

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

## LICENCE UPDATE FRONTIER EXPLORATION LICENCE 2/14 SOUTHERN PORCUPINE BASIN

- **APPOINTMENT OF WELL MANGEMENT COMPANY FOR THE 2017 DRUID EXPLORATION WELL PROGRAMME**
- **REVISED DRUID WELL COST ESTIMATE OF C. \$35 MILLION**

**Dublin and London – August 31, 2016** - Providence Resources P.I.c. (PVR LN, PRP ID), the Irish based Oil and Gas Exploration Company, today provides an update on Frontier Exploration Licence (“**FEL**”) 2/14, which lies in c. 2,250 metre water depth in the southern Porcupine Basin and is located c. 220 kilometres off the south west coast of Ireland. The licence is operated by Providence Resources P.I.c. (“**Providence**”) (80%) on behalf of its partner Sosina Exploration Limited (“**Sosina**”) (20%). FEL 2/14 contains the Paleocene “**Druid**” and the Lower Cretaceous “**Drombeg**” exploration prospects. An exploration well is currently being planned to drill the “**Druid**” prospect in June 2017, subject to regulatory consents.

### **Appointment of Well Management Company**

Following a recent public procurement process, Providence and Sosina have appointed Senergy Wells Limited (“**Senergy**”), a wholly owned subsidiary of Lloyds Register (“**LR**”), to provide integrated well management services for the upcoming planned 2017 Druid drilling programme. Under the terms of the contract, Senergy will provide management and well engineering services for the design and construction of the Druid deep-water well under the *LR Global Management System - Well Project Delivery Process*, reflecting the best of industry practice and standards to provide safe, effective and efficient well operations.

### **30% Reduction in Well Cost Estimate**

Based on updated market rates and definition of the preliminary well basis of design obtained through the well management tender process, the latest gross (100%) well cost for the Druid exploration well is now estimated at c. \$35 million, with the final cost subject *inter alia* to the relevant service contracts being put in place and approved well design. This updated well cost estimate of \$35 million compares to the previous estimate of \$46 million, which was based off provisional internally generated estimates.

### **INVESTOR ENQUIRIES**

**Providence Resources P.I.c.**

Tony O’Reilly, Chief Executive Officer

Tel: +353 1 219 4074

**Cenkos Securities plc**

Neil McDonald/Derrick Lee

Tel: +44 131 220 9771

**J&E Davy**

Anthony Farrell

Tel: +353 1 679 6363

### **MEDIA ENQUIRIES**

**Powerscourt**

Lisa Kavanagh/Peter Ogden

Tel: +44 207 250 1446

**Murray Consultants**

Pauline McAlester

Tel: +353 1 498 0300

## **ABOUT PROVIDENCE RESOURCES**

Providence Resources is an Irish based Oil and Gas Exploration Company with a portfolio of appraisal and exploration assets located offshore Ireland. Providence's shares are quoted on AIM in London and the ESM in Dublin.

## **ABOUT SENERGY AND LLOYD'S REGISTER**

On 1 July 2016, the LR Senergy brand name was retired and integrated into the corporate brand of Lloyd's Register. All services remain in place and all legal entities remain unchanged. Our combined capabilities mean Lloyd's Register will continue to offer our clients unrivalled expertise, fresh and widely trusted insight and new investment opportunities. We have broadened our technical capability to help develop and manage oil and gas fields and support alternative energy projects and power generation assets. This means we can offer all our clients industry-leading advice, from the reservoir to the refinery and beyond; a uniquely comprehensive portfolio of services to the upstream sectors, from exploration to transportation and production; life-of-field services, from inception to decommissioning; and offer opportunities for consulting staff to work closely with industry leaders every step of the way.

LR is a market leader in all aspects of Well Project Management, well design, engineering, procurement, contracting, and operational management, with a proven and established track record of having successfully delivered multiple wells projects for a wide variety of Clients. The Project Management of the planning and execution of well activities is core business to LR, which includes all drilling, completion, well testing, work-over, re-entry and well abandonment / suspension activities.

Lloyd's Register Group Limited is a technical and business services organisation and a maritime classification society, wholly owned by the Lloyd's Register Foundation, a UK charity dedicated to research and education in science and engineering. Founded in 1760, the Group is based in London and revenues in excess of £1.0 billion.

## **ABOUT DRUID**

During the initial pre-FEL 2/14 authorisation phase (Licensing Option 11/9 - 2011 through 2013), Providence and Sosina identified two large vertically stacked Paleocene ('Druid') and Lower Cretaceous ('Drombeg') fan systems with notable Class II amplitude versus offset ("**AVO**") anomalies primarily from 2D seismic data acquired in 2008. Providence and Sosina subsequently agreed to underwrite a multi-client 3D seismic survey over the area. This 3D survey was acquired by Polarcus in the summer of 2014 and subsequently processed by ION Geophysical in 2014/15.

In September 2015, the Company entered into a Strategic Exploration Collaboration Project with Schlumberger.

In April 2016, the Company published the main results of this Project relating to Druid:

- Two fans located c. 1,750 m BML and structurally up-dip from a potential significant fluid escape feature from the underlying pre-Cretaceous Diablo Ridge
- Cumulative in-place un-risked prospective resources of 3.180 BBO (PMean)
  - Fan 1 – 984 MMBO (PMean)
  - Fan 2 – 2,196 MMBO (PMean)
- Pre-stack seismic inversion and regional rock physics analysis shows Druid is consistent with a highly porous (30%) and high net-gross, light oil-filled sandstone reservoir system up to 85 metres thick
- A depth conformant Class II AVO anomaly is present and synthetic forward modelling of an oil-water contact correlates with the observed seismic response
- Spectral decomposition, seismic compactional drape and mounding are reflective of a large sand-rich submarine fan system with no significant internal faulting and clear demonstration of an up-dip trap mechanism
- Geo-mechanical analysis using regional well and high resolution seismic velocity data indicates that Druid is normally pressured and the top seal is intact

**ANNOUNCEMENT**

This announcement has been reviewed by Dr. John O’Sullivan, Technical Director, Providence Resources P.l.c. John is a geology graduate of University College, Cork and holds a Masters in Applied Geophysics from the National University of Ireland, Galway. He also holds a Masters in Technology Management from the Smurfit Graduate School of Business at University College Dublin and a doctorate in Geology from Trinity College Dublin. John is a Chartered Geologist and a Fellow of the Geological Society of London. He is also a member of the Petroleum Exploration Society of Great Britain, the Society of Petroleum Engineers and the Geophysical Association of Ireland. John has more than 25 years of experience in the oil and gas exploration and production industry having previously worked with both Mobil and Marathon Oil. John is a qualified person as defined in the guidance note for Mining Oil & Gas Companies, March 2006 of the London Stock Exchange.

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.

**MAP OF DRUID**

