

## Licence Update

### Frontier Exploration Licence 2/14

### Southern Porcupine Basin

- **FEL 2/14 PROGRESSED TO THE SECOND PHASE OF THE LICENCE**
- **PRIMARY WORK PROGRAMME ACTIVITY IS THE DRILLING OF THE DRUID PROSPECT**
- **PLANNED SPUD DATE FOR THE DRUID WELL IS JUNE 2017**

**Dublin and London – January 23, 2017** - Providence Resources P.I.c. (PVR LN, PRP ID), the Irish based Oil and Gas Exploration Company, provides an update on the 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%), who are collectively referred to the "JV Partners". FEL 2/14 contains the Paleocene "Druid" and the Lower Cretaceous "Drombeg" exploration prospects.

#### **LICENCE UPDATE**

The Minister of State for the Department of Communications, Climate Action and Environment has given his consent to the progression to the second phase of the licence, subject to the completion of the agreed work programme which includes the drilling of the 53/6-A exploration well on the Paleocene Druid prospect and the subsequent integration of the well data into a comprehensive assessment of the petroleum potential of the licence.

#### **OPERATIONAL UPDATE**

In November 2016, the Company signed a drilling contract for the provision of the Stena IceMAX drill-ship to drill an exploration well in FEL 2/14 during 2017. The drilling contract provides for one firm well, plus an additional option, which is electable at the discretion of the JV Partners for the drilling of a second follow-on well. Other key service contracts are now being finalized for the drilling operations for the planned 53/6-A exploration well. Based on the latest project timeline and, subject to standard regulatory approvals and consents, the 53/6-A exploration well is currently planned to spud in June 2017.

Speaking today, Tony O'Reilly, Chief Executive of Providence said:

*"We are pleased to have received this confirmation from the government on the licence progression as we continue to move forward with all the necessary works to enable the drilling of this high impact exploration well during summer 2017."*

## **INVESTOR ENQUIRIES**

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## **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.

## **ANNOUNCEMENT**

This announcement has been reviewed by Dr John O'Sullivan, Technical Director, Providence Resources P.I.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 (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.

## **ABOUT FEL 2/14 - DRUID & DROMBEG**

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 was subsequently processed by ION Geophysical in 2014/15. In September 2015, Providence and Sosina entered into a Strategic Exploration Collaboration Project with Schlumberger.

In April 2016, the results of the Strategic Exploration Collaboration Project with Schlumberger were announced:

#### **DRUID (PALEOCENE)**

- 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
- Geomechanical analysis using regional well and high resolution seismic velocity data indicates that Druid is normally pressured and the top seal is intact

#### **DROMBEG PROSPECT (LOWER CRETACEOUS)**

- Located c. 2,750 m BML and structurally up-dip from a potential significant fluid escape feature from the underlying pre-Cretaceous Diablo Ridge
- In-place un-risked prospective resource of 1.915 BBO (PMean)
- Pre-stack seismic inversion and regional rock physics analysis shows Drombeg is consistent with a highly porous (20%), light oil-filled sandstone reservoir system up to 45 metres thick
- A depth conformant Class II AVO anomaly is present and spectral decomposition is reflective of a large sand-rich submarine fan system with no significant internal faulting, and supports an up-dip trap mechanism
- Geomechanical analysis using regional well and high resolution seismic velocity data indicates that Drombeg is over-pressured with an intact top seal

#### **ABOUT STENA ICEMAX**

Stena IceMAX is the world's first dynamically positioned, dual mast ice-class drillship. The Stena IceMAX is a Harsh Environment DP Class 3 drillship capable of drilling in water depths up to 10,000ft. The IceMAX has on-board 2 x BOP's, each 18¾" x 15,000psi Cameron "TL" BOP c/w ST Locks, and uses Cameron Load King riser. The vessel was delivered in April 2012.

**MAP**

