIP - TBC

## Forward Plans

- Likely to require 3D seismic prior to drilling – synergy with possible Dunquin North/South 3D



## Licence and Tax Data

Licence:	LO 16/27
Equity:	<b>PROVIDENCE – 80%</b> SOSINA – 20%
Operator:	PROVIDENCE
Tax Rate:	<b>25% TO 55%*</b>

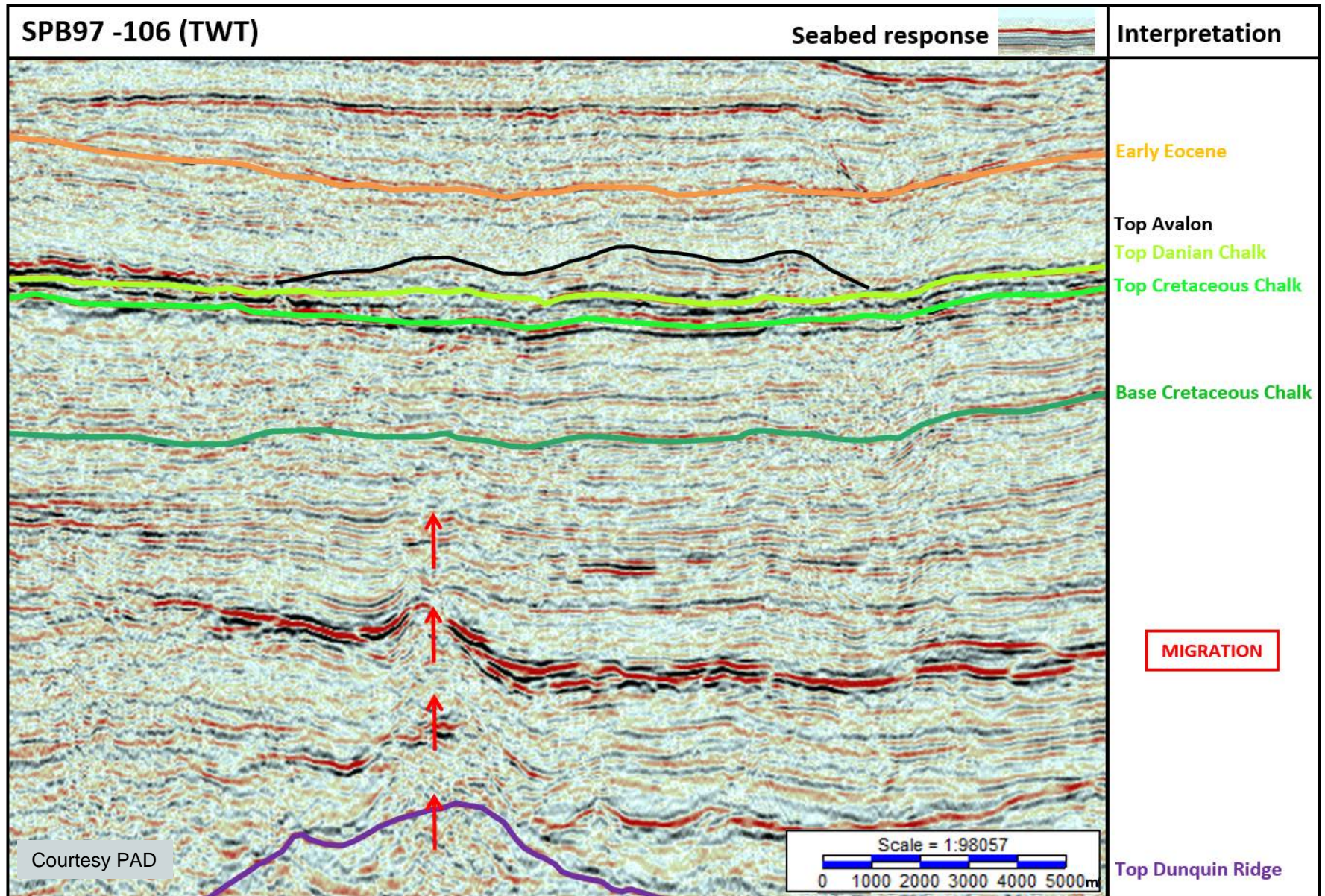
\*Corporation tax rate is 25%. Additional Profit Resource Rent Tax is up to 30%.



## Technical Data

Basin – Southern Porcupine Basin  
 Distance – c. 150 km offshore  
 Water Depth – 1,300 m  
 Reservoir Depth – c. 3,800m (c. 2,500m BML)  
 Reservoir Age – Paleocene  
 Reservoir Type – Deepwater Fan  
 Trap type – Stratigraphic  
 Fluid type – Oil  
 Pmean REC Estimate – TBC

# Avalon Oil Prospect, Porcupine Basin



Courtesy PAD



# **Technical Update**

## **Newgrange**

# Newgrange Gas Prospect, Goban Spur Basin

## Newgrange - Prospect Details

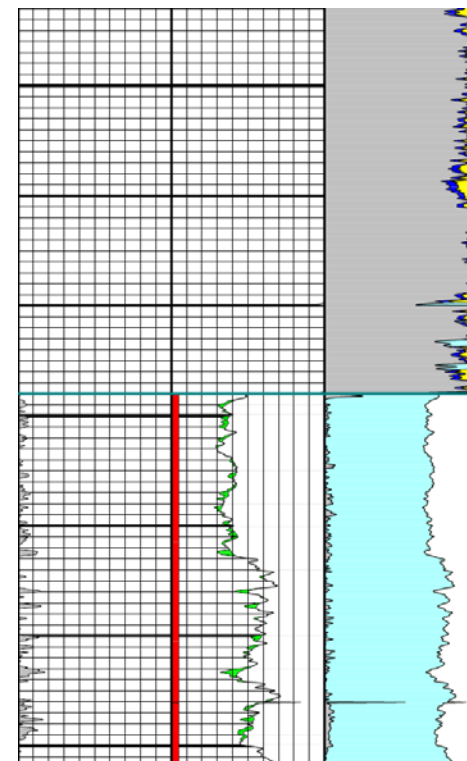
- 500 line km 2D seismic survey carried out in 2006
- Significant structure identified in basin
- Cretaceous target c. 400 metres BML in c. 1,000m water depth
- BCU structural closure covers c. 1800 km<sup>2</sup> (1,000 km<sup>2</sup> within Providence licence) with up to c. 300 metres of vertical relief
- 700 km long offset 2D survey carried out in 2014

## Current Status

- In Sept 2015, PVR and Schlumberger agreed an exploration collaboration agreement to assist with basin model studies in advance of launching an industry wide farm-out campaign
- Geopressure analysis from newly acquired 2D seismic data, integrated with the Dunquin well data, indicates the likely presence of top-seal at Newgrange
- Initial pre-stack seismic inversion and rock physics analysis shows low acoustic impedance, indicative of good quality reservoir
- Pmean GIIP c. 13.2 TSCF

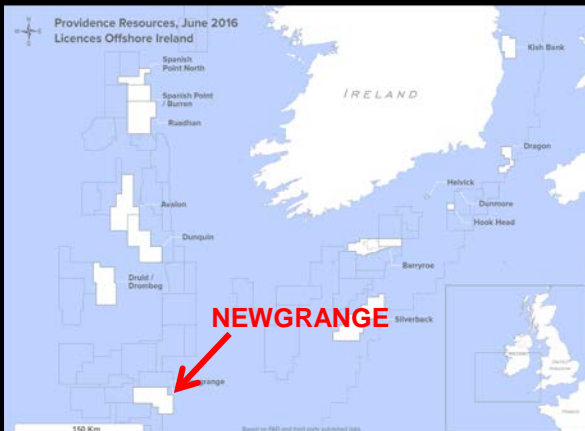
## Forward Plans

- Farm out and drill exploration well



## Licence and Tax Data

Licence:	FEL 6/14
Equity:	<b>PROVIDENCE – 80%</b> SOSINA – 20%
Operator:	PROVIDENCE
Tax Rate:	25% to 40%*

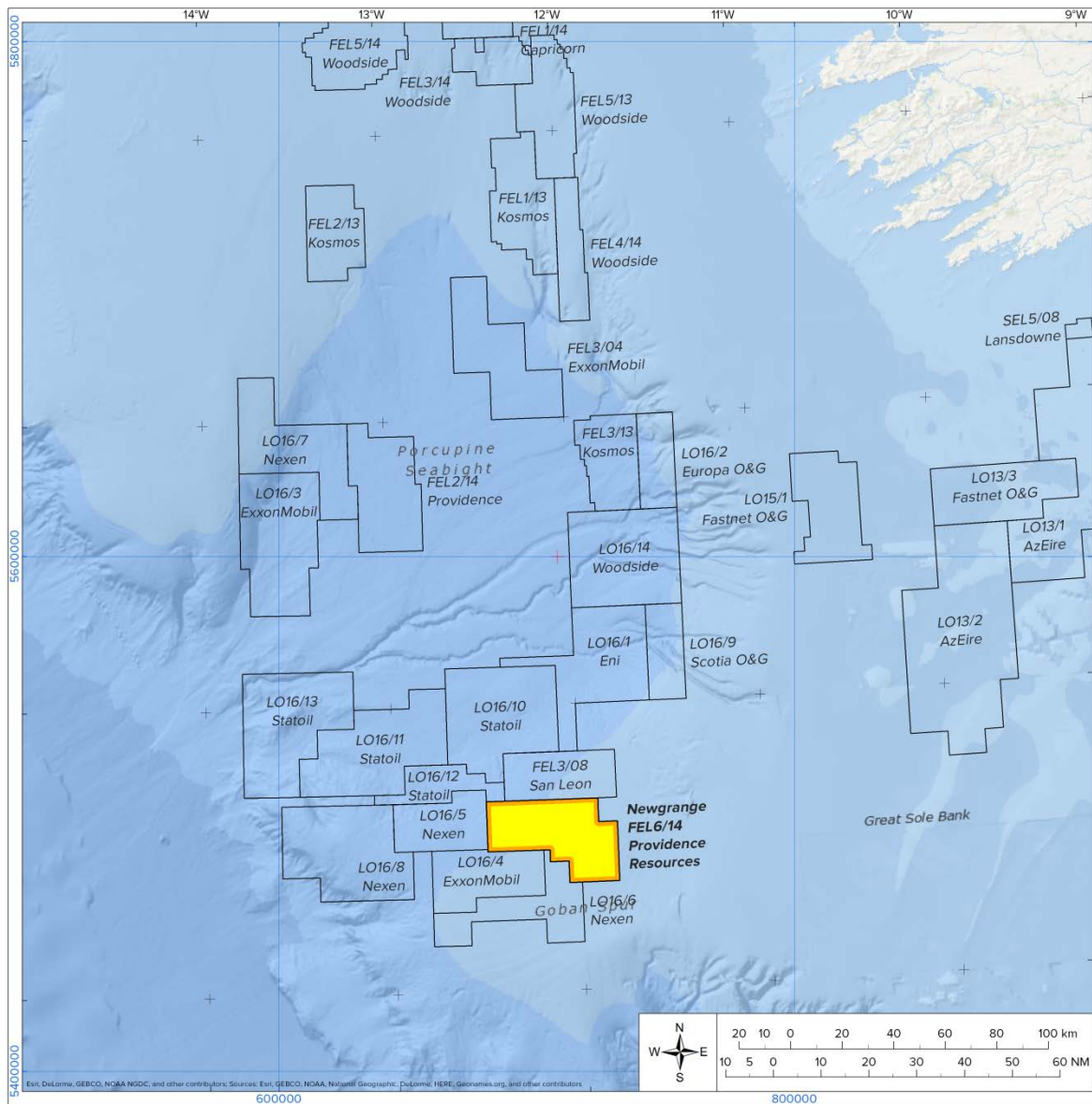


## Technical Data

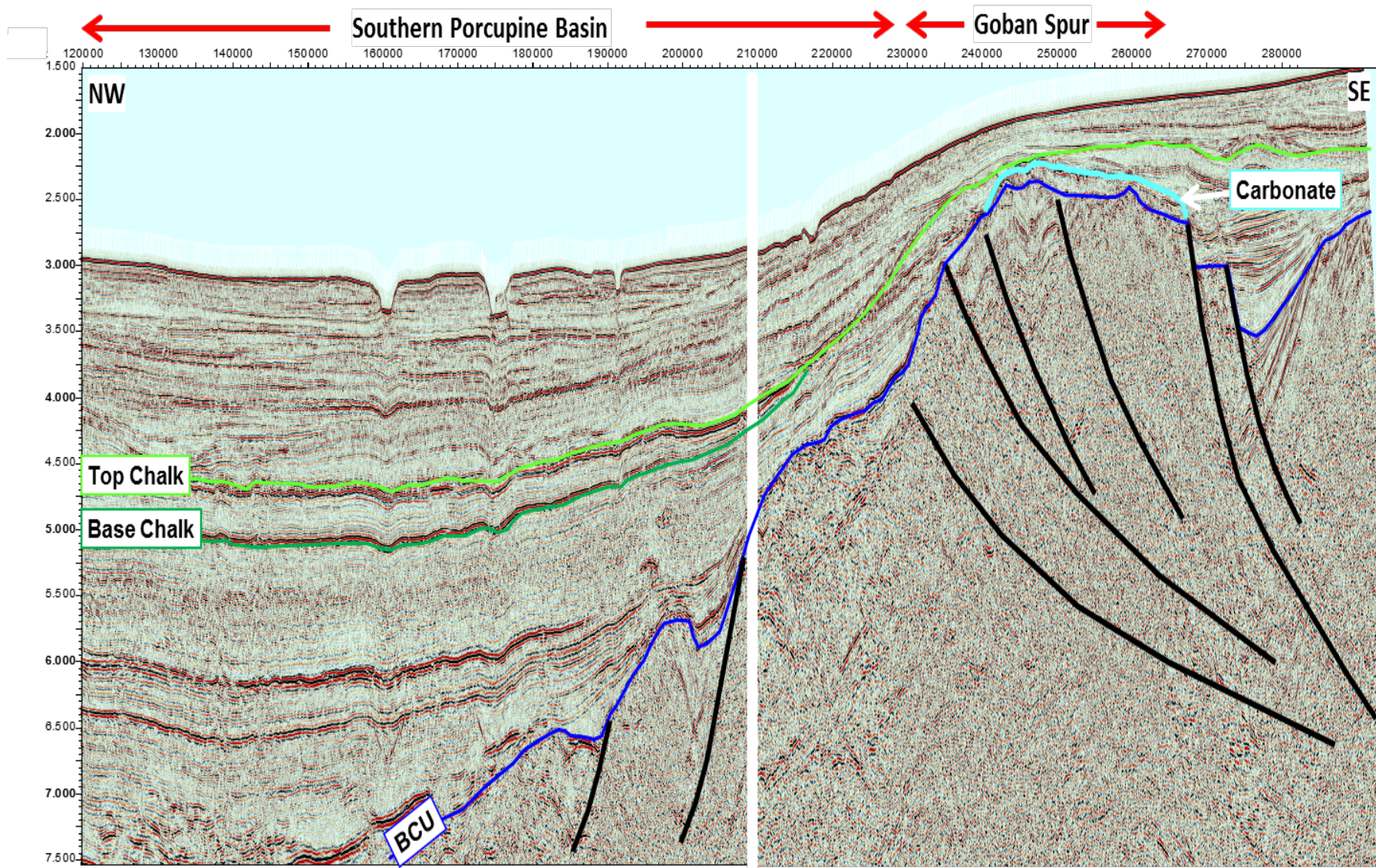
Basin – Goban Spur Basin
Distance – c. 270 km offshore
Water Depth – 1,000 m
Reservoir Depth – c. 1. 500 m TVDSS
Reservoir Age – Cretaceous
Reservoir Type – Carbonate Platform
Fluid type – Gas
Pmean REC Estimate – c. 1.43 BOE (65% Rf)

\*Corporation tax rate is 25%. Additional Profit Resource Rent Tax is up to 15%.

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Seismic Data Courtesy PAD

**Tony O'Reilly**  
**Chief Executive**

# The Providence Opportunity

## Ireland

- Proven hydrocarbon systems
- 2015 Atlantic Margin Licensing Round and Providence's Schlumberger collaboration - major catalysts
- Attractive fiscal regime
- Established ports/infrastructure and connected to the European gas supply network

## Providence

- Uniquely positioned offshore Ireland
- Leading knowledge base offshore Ireland + 30 years
- Clear strategy endorsed by shareholders with financial resources in place to execute strategy
- Material appraisal/development and exploration opportunities
  - Barryroe & Spanish Point – significant re-rating potential to transform 2C resources to 2P status
  - World class large exploration prospects in the Atlantic Margin - Druid drilling in 2017
- Industry cost profile at 10 year lows
- Investing now for long term production



A large-scale industrial fire, likely a controlled burn or a major accident, with multiple bright orange and yellow flames rising from a central point. The background is dark, making the fire stand out prominently.

Providence Resources P.I.c.

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