Providence Resources P.l.c. - 2018 Annual Results

- Continued momentum developing our significant portfolio offshore Ireland
- Political environment is disruptive and damaging industry sentiment
- Re-engineering of business model to align resources with business needs

Dublin and London – June 28, 2019 - Providence Resources P.l.c. (PVR LN, PRP ID), the Irish based Energy company, today announces its Annual Results for the year ended December 31, 2018.

Tony O'Reilly, Chief Executive Officer commented:

"*Despite encountering increased regulatory and political headwinds, we continued to progress our portfolio and in doing so, have further advanced assets that will help Ireland to meet its future energy needs.*

The key commercial milestone in 2018 was the negotiation and signing of the Barryroe Farm-Out Agreement with APEC. Barryroe is singularly the most important asset in our portfolio and, with a planned investment programme of c. $200 million for a 5-well drilling programme, it is potentially transformational for Providence. This transaction was particularly complex and considerable time was committed during the year in negotiating all aspects of the many contracts that underpin the farm-out. The Company has had to deal with a delay in the receipt of the initial site-survey and well-consenting loan from APEC, as well as ongoing regulatory consenting delays, though we remain confident that both the loan advance and consents will be received shortly which will allow us to progress operations. As previously announced, the Company has agreed an extension for the receipt of the initial US$9 million loan advance to July 5, 2019. As of today's date, this payment has yet to be received.

Our other major focus during the year has been responding to the Climate Emergency Measures Bill which gathered significant momentum towards the end of 2018. Recently, reason has begun to prevail and whilst the Bill is currently in legislative limbo, we cannot state strongly enough how it is damaging sentiment and, as a result, investment interest in offshore Ireland. To be clear, this Bill, if enacted as currently drafted, will do nothing to reduce Ireland's CO_2 footprint and it will, in fact, substantially increase the risk of an energy supply shock as Ireland will become even more reliant on imported oil and gas from places like Russia and the Middle East.

Sustainable Energy Authority of Ireland (SEAI) have stated that Ireland will require oil and gas for decades to come regardless of any measures that are implemented to try to reduce our needs in the meantime. The key to delivering meaningful changes to Ireland's CO_2 emissions are wholesale changes in consumer lifestyles, behavior and consumption which the oil and gas industry encourages as part of a transition to a lower carbon Ireland. However, we can see no logical reason why the Government or any other political party would not avail of the secure and cost-effective opportunity to source the required oil and gas needs locally, as opposed to increasing our already significant reliance on imported energy with the resultant increase in Ireland's global CO_2 footprint. Should this Bill be enacted, we would rightly seek financial redress from the Irish State in respect of our very significant historical investment to date on behalf of our shareholders.

Providence has been at the forefront of promoting exploration offshore Ireland for over two decades. During that period, the Company has been successful in concluding a number of significant farm-out transactions with some of the world's largest energy companies. Our success in farming out these projects has led to Providence's role changing from Operator to non-operating partner. This, combined with other factors such as the lack of new licensing opportunities offshore Ireland, together with a limitation on any international expansion, has led the Company to commence a complete re-

alignment of its operating model, which, when fully implemented, could result in a significant reduction in its staffing requirements going forward. We are commencing a period of consultation with all members of staff in relation to this re-alignment process which we believe is necessary to ensure Providence's continued progress with its portfolio and to enable the underlying value of its assets to be realised.

We note with enthusiasm that CNOOC International and ExxonMobil are currently drilling the Iolar well, which is adjacent to our Diablo licence. This is a very important well for the Porcupine Basin and we wish CNOOC and ExxonMobil all the best for a safe and successful drilling operation.

Despite the significant political and commercial headwinds that we have faced, the materiality of both our portfolio and investment in offshore Ireland continues to grow and the Board remain focused on realizing value for all of our shareholders."

2018 OPERATIONAL HIGHLIGHTS

APPRAISAL

- **Barryroe, North Celtic Sea (SEL 1/11)**
- In March 2018, EXOLA signed a Farm-out Agreement ("FOA") with APEC Energy Enterprises Limited ("APEC")
- Following the receipt of Ministerial approval for the assignment of a 50% working interest in SEL 1/11 to APEC, EXOLA, Lansdowne & APEC signed an updated FOA in September 2018
- The updated FOA provides for a full cost carried firm drilling programme comprising of four vertical wells & one horizontal side-track, plus the optional drilling of two further horizontal wells, and loan advances to EXOLA for certain project and operational costs of US$ 19.5 million
- In October 2018, the Company received consent to carry out a site survey
- In November 2018, arising a from third party legal challenge against the Irish Government regarding the grant of the site survey consent, the Company elected not to act on the granted survey, thereby postponing the site survey
- During Q4 2018, the Company progressed key operational arrangements and started to prepare a revised site survey application

EXPLORATION

- **Diablo, Southern Porcupine (FEL 2/14)**
- Closing of the farm-out for the assignment of equity (35%) and transfer of operatorship to TOTAL
- CNOOC International to drill the analogous Iolar pre-Cretaceous prospect in the adjacent licence in 2019

- **Dunquin South, Southern Porcupine (FEL 3/04)**
- Dunquin North post-well results released at the AAPG ERC Conference in Lisbon May 2018
- Interpretation of 3D seismic data confirms the presence of the large Dunquin South prospect, a large potential breach point imaged over Dunquin North prospect and where internal seismic reflectivity and velocities indicate Dunquin Ridge to be of sedimentary origin
- 2019 Programme agreed, including planned acquisition of well-site survey in summer 2019

- **Newgrange, Goban Spur (FEL 6/14)**
- High resolution 2D seismic acquisition & well exploration site survey completed
- Large number of seabed pockmarks imaged on site survey data
- Seabed sample geochemistry demonstrates both biogenic and thermogenic hydrocarbon sourcing signatures indicating a potential link to hydrocarbon migration

- **Avalon, Southern Porcupine (FEL 2/19)**
- Application made to convert Licensing Option ("LO") 16/27 to a Frontier Exploration Licence ("FEL")

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OTHER LICENCE ACTIVITY

- **Spanish Point, Northern Porcupine (FEL 2/04)**
- Under discussion with the regulatory authorities

- **Spanish Point North, Northern Porcupine (FEL 4/08)**
- Licence relinquished

- **Dragon, St. George's Channel (SEL 2/07)**
- Under discussion with the regulatory authorities

- **Hook Head, North Celtic Sea (SEL 1/07)**
- Subject of Lease Undertaking application

- **Helvick/Dunmore, Celtic Sea (Lease Undertaking)**
- Subject to MFDevCO work programme

- **OPL1 Option, North Celtic Sea**
- The option was not exercised

- **Kish Bank, Kish Bank Basin (SEL 2/11)**
- Completion of 1st phase of licence through August 2018

2018 FINANCIAL HIGHLIGHTS

- Operating Loss for the period of € 4.425 million versus € 21.402 million in 2017
- Loss of € 4.779 million versus € 20.419 million in 2017
- Loss per share of 0.80 cents versus 3.42 cents in 2017
- At December 31, 2018 total cash & cash equivalents were € 7.617 million versus € 19.603 million (at December 31, 2017)
- The Company had no debt at December 31, 2018
- The total issued & voting share capital comprises 597,658,958 ordinary shares of € 0.10 each

POST-YEAR-END EVENTS

- **Barryroe, North Celtic Sea (SEL 1/11)**
- In February 2019, the "COSLInnovator" semi-submersible drilling unit was nominated by COSL
- In February 2019, a new site survey application was submitted. This application is still pending
- In April 2019, an application was made to convert SEL 1/11 to a Lease Undertaking
- Owing to these consenting delays, and the increased duration of the planned programme, the loan advances to EXOLA for certain project and operational costs were increased from US$ 19.5 million to US$ 24 million
- In June 2019, the Company agreed an extension for the receipt of the initial US$ 9 million loan advance to July 5, 2019 after which time, the Company will issue a further update
- Subject to receipt of regulatory consents and applicable financing, the well-site survey operations are expected to commence in Q3 2019

- **Avalon, Southern Porcupine (FEL 2/19)**
- In February 2019, Ministerial consent was given for the conversion of LO 16/27 into FEL 2/19
- In March 2019, the JV Partners licensed c. 1,500 km^2 of multi-client 3D ("MC3D") seismic data over FEL 2/19 which forms part of the larger Crean 3D seismic survey which was acquired by TGS in 2017

- **Dunquin South, Southern Porcupine (FEL 3/04)**
- In June 2019, the Dunquin JV partners agreed to defer the planned summer 2019 well-site survey programme

BUSINESS RE-ENGINEERING

Since the period end, the Board has carried out a strategic review of the Company's operations to ensure that its business model continues to be 'fit for purpose'. As a result, the Board concluded that there was an immediate requirement to re-engineer Providence's business model to reflect the changes that are evident in its operating environment.

This re-engineering reflects a number of material factors, including:

- The Company's success in farming out the majority of its portfolio, which has led to:
    - the transfer of Operatorship in most of the Company's key assets; and
    - a substantially reduced technical role for the Company;
- The fact that the Company is not a revenue generating Company
    - the Company's past two years of working capital have been financed solely through the completion of farm-out deals;
- The threats posed by the Climate Emergency Measures Bill and other Climate Action initiatives that are impacting both sentiment and investment in exploration activities offshore Ireland and the Company's consequent inability to secure additional acreage offshore Ireland;
- The inability to pursue international expansion.

It is expected that this corporate re-engineering will significantly impact the requirement for both technical and support staff based at our Dublin headquarters, and the Company will now enter into a consultation process with staff affected by this decision. The Company will also vacate its current Dublin office location in early Q4 2019. The Company plans to implement a project-based, outsourced business model which is more aligned with the current reduced and sporadic nature of its operated activities, that have experienced significant slippage due to the recent and ongoing consenting delays.

As this re-engineering programme is expected to take several months to implement, the Company will provide further details when it issues its H1 2019 Results in September 2019 or earlier as appropriate. As part of this re-engineering programme, the Board will also review its size and composition to ensure that they are consistent with the Company's needs going forward.

RESTRUCTURING OF SUBSIDIARIES

Finally, as part of the review of its business, the Board is streamlining its corporate structure to three wholly owned subsidiaries:

- EXOLA Designated Activity Company ("DAC") is the subsidiary which holds a 40% interest in SEL 1/11 (Barryroe);
- Providence Porcupine DAC is a new subsidiary that will hold[1] our exploration interests in the Porcupine Basin, namely 28% of FEL 2/14 (Diablo), 40% of FEL 2/19 (Avalon), 80% of FEL 6/14 (Newgrange) and 26.846% of FEL 3/04 (Dunquin South);

  Other Irish licence interests will continue to be held directly by the parent company, Providence Resources P.l.c.

- Providence Renewables DAC is a new subsidiary that will be used by the Company for any future potential activities in the renewable energy arena, which may include offshore geothermal and Carbon Capture and Storage activities.

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[1] Subject to assignment by the Minister

CLIMATE EMERGENCY MEASURES BILL

The Company continues to closely monitor the proposals put forward in the Climate Emergency Measures Bill 2018. Given Ireland's relative geographical isolation and the fact that Ireland currently imports 100% of its oil and c. 40% of its gas needs, energy policy in Ireland is a very important issue, with a number of critical factors to be considered including security of energy supply, the impact of Brexit, the intermittent nature of installed renewable energy capacity, planning limitations, coupled with the fact that the Irish economy is heavily reliant on imported fossil fuels.

As such a key provider of energy, the Oil & Gas industry has a very important role to play in shaping our National Energy Policy especially as we transition to a lower carbon world. We will continue to work with the government, industry and other stakeholders to ensure that this important national issue is treated with the consideration and priority that it deserves as Ireland transitions to a low-carbon future. Providence and its partners should and will play an important role in this vital and necessary transition.

OUTLOOK

2018 was a very busy year for the Company with the Barryroe farm-out being the main commercial highlight. The Company will continue to advance Barryroe through the well preparation and consenting process in advance of the planned commencement of the multi-well drilling programme. The key immediate focus remains on receiving the US$ 9 million loan advance from APEC and the receipt of required consents to be able to implement the well-site survey at Barryroe this summer, as this drives all subsequent permitting requirements for the future planned drilling programme.

Despite the significant political and commercial headwinds that we are facing, the magnitude of our portfolio of assets offshore Ireland continues to grow and the Board remain focused on developing and monetising value for all of our shareholders.

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ANNOUNCEMENT & FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results. No representation is made that any of those statements or forecasts will come to pass or that any forecast results will be achieved. You are cautioned not to place any reliance on such statements or forecasts. Those forward-looking and other statements speak only as at the date of this announcement. Providence Resources P.l.c undertakes no obligation to update any forward-looking statements.

This announcement has been reviewed by Dr John O'Sullivan, Technical Director, Providence Resources P.l.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 of the 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.

ABOUT PROVIDENCE RESOURCES PLC

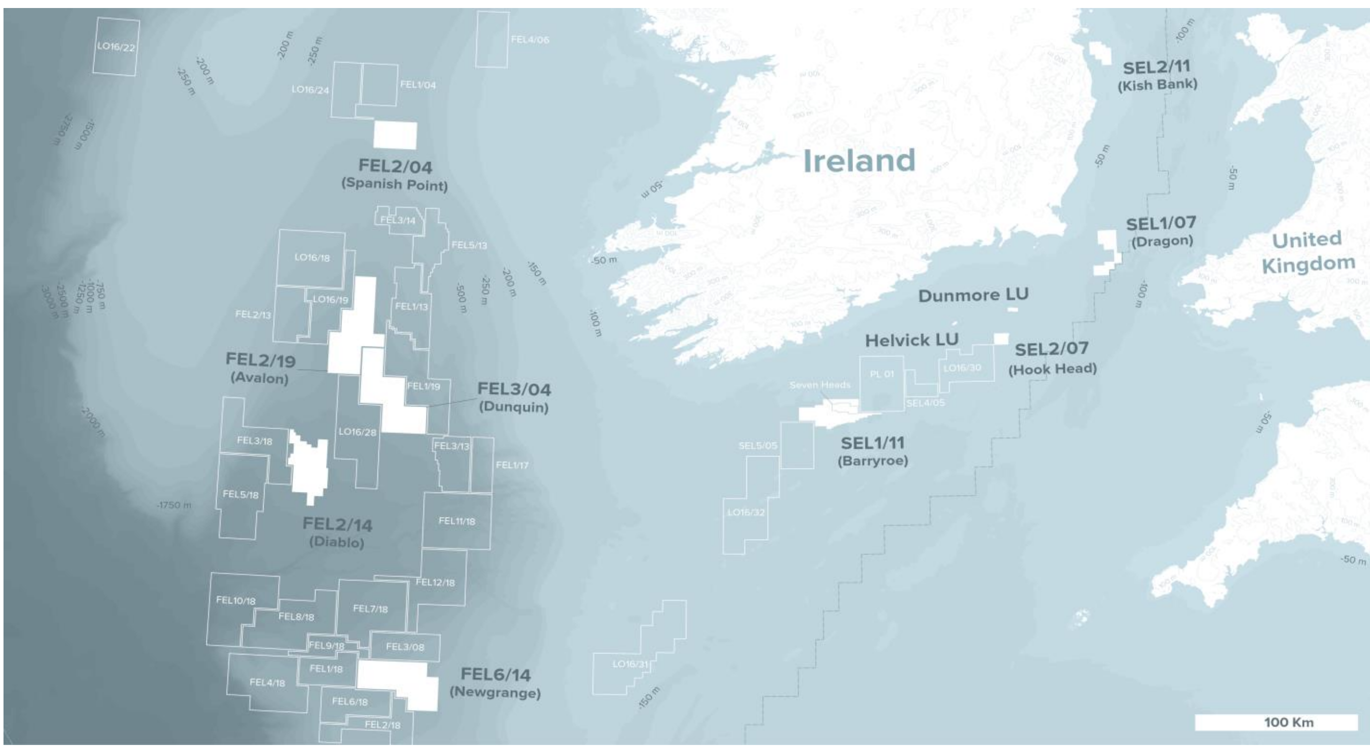
Providence Resources is an Irish based Oil & Gas Energy company with a portfolio of appraisal and exploration assets located offshore Ireland. Providence's shares are quoted on the AIM in London and the Euronext Growth market in Dublin. Further information on Providence can be found on www.providenceresources.com

SUMMARY OF LICENCE INTERESTS

Licence	Issued	Key Asset	Operator	Providence Partners	PVR %	Classification
SEL 1/11	2011	BARRYROE	PROVIDENCE*	APEC, LANSDOWNE	40.00	Oil discovery
SEL 2/07	2007	HOOK HEAD	PROVIDENCE	ATLANTIC, SOSINA	72.50	Oil & gas discovery
LU	2016	HELVICK	PROVIDENCE	ATLANTIC, SOSINA, LANSDOWNE, MFDEVCO	56.25	Oil & gas discovery
LU	2016	DUNMORE	PROVIDENCE	ATLANTIC, SOSINA,MFDEVCO	65.25	Oil discovery
FEL 2/04	2004	SPANISH POINT	CAIRN	CAIRN, SOSINA	58.00	Oil & gas discoveries
FEL 2/19	2019	AVALON	TOTAL	TOTAL, SOSINA	40.00	Oil & gas exploration
FEL 2/14	2014	DIABLO	TOTAL	TOTAL, CAIRN, SOSINA	28.00	Oil & gas exploration
FEL 3/04	2004	DUNQUIN SOUTH	ENI	ENI, REPSOL, SOSINA	26.85	Oil exploration
FEL 6/14	2014	NEWGRANGE	PROVIDENCE	SOSINA	80.00	Oil & gas exploration
SEL 2/11	2011	KISH BANK	PROVIDENCE		100.00	Oil & gas exploration
SEL 1/07	2007	DRAGON	PROVIDENCE		100.00	Gas discovery

* Held through wholly owned subsidiary, EXOLA DAC.

MAP OF LICENCE INTERESTS



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Condensed consolidated income statement

for the year ended 31 December 2018

	Notes	Year ended 31 December 2018 Audited €'000	Year ended 31 December 2017 Audited €'000
Continuing operations			
Administration expenses	2	(3,368)	(6,491)
Pre-licence expenditure		(334)	(268)
Impairment of exploration and evaluation assets		(723)	(14,643)
Operating loss	1	(4,425)	(21,402)
Finance income		96	1,116
Finance expense	3	(450)	(133)
Loss before income tax		(4,779)	(20,419)
Income tax expense		-	-
Loss for the financial year		(4,779)	(20,419)
Loss per share (cent)			
Basic and diluted loss per share	6	(0.80)	(3.42)

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

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Condensed consolidated statement of comprehensive income

for the year ended 31 December 2018

	Notes	Year ended 31 December 2018 Audited €'000	Year ended 31 December 2017 Audited €'000
Loss for the financial year		**(4,779)**	**(20,419)**
Other comprehensive loss			
Other items of comprehensive income that may be reclassified into profit and loss:			
Foreign exchange translation differences	**3**	**2,703**	**(7,626)**
Total comprehensive expense for the year		**(2,076)**	**(28,045)**

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

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Condensed consolidated statement of financial position

as at 31 December 2018

	Notes	31 December 2018 Audited €'000	31 December 2017 Audited €'000
Assets			
Exploration and evaluation assets	4	81,867	74,831
Property, plant and equipment		28	62
Intangible assets		-	88
Total non-current assets		81,895	74,981
Trade and other receivables		464	7,660
Cash and cash equivalents		7,617	19,603
Total current assets		8,081	27,263
Total assets		89,976	102,244
Equity			
Share capital	5	71,452	71,452
Share premium	5	247,918	247,918
Undenominated capital		623	623
Foreign currency translation reserve		8,892	6,189
Share based payment reserve		1,745	1,502
Retained deficit		(248,759)	(243,980)
Total equity attributable to equity holders of the Group		81,871	83,704
Liabilities			
Decommissioning provision		7,406	6,956
Total non-current liabilities		7,406	6,956
Trade and other payables		699	11,584
Total current liabilities		699	11,584
Total liabilities		8,105	18,540
Total equity and liabilities		89,976	102,244

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Condensed consolidated statement of changes in Equity

for the year ended 31 December 2018

	Share Capital €'000	Undenominated Capital €'000	Share Premium €'000	Foreign Currency Translation Reserve €'000	Share Based Payment Reserve €'000	Retained Deficit €'000	Total €'000
At 1 January 2017	**71,452**	**623**	**247,918**	**13,815**	**1,398**	**(223,888)**	**111,318**
Total comprehensive expense							
Loss for financial year	-	-	-	-	-	(20,419)	**(20,419)**
Currency translation	-	-	-	(7,626)	-	-	**(7,626)**
Total comprehensive expense	-	-	-	(7,626)	-	(20,419)	**(28,045)**
Transactions with owners, recorded directly in equity							
Share based payments expense	-	-	-	-	431	-	**431**
Share options lapsed in year	-	-	-	-	(327)	327	**-**
Transactions with owners, recorded directly in equity	-	-	-	-	104	327	**431**
At 31 December 2017	**71,452**	**623**	**247,918**	**6,189**	**1,502**	**(243,980)**	**83,704**
At 1 January 2018	**71,452**	**623**	**247,918**	**6,189**	**1,502**	**(243,980)**	**83,704**
Total comprehensive expense							
Loss for financial year	-	-	-	-	-	(4,779)	**(4,779)**
Currency translation	-	-	-	2,703	-	-	**2,703**
Total comprehensive expense	-	-	-	2,703	-	(4,779)	**(2,076)**
Transactions with owners, recorded directly in equity							
Share based payments expense	-	-	-	-	243	-	**243**
Transactions with owners, recorded directly in equity	-	-	-	-	243	-	**243**
At 31 December 2018	**71,452**	**623**	**247,918**	**8,892**	**1,745**	**(248,759)**	**81,871**

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Condensed consolidated statement of cash flows

for the year ended 31 December 2018

	Year ended 31 December 2018	Year ended 31 December 2017
	Audited	Audited
	€'000	€'000
Cash flows from operating activities		
Loss after tax for year	(4,779)	(20,419)
Adjustments for:		
Depletion and depreciation	55	67
Amortisation of intangible assets	88	104
Impairment of exploration and evaluation assets	723	14,643
Finance income	(96)	(1,116)
Finance expense	450	133
Equity settled share payment charge	243	431
Foreign exchange	(677)	2,814
Change in trade and other receivables	7,196	(7,405)
Change in trade and other payables	(10,885)	9,457
Net cash outflow from operating activities	(7,682)	(1,291)
Cash flows from investing activities:		
Interest received	96	156
Acquisition of exploration and evaluation assets	(5,043)	(8,015)
Acquisition of property, plant and equipment	(21)	(27)
Net cash used in investing activities	(4,968)	(7,886)
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(12,650)	(9,177)
Cash and cash equivalents at 1 January	19,603	31,403
Effect of exchange rate fluctuations on cash and cash equivalents	664	(2,623)
Cash and cash equivalents at 31 December	7,617	19,603

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Basis of preparation

The consolidated preliminary financial results announcement of the Company, for the year ended 31 December 2018 comprises of the Company and its subsidiaries (together referred to as the "Group").

The financial information included in this preliminary financial results announcement, has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS) which comprises standards and interpretations approved by the International Accounting Standards Board (IASB).

The consolidated preliminary financial information presented herein does not constitute the Company's statutory financial statements for the year ended 31 December 2017, with the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations, 1992 of Ireland, insofar as such Group accounts would have to comply with disclosure and other requirements to those Regulations. The statutory financial statements for the year ended 31 December 2018, together with the independent auditor's report thereon, will be filed with the Irish Registrar of Companies following the Company's Annual General Meeting and will also be available on the Company's website www.providenceresources.com. The consolidated financial statements were approved by the Board of Directors on 27 June 2019.

The preparation of the condensed consolidated preliminary financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results could differ materially from these estimates. In preparing this financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017.

Going concern

The Directors have considered carefully the financial position of the Group and, in that context, have prepared and reviewed cash flow forecasts for the period to 30 June 2020. The Group will have sufficient funds to cover the levels of capital expenditure expected over the next 12 months, consistent with its strategy as an exploration company. In this regard, the Directors have considered both current and future expenditure commitments and the options available to fund such commitments, including further farm-out arrangements, disposal of assets, equity funding alternatives and the implementation of cost cutting measures.

The announced farm-out of Barryroe with APEC reduces the Group's cost exposure due to the expected receipt of funds from APEC in total of $24 million to cover the operator's costs associated with the Barryroe drilling program.

In June 2019, the Company agreed to a further extension of the initial $9 million loan advance due to cover the costs of the well-site survey and consenting. The balance of $15 million loan advance is payable prior to spudding the first well. The Company understands that the delay in funds from APEC is due to the composition of the APEC funding mechanism. The $9 million loan advance is expected to be received no later than 5 July 2019.

Having regard to the current levels of funding in place and noting the other options available including potential equity funding arrangements, the Directors are satisfied that the Group will be in a position to fund the budgeted capital expenditure programme, as well as other planned exploration and operating activities.

The Directors have considered the proposals put forward in the Petroleum and Other Minerals Development (Amendment) (Climate Emergency Measures) Bill 2018 ("Climate Emergency Measures Bill 2018") and have noted that this will be considered further at Select Committee. Whilst this is subject to further deliberation, the Board have considered the matter while preparing the cashflows and the potential impact that this might have on the business. In the event that the Climate Emergency Measures Bill 2018 is enacted in its current form, the Company would not be able to progress any issued licensing authorisation to the next stage and so this would adversely impact any current planned operations and would thus pose a significant risk to the Company as a going concern.

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Going concern (continued)

The Directors have concluded based on their consideration of the Group cash flow forecasts, including the underlying assumptions outlined above, taking all information that is currently available into account, and noting the two main risk factors, being the failure to receive the loan advances from APEC and the potential impact of the Climate Emergency Measures Bill 2018, that the Group will have sufficient funds available over the next 12 months.

However, the combination of these two circumstances represents a material uncertainty that may cast significant doubt upon the Group and Company's ability to continue as a going concern and that, therefore the Group and Company may be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors have adopted the going concern basis in preparing the annual financial statements and do not include any adjustments that would be necessary if this basis were inappropriate.

Note 1
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.

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, who are determined to be the chief operating decision maker ("CODM"), which management believe is the most relevant information when evaluating the results of certain segments relative to other entities that operate within that industry.

All exploration and evaluation assets held by the Group are located in the Republic of Ireland and accordingly the Group has identified one reporting segment, being:

- Republic of Ireland exploration assets: oil and gas exploration assets in the Republic of Ireland

Note 2
Administration expenses

	Year ended 31 December 2018	**Year ended 31 December 2017**
	Audited	**Audited**
	€'000	**€'000**
Corporate, exploration and development expenses	**4,766**	5,456
Foreign exchange (gain)/loss	**(216)**	2,932
Total administration expenses for the year	**4,550**	8,388
Capitalised in exploration and evaluation assets (Note 4)	**(1,182)**	(1,897)
Total charged to the income statement	**3,368**	6,491

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Note 3

Finance Expense

	Year ended 31 December 2018	Year ended 31 December 2017
	Audited	**Audited**
	€'000	**€'000**
Recognised in income statement:		
Unwind of discount on decommissioning provision	382	133
Foreign exchange loss on decommissioning provision	68	-
Total finance expense recognised in income statement	**450**	**133**
Recognised in other comprehensive income:		
Foreign exchange translation differences on foreign operations	**2,703**	(7,626)

Note 4

Exploration and evaluation assets

	Republic of Ireland
	€'000
Cost and net book value	
At 1 January 2017	89,276
Additions	55,971
Administration expenses	1,897
Cash calls received in year	(49,853)
Impairment charge	(14,643)
Foreign exchange translation	(7,817)
At 31 December 2017	**74,831**
Additions	7,499
Administration expenses	1,182
Cash calls received in year	(3,638)
Impairment charge	(723)
Foreign exchange translation	2,716
At 31 December 2018	**81,867**

The exploration and evaluation asset balance at 31 December 2018 primarily relates to the Barryroe (€62.0 million), Dunquin (€16.3 million), Newgrange (€2.7 million) and Avalon (€0.9 million) licenses.

The directors have assessed the current activities ongoing within exploration and evaluation assets and have determined that an impairment charge of €0.7 million (2017: €14.6 million) is required at 31 December 2018.

In 2017 the drilling campaign on Druid/Drombeg resulted in the impairment of the licence as only trace hydrocarbons were found and the well was not commercially viable. The Kish Bank licence was also impaired, as it is unlikely that further exploration and evaluation work will be undertaken.

The directors recognise that the future realisation of the remaining 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.

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Note 5

Share Capital and Share Premium

		Number	
Authorised:		**‘000**	**€’000**
Deferred shares of €0.011 each (a)		1,062,442	11,687
Ordinary shares of €0.10 each		986,847	98,685
	Number	**Share Capital**	**Share Premium**
Issued:	**000’s**	**€’000**	**€’000**
Deferred shares of €0.011 each	1,062,442	11,687	5,691
Ordinary share of €0.10 each	597,659	59,765	242,227
At 1 January 2017	597,659	71,452	247,918
At 31 December 2017	597,659	71,452	247,918
At 31 December 2018	**597,659**	**71,452**	**247,918**

(a) 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.

Note 6

Earnings per share

	31 December 2018	**31 December 2017**
	Audited	**Audited**
	€’000	**€’000**
	Total	**Total**
Loss attributable to equity holders of the Company	**(4,779)**	(20,419)
The basic weighted average number of ordinary shares in issue is calculated as follows:		
In issue at beginning and end of year (‘000s)	**597,659**	597,659
Weighted average number of ordinary shares (‘000s)	**597,659**	597,659
Basic and diluted loss per share (cent)	**(0.80)**	(3.42)

There is no difference between the basic 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 in relation to continuing operations.

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Note 7

Related party transactions

Mr. Tony O'Reilly has, through Kildare Consulting Limited, a company beneficially owned by him, a contract for the provision of service to the Company outside the Republic of Ireland effective April 2017. The amount paid under the contract in the year ended 31 December 2018 was €426,075 *(2017: €606,930)*. The contract was renewed on 1 April 2019 and is of two years duration and is subject to one year's notice period.

Note 8

Commitments

The Group has capital commitments of approximately €5.1m to contribute to its share of costs of exploration and evaluation activities during 2019.

Note 9

Post Balance Sheet Events

In June 2019, the Company announced that the Dunquin South well-site survey planned to be acquired in Q3 2019 has been deferred.

In June 2019, the Company announced that it had agreed a further extension to July 5, 2019 for the receipt of the initial US$9 million loan advance from APEC.