

Providence Resources P.l.c. 2021 Half Year Results

Dublin and London – September 29th, 2021 - Providence Resources P.l.c. (PVR LN, PRP ID), the Irish-based Energy Company, today announces its unaudited interim results for the half year ended June 30, 2021.

Business Review

- **Governance**

James Menton was appointed as Senior Independent Non-Executive Director on 14 May 2021 as an initial step in adding to the quality and range of board competencies considered essential for shaping the future Providence Resources Plc business strategy.

Pat Plunkett stepped down from the Board following the Annual General Meeting (AGM) on 22 July 2021 and James Menton assumed the role of Chair following the AGM.

In line with the policy of strengthening the board, two new board members were identified and recruited to join Non-Executive Director Andrew MacKay who was appointed in July 2020. On 23 July 2021 Peter Newman was appointed as Senior Independent Non-Executive Director and Ann-Marie O’Sullivan was appointed as a Non-Executive Director.

- **Strategic review of development potential of Barryroe**

A full strategic review of the development potential of the Barryroe field has been initiated by the new Board of Providence Resources Plc in order to prepare a robust case for the development of the field to optimise value for shareholders, while recognising the need for Irish energy security through the energy transition. Following termination of the farmout to SpotOn Energy, the strategic review, which will include independently evaluated assessments of the field’s development scenarios and their potential, is considered essential by the Board.

The results of this strategic review, encompassing both Providence’s Technical Strategy and its related Financial Strategy, will be completed in Q4 2021 and will determine the strategic plan for the development of the Barryroe Field.

- **Barryroe, Celtic Sea (SEL 1/11)** - Subject to Lease Undertaking application

The Group holds an 80% working interest in and is operator of SEL 1/11 which contains the Barryroe oil accumulation. The Barryroe Standard Exploration Licence period continued up until the 13 July 2021. Prior to its expiry, and having met all the conditions attaching to that Licence, the Group applied for the follow-on permit, being a Lease Undertaking, which is subject to government approval. Initial documentation for an application for a Lease Undertaking was submitted to the regulatory authority in April 2021 and was completed in July 2021, prior to the expiry of SEL 1/11 in July 2021. The regulatory authority requested additional information in support of the application, which was provided. The Lease Undertaking application remains under consideration by the regulatory authority.

The Directors note that the Irish Government has stated that existing authorisations can continue to apply to progress through the licensing stages. This position is consistent with the recent legislative amendments made to the Petroleum and Other Minerals Development Act 1960 through the Climate Action and Low Carbon Development (Amendment) Act 2021.

In February 2021, the farmout agreement with SpotOn Energy Limited was extended to provide SpotOn with additional time to finalise project development funding. In April 2021, following SpotOn's failure to meet key financing conditions, the agreement was terminated.

Providence immediately reassumed direct responsibility for progressing the development and recruited an experienced Oil & Gas team to refresh and optimise a phased development plan for the Barryroe field, with Providence as operator. This new team's technical evaluation is nearing completion and includes independent contributions from specialist sub-surface, facilities, and drilling consultants. The aim is to prepare a phased project development plan which is operationally and economically robust. The results of this work will be incorporated into the full strategic review of the development potential of the Barryroe field to be completed in Q4 2021.

In February 2021 Providence Resources Plc subsidiary (Exola DAC) received consent to carry out a site survey. The survey is scheduled for October 2021.

- **Other License Areas**

Dragon, St. George's Channel (SEL 1/07)

Under discussion with the regulatory authority.

Hook Head, North Celtic Sea (SEL 2/07)

Subject of a Lease Undertaking application.

Helvick/Dunmore Celtic Sea (Lease Undertaking)

Subject to work programme finalisation. Extension is under consideration by the regulatory authority.

Avalon – Southern Porcupine (FEL 2/19)

The relinquishment documentation is in process with the regulatory authority.

Dunquin – Southern Porcupine (FEL 3/04)

The relinquishment documentation is in process with the regulatory authority.

- **Finance**

Operating loss for the period was €1.065m versus €1.063m in the prior period.

Profit before tax for the period was €1.628m, due to a non-cash accounting gain in relation to the warrants revaluation (€3.155m net revaluation gain) which exceeded operating and administrative costs incurred in the period. The loss for the equivalent period was €9.247m (€7.764m net revaluation loss).

Basic/diluted profit per share of 0.18 cents and 0.14 cents versus loss in prior year of 1.30 cents for both basic and diluted.

As at 30 June 2021, total cash and cash equivalents was €3.645m versus €2.269m at 30 June 2020.

The Group had no debt as of 30 June 2021. (2020: Nil).

During the period 86,061,529 warrants at £0.03 were exercised raising c. €2.9m. The remainder of the warrants expired on the 6 May 2021. The warrants were issued as part of the May 2020 fund-raising. 177,973,004 warrants with an exercise price of £0.09 remain exercisable until 6 May 2022.

The total issued and voting share capital as of 30 June 2021 was 974,864,403 ordinary shares of €0.001 each.

4,500,000 share options were granted to both James Menton and Andrew Mackay on 24 May 2021.

4,500,000 share options were granted to both Peter Newman and Ann-Marie O’Sullivan on 18 August 2021.

Providence Resources Plc CEO, Alan Linn commented on the importance of the Barryroe development:

"It is widely recognised that gas will be an essential energy supply for decades to come, in order to underpin and complement the growth of renewable energy sources. With the decline of the Corrib Gas Field within a five-year period, we are focused on progressing our strategic plan for Barryroe as a matter of urgency. The successful development of Barryroe would secure an indigenous oil and gas supply for Ireland, without which 100% of Ireland's gas will be imported by 2031. At a time when much of Europe is experiencing difficulties with energy supply, a coherent transition strategy is critical to avoid the prospect of energy blackouts becoming a common occurrence."

ABOUT PROVIDENCE RESOURCES

Providence Resources Plc is an Irish based Energy Company with oil and gas assets located offshore Ireland. Providence's shares are quoted on the AIM in London and Euronext Growth Market in Dublin. Further information on Providence can be found on www.providenceresources.com

INVESTOR ENQUIRIES

Providence Resources P.l.c.

Alan S Linn
Chief Executive Officer

Tel: +353 1 219 4074

Investor Relations
Job Langbroek

J&E Davy

Anthony Farrell

Tel: +353 1 679 6363

MEDIA ENQUIRIES

Murray Consultants

Joe Heron

Tel: +353 87 6909735

PROVIDENCE RESOURCES P.I.c.

Condensed consolidated income statement

For the 6 months ended 30 June 2021

	Notes	6 months ended 30 June 2021 Unaudited €'000	6 months ended 30 June 2020 Unaudited €'000	Year ended 31 December 2020 Audited €'000
Continuing operations				
Administration expenses	2	(1,065)	(1,063)	(2,163)
Pre-licence expenditure		-	-	(5)
Impairment of exploration and evaluation assets	5,9	-	-	(272)
Operating loss		(1,065)	(1,063)	(2,440)
Finance income	4	3,765	1	361
Finance expense	3	(1,072)	(8,185)	(8,279)
Profit/(loss) before income tax		1,628	(9,247)	(10,358)
Income tax expense		-	-	-
Profit/(loss) for the period		1,628	(9,247)	(10,358)
Profit/(loss) per share (cent) – continuing operations				
Basic profit/(loss) per share	11	0.18	(1.30)	(1.31)
Diluted profit/(loss) per share	11	0.14	(1.30)	(1.31)

The total recognised profit/(loss) for the period is entirely attributable to equity holders of the Company.

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROVIDENCE RESOURCES P.I.c.

Consolidated statement of comprehensive income

For the 6 months ended 30 June 2021

	Notes	6 months ended 30 June 2021 Unaudited €'000	6 months ended 30 June 2020 Unaudited €'000	Year ended 31 December 2020 Audited €'000
Profit/(loss) for the financial period		1,628	(9,247)	(10,358)
<i>OCI Items that may be reclassified into profit or loss</i>				
Foreign exchange translation differences		1,930	206	(5,453)
Total income recognised in other comprehensive income from continuing operations		1,930	206	(5,453)
Total comprehensive income/(expense) for the period		3,558	(9,041)	(15,811)

The total comprehensive income/(expense) recognised for the period is entirely attributable to equity holders of the Company.

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROVIDENCE RESOURCES P.I.c.

Consolidated statement of financial position

As at 30 June 2021

	Notes	30 June 2021 Unaudited €'000	30 June 2020 Unaudited €'000	31 December 2020 Audited €'000
Assets				
Exploration and evaluation assets	5	62,723	65,940	60,425
Property, plant and equipment		3	24	13
Total non-current assets		62,726	65,964	60,438
Trade and other receivables	6	154	240	223
Cash and cash equivalents		3,645	2,269	2,110
Total current assets		3,799	2,509	2,333
Total assets		66,525	68,473	62,771
Equity				
Share capital	7	71,829	71,696	71,743
Share premium	7	260,271	253,239	256,773
Undenominated capital		623	623	623
Foreign currency translation reserve		6,564	10,293	4,634
Share based payment reserve		962	858	806
Retained deficit		(283,561)	(284,361)	(285,189)
Total equity attributable to equity holders of the company		56,688	52,348	49,390
Liabilities				
Decommissioning provision	9	6,346	6,014	5,853
Warrant liability	10	-	4,356	3,555
Lease liability		-	-	-
Total non-current liabilities		6,346	10,370	9,408
Warrant liability	10	2,948	4,561	3,158
Trade and other payables	8	543	1,194	815
Total current liabilities		3,491	5,755	3,973
Total liabilities		9,837	16,125	13,381
Total equity and liabilities		66,525	68,473	62,771

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROVIDENCE RESOURCES P.I.c.

Consolidated statement of changes in Equity

For the 6 months ended 30 June 2021

	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 2021	71,743	623	256,773	4,634	806	(285,189)	49,390
Profit for financial period	-	-	-	-	-	1,628	1,628
Currency translation	-	-	-	1,930	-	-	1,930
Total comprehensive income	-	-	-	1,930	-	1,628	3,558
<i>Transactions with owners, recorded directly in equity</i>							
Shares issued in period	86	-	3,498	-	-	-	3,584
Share based payments in period	-	-	-	-	156	-	156
At 30 June 2021	71,829	623	260,271	6,564	962	(283,561)	56,688
At 1 January 2020	71,512	623	251,300	10,087	642	(274,898)	59,266
Loss for financial period	-	-	-	-	-	(9,247)	(9,247)
Currency translation	-	-	-	206	-	-	206
Total comprehensive income	-	-	-	206	-	(9,247)	(9,041)
<i>Transactions with owners, recorded directly in equity</i>							
Shares issues in period	184	-	1,939	-	-	(216)	1,907
Share based payments in period	-	-	-	-	216	-	216
At 30 June 2020	71,696	623	253,239	10,293	858	(284,361)	52,348
At 1 January 2020	71,512	623	251,300	10,087	642	(274,898)	59,266
Loss for financial year	-	-	-	-	-	(10,358)	(10,358)
Currency translation	-	-	-	(5,453)	-	-	(5,453)
Total comprehensive income	-	-	-	(5,453)	-	(10,358)	(15,811)
<i>Transactions with owners, recorded directly in equity</i>							
Share based payment expense	-	-	-	-	448	-	448
Share options lapsed in year	-	-	-	-	(284)	284	-
Shares issued in year	231	-	5,473	-	-	(217)	5,487
<i>Transactions with owners, recorded directly in equity</i>	231	-	5,473	-	164	67	5,935
At 31 December 2020	71,743	623	256,773	4,634	806	(285,189)	49,390

PROVIDENCE RESOURCES P.I.c.

Consolidated statement of cash flows

For the 6 months ended 30 June 2021

	6 months ended 30 June 2021	6 months ended 30 June 2020	Year ended 31 December 2020
	Unaudited	Unaudited	Audited
	€'000	€'000	€'000
Cash flows from operating activities			
Profit/(loss) before income tax for the period	1,628	(9,247)	(10,358)
Adjustments for:			
Depletion and depreciation	3	14	24
Impairment of exploration and evaluation assets	-	-	272
Finance income	(3,765)	(1)	(361)
Finance expense	1,072	8,185	8,279
Equity settled share based payment charge	156	216	448
Foreign exchange	(19)	34	21
Change in trade and other receivables	69	158	175
Change in trade and other payables	(272)	(321)	(700)
Net cash outflow from operating activities	(1,128)	(962)	(2,200)
Cash flows from investing activities			
Interest received	-	1	1
Acquisition of exploration and evaluation assets	(331)	(390)	(845)
Acquisition of property, plant and equipment	(2)	-	(1)
Net cash used in investing activities	(333)	(389)	(845)
Cashflows from financing activities			
Proceeds from issue of security instruments (see note 7)	2,974	3,277	4,836
Security instrument Issue costs	-	(350)	(349)
Net cash from financing activities	2,974	2,927	4,487
Net increase in cash and cash equivalents	1,513	1,576	1,442
Cash and cash equivalents at beginning of period	2,110	710	710
Effect of exchange rate fluctuations on cash and cash equivalents	22	(17)	(42)
Cash and cash equivalents at end of period	3,645	2,269	2,110

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROVIDENCE RESOURCES P.l.c.

Note 1 – Accounting Policies

General Information

Providence Resources P.l.c. (“the Company”) is a Company incorporated and domiciled in the Republic of Ireland. The registration number of the Company is 268662 and the address of the registered office is Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18, D18 R9C7. The unaudited consolidated interim financial statements of the Company for the six months ended 30 June 2021 (the "Interim Financial Statements") include the Company and its subsidiaries (together referred to as the "Group"). The Interim Financial Statements were authorised for issue by the Directors on 30 September 2021.

Basis of accounting

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The 30 June 2021 figures and the 30 June 2020 comparative figures do not constitute statutory financial statements of the Group within the meaning of the Companies Act, 2014. The consolidated financial statements of the Group for the year ended 31 December 2020, together with the independent auditor's report thereon, were filed with the Irish Registrar of Companies following the Company's Annual General Meeting and are also available on the Company's Website. The auditor's report on those financial statements was unqualified and contains a “material uncertainty related to going concern” paragraph.

The condensed set of financial statements included in this half-yearly financial report has been prepared on a going concern basis as the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future (See below for further details on the Directors assessment of going concern).

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual report.

The Interim Financial Statements are presented in Euro, rounded to the nearest thousand, which is the functional currency of the Company and also the presentation currency for the Group's financial reporting.

PROVIDENCE RESOURCES P.I.c.

Accounting Policies (continued)

Significant accounting policies (continued)

The significant accounting policies applied in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ending 31 December 2020.

Amendments to standards and interpretations which are effective for the Group from 1 January 2021 do not have a material effect on the results or financial position in the interim financial statements as at and for the period ending 30 June 2021.

Going concern

The Group had net assets of €56.7m, including cash on hand of €3.6m as at 30 June 2021. It recognised a profit after taxation of €1.6m for the six month period as a result of a gain arising from the revaluation of warrants issued in 2020. The Directors have carefully considered the financial position of the Group and, in that context, have prepared the interim financial statements on a going concern basis.

The company raised approximately €2.9 million in equity in the period January to June 2021, through the conversion of 86,061,529 warrants of £0.03 each, which were issued as part of the May 2020 fundraising. The total conversion rate for these £0.03 warrants was 74.9%. There are 177,973,004 £0.09 further warrants in issue which expire on 6 May 2022.

The Group's principal interest is the development of the Barryroe oil and gas Field. The Barryroe Standard Exploration Licence period continued up until the 13 July 2021. Prior to its expiry, having met all the conditions attaching to that Licence, the Group applied for the follow-on permit, being a Lease Undertaking, which is subject to government approval. The approval process is ongoing and the Directors anticipate that the Lease Undertaking will be granted. The Directors note that the Irish Government has stated that existing authorisations can continue to apply to progress through the licensing stages. This position is consistent with the recent legislative amendments made to the Petroleum and Other Minerals Development Act 1960 through the Climate Action and Low Carbon Development (Amendment) Act 2021.

The Directors have carefully considered the financial position of the Group and have prepared cashflow forecasts for the next 12 months, considering both current and future expenditure commitments and the options available to fund such commitments, including equity funding and other financing options in the twelve month period from the date of approval of these interim financial statements. In making their cashflow forecasts, including the primary underlying assumptions, being the granting of the Barryroe Lease Undertaking on terms and conditions that are acceptable along with the completion of an appropriate fund raising in the period for the proposed Barryroe work programme, the Directors believe that the Group will have sufficient funds available over the next 12 months to meet all its commitments as they fall due.

The Directors have considered the matters set out above and determined that the assumptions of the grant of the Barryroe Lease Undertaking and the related raising of additional funding in the next 12 months represents a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern, and the Directors note that the Group may, as a consequence, be unable to continue realising its assets and discharge its liabilities in the normal course of business.

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Going concern (continued)

The Directors, after making enquiries and considering the uncertainties described above, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors anticipate that an appropriate financing exercise will be successfully completed and note that the Group has continued to have the strong support of its shareholders.

For these reasons, the Directors have adopted the going concern basis in preparing the interim financial statements which do not include any adjustments that would be necessary if this basis were subsequently adjudged to be inappropriate.

Note 2 – Administration Expenses

	6 months ended 30 June 2021	6 months ended 30 June 2020	Year ended 31 December 2020
	Unaudited	Unaudited	Audited
	€'000	€'000	€'000
Corporate, exploration and development expenses	1,084	1,035	2,142
Foreign exchange (gains)/losses net	(19)	28	21
Total administration expenses for the period	1,065	1,063	2,163
Capitalised in exploration and evaluation assets	-	-	-
Total charged to the income statement	1,065	1,063	2,163

Note 3 – Finance Expense

	6 months ended 30 June 2021	6 months ended 30 June 2020	Year ended 31 December 2020
	Unaudited	Unaudited	Audited
	€'000	€'000	€'000
Unwinding of discount on decommissioning provision (note 8)	302	287	565
Foreign exchange on decommissioning provision	159	-	-
Interest on right to use asset	1	1	1
Issued costs associated with the warrants	-	133	132
Movement in fair value of warrants (note 10)*	610	7,764	7,581
Total finance expense recognised in income statement	1,072	8,185	8,279

*The €0.6m finance expense arises on the £0.03 warrants instruments exercised during the period from 1 January 2021 to 5 May 2021. The €0.6m is a non-cash items and reflects the difference between the fair value of the instrument exercised and the price paid by the warrant holder to acquire the instrument.

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Note 4 – Finance Income

	6 months ended 30 June 2021	6 months ended 30 June 2020	Year ended 31 December 2020
	Unaudited	Unaudited	Audited
	€'000	€'000	€'000
Bank deposit interest income	-	1	1
Movement in fair value of warrants (note 10)*	3,765	-	-
Foreign exchange on decommissioning provision (note 9)	-	-	360
Total finance expense recognised in income statement	3,765	1	361

*The €3.7m of finance income is a non-cash item and relates to a fair value gain on the Group's warrants instruments. €3.1m of this gain relates to the release of the unexercised £0.03 warrants which expired on 5 May 2021, the balance of €0.6m reflects the movement in the assumptions underpinning the £0.09 warrant valuations.

Note 5 – Exploration and evaluation assets

	€'000
Cost and book value	
At 1 January 2020	65,377
Additions	390
Foreign exchange translation	173
At 30 June 2020	65,940
At 1 January 2020	65,377
Additions	902
Cash calls received in year	(57)
Impairment charge	(272)
Foreign exchange translation	(5,525)
At 31 December 2020	60,425
At 1 January 2021	60,425
Additions	331
Foreign exchange translation	1,967
At 30 June 2021	62,723

The exploration and evaluation asset balance as at 30 June 2021 relates to the Group's Barryroe interest.

Note 6 – Trade and other receivables

	30 June 2021	30 June 2020	31 December 2020
	Unaudited	Unaudited	Audited
	€'000	€'000	€'000
VAT recoverable	22	46	28
Prepayments	98	155	162
Amounts due from joint operation partner	34	39	33

Total	154	240	223
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Note 7 – Share Capital and Share Premium

		Number	
Authorised:		'000	€'000
At 1 January 2021			
Deferred shares of €0.011 each		9,944,066	109,385
Ordinary shares of €0.001 each		986,847	987
At 30 June 2021			
Deferred shares of €0.011 each		9,944,066	109,385
Ordinary shares of €0.001 each		1,800,000	1,800
	Number	Share Capital	Share Premium
Issued:	'000	€'000	€'000
Deferred shares of €0.011 each			
At 1 January 2020	6,441,373	70,855	5,691
At 31 December 2020 and 30 June 2021	6,441,373	70,855	5,691
Ordinary share of €0.001 each			
At 1 January 2020	657,425	657	245,609
Shares issued in period	184,089	184	1,939
At 30 June 2020	841,514	841	247,548
Warrants exercised in year	47,289	47	3,534
At 31 December 2020 (Ordinary Shares of €0.001)	888,803	888	251,082
Warrants exercised in period	86,062	86	3,498
At 30 June 2021	974,865	974	254,580
At 30 June 2021 (Total deferred and Ordinary shares)	7,416,238	71,829	260,271

On 5 May 2020, the Company issued 177,973,004 Ordinary Shares as part of a placing and subscription agreement which raised c. €3.1m from security instruments before expenses. Each of these security instruments comprised of one Ordinary Share of €0.001, one £0.03 warrant and one £0.09 warrant.

On issuance, a fair value of €1.9m was attributed to the Ordinary Shares (share capital / share premium outlined above) and €1.2m to the Warrant instruments based on the effective share price at that date. In line with the Group's accounting policies these Warrants are presented as financial liabilities (note 10).

The holder of each warrant can exercise its rights under the instrument which allows that holder to convert the warrant into one ordinary share, with a par amount of €0.001, by payment of the exercise price of £0.03 or £0.09, as applicable. The warrants are non-transferrable.

During the period from January 2021 to June 2021, 86,061,529 £0.03 warrants were converted in Ordinary Shares raising an additional €2.9m for the company. The £0.03 warrants expired on the 6 May 2021. The £0.03 warrants were issued as part of the fund raising in 2020.

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Note 8 – Trade and other payables

	30 June 2021	30 June 2020	31 December 2020
	Unaudited	Unaudited	Audited
	€'000	€'000	€'000
Accruals	379	487	361
Other payables	164	690	445
Lease liability	-	17	9
Total	543	1,194	815

Note 9 – Decommissioning provision

	30 June 2021	30 June 2020	31 December 2020
	Unaudited	Unaudited	Audited
	€'000	€'000	€'000
At beginning of year	5,853	5,733	5,733
Unwinding of discount	302	287	565
Foreign exchange loss/(gain)	159	-	(360)
Translation adjustment	32	(6)	(85)
Total	6,346	6,014	5,853

The provision for decommissioning is reviewed annually. The provision has been calculated assuming industry established oilfield decommissioning techniques and technology at current prices and is discounted at 10% per annum, reflecting the associated risk profile.

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Note 10 - Warrants

On 5 May 2020, the Company raised c. €3.1m by the issue of security instruments with each security instrument comprising one ordinary share, with a par amount of €0.001, one £0.03 warrant (expires in May 2021) and one £0.09 warrant (expires in May 2022). The fair value of the warrants was calculated using Black Scholes model. The following key input assumptions were applied to the initial valuation on issuance of these instruments:

	£0.03 Warrants	£0.09 Warrants
Number of warrants	177,973,004	177,973,004
Volatility	148%	148%
Time period	1 Year	2 Years
Dividend yield	0%	0%
Risk free interest rate	(0.01%)	(0.01%)
Exercise price	£0.03	£0.09
Placing effective Share price	0.01068	0.01068
Initial value of security	0.00299	0.00349
Fair value	€531,444	€621,982

The c. €3.1m raised before expenses, from previous and new shareholder investors, for the security instruments in May 2020 was considered the transaction price fair value. The split of this fair value on issuance of these security instruments, based on a placing effective share price of €0.01068, was €0.531m for the £0.03 Warrants, €0.622m for the £0.09 Warrants and €1.901m for the Ordinary Shares (split between share capital and share premium account (note 7)).

On 30 June 2020, the warrants were fair valued using appropriate inputs including the closing share price on that day of €0.0448. The fair value movement being the difference between initial valuation and 30 June 2020 valuation in the amount of €7.764m going through the finance expense line in the income statement.

	£0.03 Warrants	£0.09 Warrants
Number of warrants	177,973,004	177,973,004
Volatility	148%	148%
Time period	.85 Year	1.85 Years
Dividend yield	0%	0%
Risk free interest rate	(0.01%)	(0.01%)
Exercise price	£0.03	£0.09
Closing share price 30 June	€0.0448	€0.0448
Fair value as at 30 June 2020	€4,560,940	€4,356,476

During 2020, 47,288,814 of the £0.03 warrants were exercised. There were a number of warrants transactions exercised in each of the months. The key assumptions used in the calculation of their fair value at the exercise date are included in the table below. The weighted average closing price was used to reflect the number of transactions in each month.

PROVIDENCE RESOURCES P.I.c.
Note 10 – Warrants (continued)

	September 20	October 20	December 20
Number of warrants	24,648,335	10,966,667	11,673,812
Volatility	125%	125%	125%
Time period	0.58 Year	0.50 Year	0.33 Year
Dividend yield	0%	0%	0%
Risk free interest rate	(0.6%)	(0.6%)	(0.6%)
Exercise price	£0.03	£0.03	£0.03
Weighted average closing share price	€0.07	€0.08	€0.06
Fair value	€1,138,828	€557,901	€324,687

The fair value of the warrants exercised during the year 2020 is recognised as a finance expense of €2.02m in the income statement (see note 3) with a corresponding increase in share premium.

On 31 December 2020, the warrants were fair valued using appropriate inputs including the closing share price on that day of €0.055. The period of 18 months was used for the volatility calculation for the £0.09 warrants which would expire on 6 May 2022 and the £0.03 warrants which expire on 6 May 2021. The 4-month period for the £0.03 warrants was too short and would distort the volatility calculation as it is key component when calculating the fair value using Black Scholes. The fair value movement being the difference between the initial valuation and 31 December 2020 valuation in the amount of €5.56m is recorded as a finance expense in the income statement.

	£0.03 Warrants	£0.09 Warrants
Number of warrants	130,684,190	177,973,004
Volatility	125%	125%
Time period	0.33 Year	1.33 Year
Dividend yield	0%	0%
Risk free interest rate	(0.06%)	(0.06%)
Exercise price	£0.03	£0.09
Closing share price 31 December 2020	€0.055	€0.055
Fair value as at 31 December 2020	€3,157,748	€3,555,240

During 2021, there were 86,061,529 £0.03 warrants exercised before they expired on the 6 May 2021.

	January 21	February 21	March 21	April 21	May 21
Number of warrants	287,372	1,666,666	1,000,000	65,975,822	17,131,669
Volatility	135%	135%	135%	206%	208%
Time period	0.30 Year	0.18 Year	0.10 Year	0.016 Year	0.003 Year
Dividend yield	0%	0%	0%	0%	0%
Risk free interest rate	(0.61%)	(0.61%)	(0.61%)	(0.61%)	(0.61%)
Exercise price	€0.0337	€0.0342	€0.035	€0.035	€0.035
Weighted average closing share price	€0.075	€0.075	€0.054	€0.0392	€0.038
Fair value	€12,685	€71,219	€23,419	€439,557	€62,804

The fair value of the warrants exercised during the period to June 2021 is recognised as a finance expense of €0.61m in the income statement (see note 3) with a corresponding increase in share premium.

PROVIDENCE RESOURCES P.I.c.
Note 10 – Warrants (continued)

At 30 June 2021, the £0.09 warrants were fair valued. The assumptions are shown in the table below.

	£0.09 Warrants
Number of warrants	177,973,004
Volatility	176%
Time period	0.83 Year
Dividend yield	0%
Risk free interest rate	(0.61%)
Exercise price	£0.09
Closing share price 30 June 2021	€0.043
Fair value as at 30 June 2021	€2,948,469

The table below shows the fair value movements.

	Number of Warrants	£0.03 Warrants €'000	Number of Warrants	£0.09 Warrants €'000	Total €'000
Initial Valuation	177,973,004	€531	177,973,004	€622	€1,153
Fair value as at 30 June 2020	177,973,004	€4,561	177,973,004	€4,356	€8,917
Total Fair value movement recognised in the income statement at 30 June 2020 (see note 3)		€4,030		€3,734	€7,764
September 20 exercised	24,648,335	€1,139	-	-	€1,139
October 20 exercised	10,966,667	€558	-	-	€558
December 20 exercised	11,673,812	€324	-	-	€324
Exercised fair value	47,288,814	€2,021	-	-	€2,021
Fair value as at 31 December 2020	130,684,190	€3,158	177,973,004	€3,555	€6,713
Fair value 2020		€5,179		€3,555	€8,734
Total fair value movement recognised in the income statement for year 2020 (see note 3)		€4,648		€2,933	€7,581
January 21 exercised	287,372	€13	-	-	€13
February 21 exercised	1,666,666	€71	-	-	€71
March 21 exercised	1,000,000	€23	-	-	€23
April 21 exercised	65,975,822	€440	-	-	€440
May 21 exercised	17,131,669	€63	-	-	€63
Exercised fair value movement recognised in the income statement to 30 June 2021 (see note 3)	86,061,529	€610	-	-	€610
Fair value as at 30 June 2021		-	177,973,004	€2,948	€2,948
Total fair value movement recognised in the income statement for the period to		(€3,158)		(€607)	(€3,765)

30 June 2021 (see note 4)					
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PROVIDENCE RESOURCES P.l.c.

Note 11 – Earnings per share

	6 months ended 30 June 2021	6 months ended 30 June 2020	Year ended 31 December 2020
	Unaudited	Unaudited	Audited
	€'000	€'000	€'000
Profit/(loss) attributable to equity holders of the company from continuing operations	1,628	(9,247)	(10,358)
The basic weighted average number of Ordinary shares in issue ('000)			
In issue at beginning of year and end of period	888,803	657,425	657,425
Adjusted for share issue in period	30,675	55,739	130,519
Weighted average number of ordinary shares	919,478	713,164	787,944
Basic profit/(loss) per share (cent)	0.18	(1.30)	(1.31)
Dilutive shares	217,900	-	-
Weighted average number of ordinary shares	1,137,378	-	-
Diluted profit/(loss) per share (cent)	0.14	(1.30)	(1.31)

There is a difference in the basic and dilutive profit for ordinary share in the period to 30 June 2021.

However, for prior period, there is no difference between the loss per ordinary share and the diluted loss per share for the reported periods as all potentially dilutive ordinary shares outstanding are anti-dilutive.

There were 39,927,000 (2020: 41,150,000) anti-dilutive share options and 177,973,004 (2020: 355,946,008) anti-dilutive warrants in issue as at 30 June 2021.

Note 12 – Share schemes

Share option schemes were introduced in August 1997 (expired August 2007), May 2005 (expired October 2015) and June 2009 (expired in June 2019) under which share options may be offered to employees, Directors and consultants. In addition, a long-term incentive plan was introduced in 2016. Options are recommended at a level to attract retain and motivate participants in the competitive environment in which the Group operates, The Remuneration Committee reviews and assesses proposals to grant share options to participants.

The Group operates the following employee share schemes:

2020 Scheme

In 2020, the directors adopted a share option scheme which contains certain performance criteria. No options can be issued after 10 years of the scheme. The option price is the market price immediately preceding the date of the grant. The “2020 scheme” operates as an equity-settled share option scheme and the options

granted are subject to certain conditions. No option is exercisable more than seven years after grant date and no option is exercisable within one year of grant.

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Note 12 – Share schemes (continued)

The applicable criteria for the exercise of the options are;

- (i) 33% of the total number of options granted are exercisable after one.
- (ii) 33% of the total number of options granted are exercisable after two years.
- (iii) The remaining 33% of the total number of options granted are exercisable after a further year has elapsed.

During the period, 9,000,000 share options were granted under the 2020 Share option scheme. The 9,000,000 options were granted to the Directors.

Grant Date	21 May 2021
Number of options granted	9,000,000
Volatility	150%
Time period	7 Years
Dividend yield	0%
Risk free interest rate	(0.0156%)
Exercise price	€0.038

The total share based payments expense in the period to 30 June 2021 charged to the income statement was €156,000 (2020: €216,000).

Note 13 - Commitments

As at 30 June 2021, the Group has capital commitments of approximately €1.5m (30 June 2020: €0.3m) to contribute to its share of costs of exploration and evaluation activities.

Note 14 – Post Balance Sheet Events

Pat Plunkett resigned from the Board and chairman on 22 July 2021. James Menton was appointed chairman.

Ann-Marie O’Sullivan and Peter Newman were appointed to the Board on 23 July 2021.

There were 4,500,000 share options awarded to both Ann-Marie O’Sullivan and Peter Newman on the 18 August 2021.

There have been no other significant events since the balance sheet date which would require disclosure in or amendment of these interim financial statements.