



PROVIDENCE RESOURCES P.l.c.
END OF YEAR TRADING STATEMENT 2012

HIGHLIGHTS

2012 was a landmark year for Providence Resources P.l.c. (“Providence” or the “Company”), the Irish oil and gas exploration, appraisal and development company, whose shares are listed in London (AIM) and Dublin (IEX). During 2012, operations on the first well in the Company’s multi-well, multi-year drilling programme offshore Ireland were successfully completed. This drilling programme, which represents the largest and most comprehensive concerted drilling operations offshore Ireland, represents an investment of up to \$500 million by Providence and its partners in a number of exploration and development/appraisal wells in six different basins offshore Ireland.

The first of six wells to be drilled in this programme was successfully drilled and subsequently tested in March 2012 at the Barryroe oil field in the Celtic Sea Basin. Plans are in place for three further wells to be drilled in 2013 at Spanish Point and Dunquin, with the potential to open up Ireland’s Atlantic margin, and in the Kish Bank Basin. A further two wells are planned to be drilled in 2014 in the Rathlin Basin and at Dragon in the St. George’s Channel Basin.

CURRENT DRILLING PROGRAMME

CELTIC SEA BASIN – BARRYROE OIL FIELD

- Successful drilling and testing of 48/24-10z well with flow rates of 3,514 BOPD and 2.93 MMSCFGD (c. 4,000 BOEPD), which materially exceeded pre-drill expectations (March 2012)
- Additional gas interval also successfully tested (March 2012)
- Updated Barryroe resource and recovery assessment (based on detailed post-well analysis, updated mapping, and new 3D data) confirmed a large total P50 oil resource potential at Barryroe of 1,821 MMBO (P10 resource of 2,777 MMBO) (July 2012)
- Static and dynamic Basal Wealden reservoir analysis modelled recovery factors ranging between 17-41% utilising horizontal production and water injection wells; a 31% recovery factor was used for development planning (October 2012)

	P50 OIP MMBO	RF	P50 REC MMBO
Middle Wealden	287	16%	46
Basal Wealden	<u>756</u>	<u>31%</u>	<u>234</u>
	1,043	27%	280
<u>Not included</u>			
Purbeckian	362		NA
Lower Wealden	<u>416</u>		NA
	778		

- Development concept engineering contract awarded to Procyon Oil & Gas Limited (June 2012)
- Two year Licensing Option granted over adjacent c. 500 sq km area north and west of Barryroe (August 2012)
- CPR to be published in late Q1 2013

SOUTH PORCUPINE BASIN – DUNQUIN PROSPECT

- Letter of intent signed for a rig (September 2012)
- Q1 2013 - Exploration well to be drilled

PORCUPINE BASIN – SPANISH POINT GAS CONDENSATE FIELD

- Chrysaor assumed role of Operator (July 2012)
- Pre-drill site survey completed (August 2012)
- Q2/Q3 2013 – Appraisal well to be drilled

KISH BANK BASIN

- Receipt of Foreshore Licence (October 2012)
- Q1 2013 – Site survey to be carried out
- H1 2013 - Exploration well to be drilled

RATHLIN BASIN

- Awarded Rathlin Basin Licence P1885 (offshore) (End December 2011 but announced January 2012)
- Airborne Full Tensor Gradiometry survey completed; Initial interpretation confirms five significant anomalies (September 2012)
- Q1 2014 – Exploration well to be drilled

ST. GEORGES CHANNEL BASIN - DRAGON GAS FIELD

- Awarded UK Licence P1930 over UK seaward block 103/1 (offer announced January 2012; awarded October 2012)
- Q1 2014 – Appraisal well to be drilled

OTHER FUTURE DRILLING OPPORTUNITIES

SOUTH PORCUPINE BASIN – DROMBEG PROSPECT

- Completion of seismic inversion studies by Ikon Science (August 2012)
- Announced significant resource potential (P50 872 MMBO REC), based on an oil in place volume of 2,970 BBO in-place (November 2012)

GOBAN SPUR BASIN – NEWGRANGE PROSPECT

- Repsol assumed role of Operator (March 2012)
- Technical evaluation of future hydrocarbon potential currently ongoing

SLYNE BASIN - KYLEMORE AND SHANNON PROSPECTS

- Updated mapping of Kylemore; re-evaluation of Shannon resource potential carried out; Gas potential of 228 BCF identified (April 2012)

All planned drilling, site and seismic activities are based on relevant permit requirements and appropriate equipment availability / procurement.

KEY FINANCIAL ACTIVITIES

SHARE PLACING

- Placing of 13.149 million new ordinary shares at £4.80 per share to raise gross proceeds of US\$100 million (£63 million); the shares were placed at a premium to the market price and the net proceeds were used to fund the increased equity participation in Barryroe (from 50% to 80%), to complete the repayment of the Convertible Bond and to contribute to costs of the multi-well drilling programme (April 2012)

CONVERTIBLE BOND REPAYMENT

- Second and final tranche of proceeds from sale of AJE Field (offshore Nigeria) received (US\$6 million, following receipt of US\$10 million in December 2011) and used to part-pay down Convertible Bond (April 2012)
- Repayment of final balance on Convertible Bond of €29.7 million funded from the proceeds of the April share placing. During 2012, total bond repayments of €34.3 million were made, repaying the Convertible Bond in full prior to the scheduled maturity (July 2012)

SALE OF ONSHORE UK ASSETS

- Agreement to sell UK onshore assets (Singleton oil field, Baxter's Copse development project and Burton Down exploration prospect) to IGas Energy Plc for a consideration of \$66 million (September 2012)
- Sale proceeds will be applied to extinguish all corporate debt (c. \$44 million), with surplus funds to be invested in drilling activities offshore Ireland
- Closing is expected to occur in early Q1 2013

Commenting on activity during 2012 and the future drilling plans offshore Ireland for 2013 and beyond, Tony O'Reilly, Chief Executive of Providence Resources P.l.c., said:

"2012 was a transformational year for Providence, with the most notable event being the successful drilling and testing of the Barryroe oil field in the Celtic Sea Basin. The success at Barryroe, further enhanced by detailed post-well analysis, has had an extremely positive impact on both the asset portfolio and the financial well-being of the Company. It has also had a profound effect on the perception of Ireland in the eyes of the international E&P sector.

"For many years, Providence has been strident in its views on the material hydrocarbon prospectivity of offshore Ireland. Barryroe validates this with results that exceeded all expectations, and we now look forward to advancing this large oil project towards development with our partner, Lansdowne, together with potential future farminee(s). Barryroe represents a world-class oil resource and its importance should not be underestimated, not just in terms of the future plans for Providence, but also for the renaissance of the wider Irish offshore sector.

"However, Providence is much more than just Barryroe and it is only the first well of our multi-faceted drilling programme, which spans six basins offshore Ireland. Accordingly, as we move into 2013, we have three major high impact wells to be drilled at Dunquin in the southern Porcupine Basin, one appraisal well at Spanish Point in the northern Porcupine Basin and an exploration well in the Kish Bank Basin. These wells are the only wells planned to be drilled offshore Ireland in 2013 and two of them, Spanish Point and Dunquin, have the potential to open up Ireland's largely undrilled Atlantic

Margin. Throughout 2013, we will also be advancing the pre-drilling activities for the planned Q1 2014 drilling programme in the Rathlin Basin and at the Dragon gas field in the St George's Channel Basin.

"We will also continue to work up new exploration and appraisal opportunities for future drilling such as Drombeg, which has already generated significant industry interest, and Newgrange we will continue to look to bring in further industry partners to advance the portfolio. Importantly, all of the wells in our six basin programme are what we term "pathfinder wells": in other words, by proving up one petroleum play, we have the potential to prove up many prospects in each respective basin.

"In terms of financing, we were very pleased to be able to strengthen the Company's balance sheet during 2012 by raising additional equity capital at a premium to the market price, as well as divesting assets, which allowed us to redeem the Convertible Bond in full. The final stage of this restructuring will be completed in Q1 2013 with the closing of the sale of our UK onshore assets, a transaction which will allow us to retire all outstanding corporate debt.

"Providence has been the leading Irish-focused E&P company for many years and so it is exceptionally pleasing to have been rewarded with such success at Barryroe. There are many other exciting opportunities ahead and so we look forward to building on this positive momentum by embracing the advances in technology, infrastructure, the fiscal regime and higher oil prices to unlock Ireland's substantial hydrocarbon potential offshore Ireland.

"2012 was a very exciting year for Providence's shareholders, and we firmly believe that 2013 promises to deliver even more."

Tony O'Reilly
Chief Executive

20th December 2012

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TERMS USED IN THIS ANNOUNCEMENT:

BBO – Billion Barrels of Oil

MMBO – Million Barrels of Oil

BCF – Billion Cubic Feet of Gas

ABOUT PROVIDENCE

Providence Resources Plc is an Irish based oil & gas exploration, appraisal and development company with a portfolio of appraisal and exploration assets offshore Ireland and the U.K. The Company is currently leading a circa \$500 million multi-year drilling programme on a number of exploration/development wells over 6 different basins offshore Ireland, representing the largest drilling campaign ever carried out offshore Ireland www.providenceresources.com.

ANNOUNCEMENT

This announcement has been reviewed by John O'Sullivan, Technical Director, Providence Resources P.l.c. John holds a B.Sc. in Geology from University College Cork, Ireland, an M.Sc. in Applied Geophysics from the National University of Ireland, Galway and a M.Sc.in Technology Management from The Smurfit School of Business at University College Dublin. John is presently working part-time on a PhD dissertation at Trinity College, Dublin. John has worked in the offshore business for 20 years and is a fellow of the Geological Society of London and member of The Petroleum Exploration Society of Great Britain. 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



<u>Licence</u>	<u>Asset</u>	<u>Operator</u>	<u>Partners</u>	<u>%</u>	<u>Type</u>
<u>CELTIC SEA BASIN</u>					
SEL 1/11	Barryroe	Providence	Landowne	80.00%	Oil discovery
SEL 2/07	Hook Head	Providence	Atlantic; Sosina	72.50%	Oil and gas discovery
SEL 2/07	Dunmore	Providence	Atlantic; Sosina	72.50%	Oil discovery
SEL 2/07	Helvick	Providence	Atlantic; Sosina; Lansdowne	62.50%	Oil and gas discovery
SEL 2/07	Nemo	Providence	Atlantic; Sosina; Nautical	54.40%	Oil and gas discovery
<u>KISH BANK BASIN</u>					
SEL 2/11	Kish Bank	Providence	Petronas	50.00%	Oil and gas exploration
SEL 2/11	ULYSSES	EIRGAS		100.00%	Gas storage evaluation
<u>SLYNE BASIN</u>					
LO 11/12	Kylemore	Providence	First Oil Expro	66.66%	Gas exploration
LO 11/12	Shannon	Providence	First Oil Expro	66.66%	Gas exploration
<u>PORCUPINE BASIN</u>					
FEL 2/04	Spanish Point	Providence	Chrysaor; Sosina	32.00%	Oil and gas discovery
FEL 2/04	Burren	Providence	Chrysaor; Sosina	32.00%	Oil discovery
FEL 2/04	Wilde / Beehan	Providence	Chrysaor; Sosina	32.00%	Oil discovery
FEL 4/08	Cama (North & South)	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
FEL 4/08	Rusheen (North & South)	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
FEL 4/08	Costelloe (Main, North & South)	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
FEL 4/08	Shaw	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
FEL 4/08	Synge	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
LO 11/2	Spanish Point South	Providence	Chrysaor; Sosina	32.00%	Oil and gas exploration
<u>SOUTH PORCUPINE BASIN</u>					
FEL 3/04	Dunquin	ExxonMobil	Eni; Repsol; Sosina	16.00%	Oil and gas exploration
FEL 1/99	Cuchulain	ENI	ExxonMobil; Sosina	3.20%	Oil and gas exploration
LO 11/9	Drombeg	Providence	Sosina	80.00%	Oil and gas exploration
<u>GOBAN SPUR BASIN</u>					
LO 11/11	Newgrange	Repsol	Repsol; Sosina	40.00%	Oil and gas exploration
<u>ST GEORGE'S CHANNEL BASIN</u>					
SEL 1/07	Pegasus	Providence		100.00%	Oil and gas exploration
SEL 1/07	Orpheus	Providence		100.00%	Oil and gas exploration
SEL 1/07	Dionysus	Providence		100.00%	Oil and gas exploration
SEL 1/07	Dragon	Providence		100.00%	Gas discovery
PL 1930	Dragon	Providence		100.00%	Gas discovery
<u>RATHLIN BASIN</u>					
PL 5/10	Rathlin	Providence		100.00%	Oil and gas exploration
PL 1885	Rathlin	Providence		100.00%	Oil and gas exploration

Excludes UK onshore assets being divested to I Gas Energy Plc

December 2012