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## Providence Resources P.l.c 2018 Trading Update

### CONTINUED PROGRESS ACROSS OUR SIGNIFICANT PORTFOLIO OF ASSETS

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**Dublin and London – December 28, 2018** - Providence Resources P.l.c. (PVR LN, PRP ID), the Irish based Oil & Gas Exploration Company ("**Providence**" or the "**Company**"), today provides a trading update on its activities through the end of 2018.

#### **BARRYROE – FARM-OUT TO APEC**

In September, EXOLA DAC ("**EXOLA**") and Lansdowne Celtic Sea Limited signed an updated Farm-out Agreement ("**Updated FOA**") with APEC Energy Enterprises Limited ("**APEC**") over Standard Exploration Licence ("**SEL**") 1/11 which contains the Barryroe oil accumulation. SEL 1/11 is operated by EXOLA (40%), a wholly-owned Providence subsidiary, on behalf of its partners, APEC (50%) and Lansdowne (10%), collectively referred to as the "**Barryroe Partners**".

Under the terms of the Updated FOA, APEC is providing a fully cost-carried firm programme comprising of the drilling and testing of four vertical wells and one horizontal side-track (collectively the "**Drilling Programme**"), plus the optional drilling of two additional horizontal wells (the "**Option Wells**"), together with cash advances to EXOLA for certain agreed project and operational costs totalling \$19.5 million.

Over the past 3 months, the Barryroe Partners have been working on progressing multiple work streams to deliver the Drilling Programme, including the contractual arrangements with key service providers. To effect this Drilling Programme, the Barryroe Partners have nominated China Oilfield Services Limited ("**COSL**") as the key project contractor. The Barryroe Partners are in the final stages of concluding an Integrated Project Management Contract with COSL, who are to be contracted to provide all services and equipment required to conduct the Drilling Programme, including the provision of the nominated semi-submersible drilling unit. Further announcements will be made in due course.

### **BARRYROE – POSTPONEMENT OF WELL-SITE SURVEY**

In November, an application for a judicial review was taken by An Taisce against the Minister of Communications, Climate Action and Environment (“**the Minister**”) and the Attorney General of Ireland, challenging the legality of the permission granted to EXOLA to conduct well-site survey operations at Barryroe. This matter between An Taisce and the State has been subsequently adjourned until January 15<sup>th</sup>, 2019.

As notified by RNS on November 30, 2018, noting the potential delay and uncertainty that such a review could have caused, the Barryroe Partners took a decision not to act on the well site survey permission with immediate effect. As a result of this voluntary decision not to act on the well site survey permission, EXOLA elected to postpone the planned well site survey for Q4 2018. Accordingly, EXOLA will now apply to the Minister for a new permission to carry out well site survey activities as early as practicable in 2019.

### **BARRYROE – UPDATED TIMELINE FOR DRILLING PROGRAMME**

Without prejudice to the site survey application process, EXOLA is planning to be in a position to conduct its well-site survey operations in spring 2019. Separately, other consenting workstreams required to conduct the Drilling Programme are underway, and subject to the conclusion of contractual arrangements, and the receipt of requisite approvals and consents from the relevant authorities, the updated timeline for the commencement of the Drilling Programme is Q3 2019. Further announcements will be made in due course.

### **NEWGRANGE – ENCOURAGING SURVEY RESULTS AND FARM-OUT CAMPAIGN**

In October, the Company provided an update on Frontier Exploration Licence (“**FEL**”) 6/14 that contains the Newgrange Prospect. FEL 6/14 is operated by Providence Resources P.l.c., on behalf of its partner Sosina Exploration Limited (20%). Following the acquisition of a site survey during the summer over the proposed Newgrange well location, subsequent detailed analysis of the survey data has confirmed the presence of 262 seabed pockmarks with seabed samples demonstrating both biogenic and thermogenic hydrocarbon sourcing signatures indicating a potential link to active hydrocarbon migration. Discussions with potential third-party farminees continue and depending on the outcome of these discussions, drilling could take place in 2020 (subject to regulatory consent).

### **DUNQUIN – PREPARATION FOR 2019 SITE SURVEY REQUIRED FOR FUTURE DRILLING**

In November, the Company provided an update on FEL 3/04 located in the southern Porcupine Basin, which contains the undrilled Lower Cretaceous “**Dunquin South**” carbonate exploration prospect as well as the adjacent “Dunquin North” carbonate build-up, which hosts a residual oil column. FEL 3/04 is operated by Eni Ireland BV (36.913%) on behalf of its partners, Repsol Exploracion Irlanda SA (33.557%), Providence Resources P.l.c. (26.846%) and Sosina Exploration Limited (2.684%), collectively referred to as the “**FEL 3/04 Partners**”. In agreeing the 2019 work programme and budget, the FEL 3/04 Partners have sanctioned the acquisition of a well-site survey over the Dunquin South prospect next year, which is a prerequisite for future drilling.

### **Commenting on today’s announcement, Tony O’Reilly, Chief Executive of Providence said:**

*“2018 has been another year of significant progress for Providence with our main focus being the finalisation of the Barryroe farm-out in advance of the implementation of a multi-well drilling programme planned to start in 2019. Importantly, this programme provides a roadmap to take this project, subject to the results of the drilling & regulatory consents, to project sanction and then on to production. Notably, the future development of Barryroe will, in tandem with existing production from Corrib, further facilitate national energy independence at a time of growing geopolitical risk within global energy markets. Importantly, the development of Barryroe will also reduce Ireland’s impact on global carbon emissions, through reduced importation of hydrocarbons.*”

*We are pleased to report that good progress has been made on finalising the key operational and rig arrangements with COSL, the conclusion of which will allow us to advance the specific consents for the drilling programme. We were obviously very frustrated by the delay to the planned site survey, especially as we had complied fully with all environmental and planning regulations in applying for and subsequently receiving the site-survey operational consent. With the site-survey permission being subject to a legal challenge and the vessel being delayed due to bad weather elsewhere, we felt that it was in the best interest for the overall programme not to act on the granted site-survey permission and re-apply, thereby avoiding any unnecessary costs and possible further delays associated with the judicial review proceedings.*

*Whilst this rescheduling will delay the planned commencement of drilling at Barryroe, we believe that it does not materially impact the timing of the overall delivery of this significant drilling programme. Subject to contract finalisation and the receipt of all necessary permits and consents, we currently envisage rig mobilisation and drilling to commence in Q3 2019.*

*Elsewhere in our portfolio, we continued to advance a number of high impact exploration prospects in the Atlantic Margin. With Providence having an interest in four significant exploration prospects (Diablo, Dunquin South, Avalon and Newgrange) in the southern Porcupine Basin, we will keenly follow the CNOOC-Nexen/ExxonMobil Iolar well, which is planned to be drilled in the basin next spring. This is another key exploration well for the basin specifically and the Irish offshore sector in general and we wish them every success.*

*In November, we were pleased to confirm that the FEL 3/04 partners approved the budget for the acquisition of a well-site survey over Dunquin South in 2019, which is a prerequisite for the drilling of an exploration well on this high impact exploration prospect. We also were pleased with the results of our site survey at Newgrange which should further enhance the attractiveness of this asset, where we are running a farm-out campaign.*

*Looking ahead, we will continue to focus on delivering our various programmes and here, with the planned programme at Barryroe, we continue to be by far the most active player offshore Ireland in terms of drilling activity, commercial deals and collaborations with world-class partners. Looking ahead, we have the portfolio, partners, people and financial resources in place to advance our portfolio through exploration & appraisal drilling for the benefit of all our shareholders and to progress energy independence for Ireland.”*

## **KEY OPERATIONAL HIGHLIGHTS**

### ▪ **BARRYROE, North Celtic Sea Basin (SEL 1/11)**

- In March 2018, EXOLA signed a FOA with APEC in relation to SEL 1/11
- Following the receipt of Ministerial approval for the assignment of a 50% working interest in SEL 1/11 to APEC, EXOLA, Lansdowne and APEC signed an Updated Farm-out Agreement in September 2018
- The updated FOA provides for a full cost carried firm drilling programme comprising of four vertical wells & one horizontal sidetrack, plus the optional drilling of two further horizontal wells, and cash advances to EXOLA for certain project and operational costs of \$19.5 million
- Agreed postponement of site survey programme
- Progression on key operational contractual arrangements
- Subject to the above, and regulatory consents, the Drilling Programme is scheduled to begin in Q3 2019

### ▪ **DIABLO, Southern Porcupine Basin (FEL 2/14)**

- Closing of farm-out for the assignment of equity (35%) and transfer of operatorship to TOTAL
- CNOOC-Nexen to drill analogous Iolar pre-Cretaceous prospect in the adjacent licence in 2019

- **DUNQUIN SOUTH, Southern Porcupine Basin (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 site survey (subject to regulatory consents)
- **NEWGRANGE, Goban Spur Basin (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
  - Discussions with potential third party farminees and possible synergistic rig opportunities continue
- **OTHER LICENCE ACTIVITY**
  - Spanish Point (FEL 2/04), North Porcupine Basin - under discussion with the regulatory authorities
  - Spanish Point North (FEL 4/08), North Porcupine Basin – licence relinquished
  - Dragon, St. George’s Channel Basin (SEL 2/07) - under discussion with the regulatory authorities
  - Hook Head, North Celtic Sea Basin (SEL 1/07) - subject of a Lease Undertaking application
  - Helvick/Dunmore, North Celtic Sea Basin (Lease Undertaking) – under MFDevCO work programme
  - Option over OPL 1, North Celtic Sea Basin – the option was not exercised
  - Kish Bank, Kish Bank Basin (SEL 2/11) – completion of 1<sup>st</sup> phase of licence through August 2018

#### **CLIMATE EMERGENCY MEASURES BILL**

We continue to closely monitor the proposals put forward in the Climate Emergency Measures Bill 2018. Given Ireland’s relative geographical isolation and the fact that we import 100% of our oil and c. 40% of our 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 an 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 our partners should and will play an important role in this vital and necessary transition.

#### **OUTLOOK**

During 2018, we continued to make strong progress in developing our very significant portfolio of assets offshore Ireland and this work will continue in 2019 as we advance towards drilling at Barryroe. We remain very optimistic about the future prospects for Providence and are both determined and uniquely positioned to continue to lead the industry in identifying and realising Ireland’s significant offshore potential, whilst also scouting opportunities elsewhere that leverage our unique exploration skillsets and partnering capabilities. We continue to have the portfolio, partners, people and financial resources in place to advance our portfolio through exploration & appraisal drilling for the benefit of all our shareholders and to progress energy independence for Ireland. We look forward to further updating our shareholders and the market as appropriate on activities in 2019.

### **INVESTOR ENQUIRIES**

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### **ANNOUNCEMENT**

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**

Providence Resources is an Irish based Oil & Gas Exploration Company with a portfolio of appraisal and exploration assets located offshore Ireland. Providence's shares are quoted on the AIM in London and the ESM in Dublin. Further information on Providence can be found on [www.providenceresources.com](http://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
LO 16/27	2018	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	2014	DUNQUIN	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

