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Barryroe Farm-Out Update

Providence Resources Announces Extension of Farm-out Agreement

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014.

Dublin and London – March 1st - Providence Resources P.l.c. (PVR LN, PRP ID), the Irish based resource development company ("**Providence**" or the "**Company**"), announces an extension to the farm-out agreement for the Barryroe licence.

- Farm-out agreement with SpotOn Energy extended for a period of two months
- Additional time required to finalise agreement with participants in financing structure
- No change to overall development proposal

Providence announces that it has agreed to extend the current farm-out agreement with SpotOn Energy by an additional two months, until April 30th, 2021. The overall structure of the farm-out as set out below remains and SpotOn's funding obligations remain unchanged. However, the conditions to be fulfilled to attract investment from the Norwegian Export Credit Agency (GIEK), have altered from those originally proposed. SpotOn are negotiating a restructuring of the funding components and the extension is designed to provide time to complete the funding.

Reason and Background to Extension of Agreement

In November 2020 (RNS 30th Nov) the Barryroe partners completed a farm-out agreement with SpotOn Energy Limited, a Norwegian Resources company, for a 50% share in SEL 1/11 located off the south coast of Ireland and which includes the undeveloped Barryroe oil and gas field. In return for this 50% share in the project SpotOn Energy Limited and its Consortium partners, a group of International oil and gas industry service companies, undertook to fund, develop and produce the Barryroe field.

A conditional part of the farm-out agreement involves SpotOn securing a minimum of $166m in funding to finance 100% of the costs associated with an early development programme for Barryroe.

The Barryroe partners have been advised that SpotOn is confident of raising the funds set out in the farm-out agreement. However, the financing structure has had to be adjusted to reflect the fact that GIEK is unable to participate in the Barryroe funding consortium in the form originally proposed. GIEK's original commitment was for c. 20% of the overall funding. An alternative funding structure has been proposed by SpotOn involving an increased contribution to the financing by the Consortium and the Bond Investors. Discussions to secure this increased commitment are well advanced. SpotOn has confirmed that it believes that funding will be completed within the period granted under the extension. The overall scale and shape of the development proposal remains unchanged.

The backstop date for the completion at the time of the farm-out in November was set at 28th February 2021. That date has passed and in accordance with the original agreement, the Barryroe partners have the option to either terminate or extend the Farm out. The Board has elected to extend the agreement for no more than two months. The extension will allow SpotOn sufficient time to complete funding commitments.

Main Commercial Terms of Barryroe Farm-out

• SpotOn farms-in to a 50% interest in SEL 1/11 which includes the Barryroe oil and gas field. EXOLA, will retain a 40% interest, and Lansdowne will retain a 10% interest in SEL 1/11.

• The farm-in is conditional upon SpotOn confirming that a minimum of US$ 166 million in funding (the Agreed Funding), for the Early Development Programme (EDP) is in place and that Irish government approval for the Farmout agreement has been received.

• SpotOn provides a $5million non-recourse loan to Providence to fund EXOLA in the preparatory and permitting works required to progress the EDP Work Programme for the Barryroe oil and gas field.

• SpotOn is directly responsible for paying 50% of all cost obligations associated with the EDP Work Programme and the Full Field Development of the Barryroe oil and gas field.

• SpotOn will also provide finance, by way of non-recourse loan facilities, for the remaining 50% of the agreed cost obligations attributable to EXOLA & Lansdowne in respect of the EDP Work Programme and the Full Field Development.

• The funding will incur a blended annual interest rate of less than 8% through the repayment period which will be repayable from SEL 1/11 production cashflow. SpotOn is entitled to 80% of the nett production cashflow from SEL 1/11 until the debt is repaid.

• Following debt repayment, SpotOn will be entitled to 50% of the nett production cashflow from SEL 1/11 with EXOLA & Lansdowne being entitled to 40% and 10% of nett production cashflow, respectively.

• On receipt of the proceeds from the first lifting of oil, following completion of the EDP Work Programme, SpotOn will have an option to subscribe for warrants of 60 million shares in Providence at a strike price of €0.17 per share. The warrants are exercisable for a period of 6 months.

Barryroe Description

Barryroe, located in the north Celtic Sea Basin, off the south coast of Ireland, has had six wells successfully drilled on the structure. Hydrocarbons have been logged in all six wells, with flow test results from four wells. Four wells were drilled in the 1970's by Esso with a further appraisal well drilled in 1990 by Marathon Oil. The sixth well was drilled by Providence & Lansdowne in 2011/12. The oil is light (43o API) with a wax context of c. 17-20%. The successfully tested reservoir sands are of Cretaceous Middle and Lower Wealden age located between c. 4,500' TVDSS and 7,550' TVDSS.

The field is covered by both 2D and 3D seismic, the latter which was acquired in 2011. Following acquisition and interpretation of the new 2011 3D seismic data together with the subsequent drilling and testing of the 48/24-10z Barryroe appraisal well in 2012, Providence retained the services of Netherland Sewell & Associates Inc. (NSAI) to carry out a third party contingent resource audit (CPR) of the in-place hydrocarbon and recoverable resources for the Basal Wealden oil reservoir. NSAI reported that the Basal Wealden oil reservoir has a 2C in-place gross on-block volume of 761 MMBO with recoverable resources of 266 MMBO and 187 BCF of associated gas, based on a 35% oil recovery factor. A third party (CPR) audit of the overlying Middle Wealden, which was carried out by RPS Energy (RPS) in 2011, reported a 2C in-place gross on-block volume of 287 MMBO with technically recoverable resources of 45 MMBO and 21 BCF of associated gas, based on a 16% oil recovery factor. The total combined audited gross on block 2C recoverable resources at Barryroe therefore amount to 346 MMBOE, comprising 311 MMBO and 207 BCF. The following table summarises the range of total gross audited on-block Barryroe oil resources:

	1C (MMBO)	2C (MMBO)	3C (MMBO)
Basal Wealden STOIIP (NSAI)	338	761	1,135
Basal Wealden Recoverable (NSAI)	85	266	511
Middle Wealden STOIIP (RPS)	31	287	706
Middle Wealden Recoverable (RPS)	4	45	113
TOTAL STOIIP	369	1,048	1,841
TOTAL RECOVERABLE OIL RESOURCES	89	311	624

Note: The table above excludes recoverable solution gas (i.e. 207 BCF or 34.5 MMBOE in the 2C case)

Further incremental resource potential has been identified in logged hydrocarbon bearing intervals within stacked Lower Wealden and Purbeckian sandstones which Providence has previously estimated contains total associated P90, P50 & P10 in place oil resources of 456 MMBO, 778 MMBO & 1,165 MMBO respectively. As there is currently limited reservoir and well test data available over these two intervals, future well data over these specific zones would be required in order to firm up their associated final recoverable resource estimates.

Ends

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