

Caught up in backwash

DAVY VIEW

The share price movement that resulted in a RNS yesterday reflects a stock that is caught up in an out-of-favour sector and local drilling results. Sector sentiment will be what it is, but there is no change in Providence's financial position and the group had no involvement in recent drilling results in the Celtic Sea.

Recent drilling results and financing fears

Providence yesterday issued a share price RNS highlighting that it knew of no reason for the recent near-20% decline in the share price. The fall was over a two-day period, and we believe it probably initiated with the Midleton well result last week. However, Providence has no interest in this well and indeed is not involved in any sense in the type of gas play that was pursued by the Midleton consortium. It may well be that the well result created a backwash of negative sentiment to the Barryroe project, but there is no technical reason for this to be the case.

Providence also raised \$28m gross last February, providing financial certainty for 2015 and up to the required repayment of a \$20m debt to Melody Business Finance LLC (a US institution) on May 26th 2016. The presumption at the time of the funding was that the funds raised through the Barryroe farm-out process would satisfy the repayment of that debt. Notwithstanding local and international sentiment towards the Irish offshore specifically and oil markets generally, Providence's financial status and arrangements have not changed over the last week.

Providence Resources

OUTPERFORM

Closing price:20.0c

August 18 2015

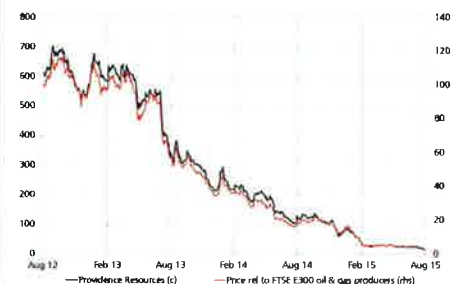
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Share Price Performance



Financial Data

Providence Resources :Financial model and valuation analysis

Resource Sector Review

Important Disclosures

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Price performance (% change)

Stock	2010	2011	2012	2013	2014
PROVIDENCE RESOURCES	-28.6	-17.7	220.0	-66.0	-61.3

Source: Datastream

WARNING: Past performance is not a reliable guide to future performance

Investment ratings

Providence Resources rating: Outperform Issued: 09/06/11

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			Count	Percent
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Neutral	33	25	4	10
Underperform	15	11	0	0
Under Review	4	3	2	5
Suspended	5	3	0	0
Restricted	4	3	4	10

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