

# **FARM-OUT AGREEMENT SIGNED**

## **STANDARD EXPLORATION LICENCE 1/11**

### **BARRYROE OIL AND GAS FIELD, NORTH CELTIC SEA**

**PROVIDENCE RESOURCES plc (“PROVIDENCE”) and LANSDOWNE OIL & GAS plc (“LANSDOWNE”) HAVE AGREED TO FARM-OUT A 50% WORKING INTEREST IN THE BARRYROE OIL AND GAS FIELD TO SPOTON ENERGY LTD, A NORWEGIAN BASED RESOURCES COMPANY PARTNERING WITH A CONSORTIUM OF INTERNATIONAL SERVICE PROVIDERS TO FUND, DEVELOP AND PRODUCE THE BARRYROE OIL AND GAS FIELD.**

**THE BARRYROE OIL AND GAS FIELD IS ONE OF THE LARGEST UNDEVELOPED OIL AND GAS FIELDS OFFSHORE EUROPE AND, FULLY DEVELOPED, THE FIELD IS EXPECTED TO SUPPORT ENERGY SECURITY IN IRELAND AND THE GOVERNMENT’S COMMITMENT TO A CARBON NEUTRAL ECONOMY BY 2050.**

**SPOTON ENERGY AND ITS CONSORTIUM WILL FUND 100% OF THE EARLY DEVELOPMENT PROGRAMME (EDP) AND THE FULL FIELD DEVELOPMENT. THE EDP, WHICH INCLUDES FOUR WELLS AND FLOATING PRODUCTION FACILITIES, IS DESIGNED TO BOTH APPRAISE AND PRODUCE THE BARRYROE FIELD, GENERATING THE TECHNICAL DATA REQUIRED TO OPTIMISE THE FULL FIELD DEVELOPMENT PROGRAMME.**

**THE SPOTON CONSORTIUM OF SERVICE PROVIDERS COMPRISES THE EXPERIENCE AND EXPERTISE TO MOVE AHEAD WITH THE BARRYROE PROJECT WITH A TARGET CAMPAIGN START IN LATE 2022.**

**SPOTON ENERGY WILL FINANCE PROVIDENCE & LANSDOWNE’S 50% SHARE OF THE EARLY DEVELOPMENT PROGRAMME (EDP) COSTS BY WAY OF A NON-RECOURSE LOAN WHICH IS SECURED AGAINST FUTURE BARRYROE PRODUCTION CASHFLOW.**

**SPOTON ENERGY WILL BE GRANTED WARRANTS WITH THE RIGHT TO SUBSCRIBE FOR 60 MILLION PROVIDENCE SHARES AT €0.17 PER SHARE FOLLOWING THE FIRST COMMERCIAL PRODUCTION LIFTING OF OIL FROM THE FIELD.**

**Dublin and London – November 30, 2020** - Providence Resources P.l.c. (PVR LN, PRP ID), the Irish based Resources Company (“**Providence**” or the “**Company**”), today provides a commercial update for Standard Exploration Licence (“**SEL**”) 1/11 which includes the Barryroe oil and gas field. SEL 1/11 is operated by EXOLA DAC (“**EXOLA**”) (80%), a wholly owned subsidiary of Providence Resources, on behalf of its partner Lansdowne Celtic Sea Limited (“**Lansdowne**”) (20%), collectively the “**Barryroe Partners**”. SEL 1/11 lies in c. 100 metre water depths in the North Celtic Sea Basin and is located c. 50 km off the south coast of Ireland.

## Standard Exploration Licence (“SEL”) 1/11 Farm-Out

The **Company** is pleased to announce that the **Barryroe Partners** have signed a Farm-Out Agreement (“**FOA**”) with SpotOn Energy Ltd (“**SpotOn**”) in relation to SEL 1/11.

Under the terms of the **FOA**; in consideration for **SpotOn** being assigned a 50% working interest in SEL 1/11, **SpotOn, upon closing of the Farm-Out, is committing to the following commercial terms and work programme commitments:**

### MAIN COMMERCIAL TERMS

- **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 farmin 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.

### WORK PROGRAMME COMMITMENTS (SUBJECT TO REGULATORY APPROVAL)

- The **EDP** work programme, which is subject to declaration of commerciality and the granting of a petroleum lease, is focused upon delivery of production from the Eastern panel within the Barryroe licence area of the Barryroe oil and gas field as a precursor to the phased full field development of the field and will include:

- Drilling and completing three production wells each with a horizontal production section in the Basal Wealden A reservoir.
  - Drilling and completing a water injection well in the Basal Wealden A reservoir.
  - The four wells will be directionally drilled to access optimum locations within the Eastern panel and will deliver further information on the main Basal Wealden reservoir.
  - The horizontal reservoir sections will be designed to maximise production and may extend into adjacent reservoir panels to assess reservoir connectivity.
  - The wells will be completed with subsea trees, tied into a subsea production manifold and connected to a leased FPSO with production separation, water and gas injection capabilities and include flow assurance measures.
- Planning for the drilling of these wells is at an advanced stage with two well site locations already surveyed and a third location which is subject to Ministerial approval.
  - The **SpotOn** consortium is sourcing the rig which, subject to regulatory approval, expects to mobilise to the Barryroe oil and gas field in late 2022.
  - **SpotOn** will be appointed Technical Advisor and work in partnership with **EXOLA** to prepare the detailed work programme for the **EDP**.
  - **EXOLA** as Operator of SEL 1/11 will work with **SpotOn** to expedite the transfer of operatorship to **SpotOn**, subject to Government approvals.

### **Closing**

The Closing of the Farm-Out ("**Closing**"), is conditional on completion of all ancillary documentation required to implement the terms of the **FOA**, confirmation of the Agreed Funding by **SpotOn** and is subject to the approval of the Minister at the Department of the Environment, Climate and Communications.

Speaking today, Alan Linn Chief Executive of Providence said:

*"The development of the Barryroe field is an exciting opportunity for the people of Ireland and the Barryroe partnership and, as production builds following the implementation of the Early Development Programme (EDP), we will begin to produce indigenous energy and petrochemical feedstocks for the Irish market. Indigenous production will support Irish energy security; encourage the progress of renewable technologies and deliver raw materials used in the production of many of the essential items we take for granted in our daily lives.*

*Over the coming months, we will be working with the SpotOn Team to complete the transaction; finalise the project schedule; progress the government approvals and develop the detailed drilling and facilities work programmes. I think Ireland and the Cork area will benefit economically from the field development and subsequent production for many years to come."*

### **INVESTOR ENQUIRIES**

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### **Note to Editors**

Gas is a critical transition energy source which underpins the stability of the electricity network in Ireland and supports energy security in the progression to a carbon neutral Ireland by 2050. Oil will continue to be required long term to produce both fuel and the chemical feedstocks required to produce many of the products which are essential for modern living.

Locally produced energy is significantly more environmentally attractive than imported oil and gas and needs to be prioritised over imports. Importing gas by pipeline or as LNG involves complex processing and long-distance transportation which uses/emits between 15 - 30 percent of the energy being imported.

Locally developed and produced oil and gas also generates significant development activity, jobs and investment in the local economy during project construction and the subsequent long-term operation of the facilities.

In a PWC report commissioned by IOOA in January 2019 entitled "Value of Indigenous Oil and Gas Industry to Ireland" it estimates that:

- Over a project lifecycle one oil find could provide €16.25Billion in expenditure and up to 1200 jobs per annum\* and €8.5Billion in corporation tax.
- Over the project lifecycle one gas find could provide €2.3Billion in expenditure and up to 380 jobs per annum\* and €2.42Billion in corporation tax.

\*assumes Irish enterprise has the capacity to supply the goods and services to the oil and gas industry.

It is difficult to overstate the energy security, economic and environmental benefits to be derived from locally produced sources of energy and essential chemical feedstocks.