

# PORTFOLIO PARTNERS PEOPLE

**Providence Resources Pl.c.**  
Annual Report for the  
year ended 31 December 2018

Stock Codes:  
LSE AIM: PVR  
Euronext Growth: PZQA



# WELCOME TO THE PROVIDENCE RESOURCES P.L.C. ANNUAL REPORT 2018

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\* Inside Back Cover

## OIL AND GAS EXPLORATION AND APPRAISAL

### Who we are

Providence Resources P.l.c. (the "Company") is an Irish based energy company with a portfolio of appraisal and exploration assets located offshore Ireland. Operating for over 30 years, the Company (and its predecessor companies) has a well-established background in the Irish oil and gas business, having worked closely with many major international companies including ExxonMobil, Repsol, Total, Eni, Petronas and Cairn Energy.

The Company is currently involved in a number of material exploration prospects and appraisal projects in multiple basins around the coast of Ireland.

### Strategy

The Company's strategy has been to assemble a material equity position in a portfolio of assets combining existing discoveries with new prospects to improve overall economics whilst mitigating risk in order to generate value for the Company and its shareholders.

- Core focus on early stage exploration & appraisal drilling opportunities
- Create a diversified and material exploration & appraisal portfolio
- Farm-out to defray CAPEX for subsequent drilling / development and / or seismic acquisition
- Leverage in third parties to validate and co-venture with on prospects and projects
- Evaluate new opportunities both in Ireland and further afield
- Explore new areas of opportunity such as Geothermal and Carbon Capture and Sequestration projects

# 2018 OPERATIONAL HIGHLIGHTS

## 2018 Operations

### Appraisal Projects

- **Barryroe, North Celtic Sea (SEL 1/11)**
  - In March 2018, EXOLA Designated Activity Company (“EXOLA”) signed a Farm-out Agreement (“FOA”) with APEC Energy Enterprises Limited (“APEC”)
  - Following the receipt of Ministerial approval for the assignment of a 50% working interest in SEL 1/11 to APEC, EXOLA, Lansdowne Celtic Sea Limited (“Lansdowne”) and APEC signed an Updated FOA in September 2018
  - The Updated FOA provides for a full cost carried firm drilling programme comprising of four vertical wells & one horizontal sidetrack, plus the optional drilling of two further horizontal wells, and loan advances to EXOLA for certain project and operational costs of US\$19.5 million
  - In October 2018, the Company received consent to carry out a site survey
  - In November 2018, arising from third party legal challenge against the government regarding the grant of the site survey consent, the Company elected not to act on the granted survey, thereby postponing the site survey
  - During Q4 2018, the Company progressed key operational contractual arrangements and started to prepare a revised site survey application

### Exploration Prospects

- **Diablo, Southern Porcupine (FEL 2/14)**
  - Closing of farm-out for the assignment of equity (35%) and transfer of operatorship to Total
  - CNOOC International to drill analogous Iolar pre-Cretaceous prospect in the adjacent licence in 2019
- **Dunquin South, Southern Porcupine (FEL 3/04)**
  - Dunquin North post-well results released at the AAPG Europe Regional Conference in Lisbon May 2018
  - Interpretation of 3D seismic data confirms the presence of the large Dunquin South prospect, a large potential breach point imaged over Dunquin North prospect and where internal seismic reflectivity and velocities indicate Dunquin Ridge to be of sedimentary origin
  - 2019 Programme agreed, including planned acquisition of site survey (subject to regulatory consents) in summer 2019
- **Newgrange, Goban Spur (FEL 6/14)**
  - High resolution 2D seismic acquisition & well exploration site survey completed
  - Large number of seabed pockmarks imaged on site survey data
  - Seabed sample geochemistry demonstrates both biogenic and thermogenic hydrocarbon sourcing signatures indicating a potential link to hydrocarbon migration
- **Avalon, Southern Porcupine (FEL 2/19)**
  - Application made to convert Licensing Option (“LO”) 16/27 to a Frontier Exploration Licence

### Other Licence Activity

- **Spanish Point, Northern Porcupine (FEL 2/04)**
  - Under discussion with the regulatory authorities
- **Spanish Point North, Northern Porcupine (FEL 4/08)**
  - Licence relinquished
- **Dragon, St. George’s Channel (SEL 1/07)**
  - Under discussion with the regulatory authorities
- **Hook Head, North Celtic Sea (SEL 2/07)**
  - Subject of Lease Undertaking application
- **Helvick/Dunmore, Celtic Sea (Lease Undertaking)**
  - Subject to MFDevCO work programme
- **Option over OPL 1, North Celtic Sea**
  - The option was not exercised
- **Kish Bank, Kish Bank Basin (SEL 2/11)**
  - Completion of 1st phase of licence through August 2018

### 2018 Financial Highlights

- Operating Loss for the period of €4.425 million versus €21.402 million in 2017
- Loss of €4.779 million versus €20.419 million in 2017
- Loss per share of 0.80 cents versus 3.42 cents in 2017
- At December 31, 2018 total cash and cash equivalents were €7.617 million versus €19.603 million (at 31 December 2017)
- The Company had no debt at December 31, 2018
- The total issued & voting share capital comprises 597,658,958 ordinary shares of €0.10 each

### Post Year End Progress

- **Barryroe, North Celtic Sea (SEL 1/11)**
  - In February 2019, the “COSLInnovator” semi-submersible drilling unit was nominated by China Offshore Services Limited (“COSL”)
  - In February 2019, a new site survey application was submitted
  - In April 2019, an application was made to convert SEL 1/11 to a Lease Undertaking
  - Owing to the delays to consenting, and the increased duration of the planned programme, the loan advances to EXOLA for certain project and operational costs were increased from US\$19.5 million to US\$24 million
  - In June 2019, the Company agreed a further extension for the receipt of the initial US\$9 million loan advance to July 5, 2019
  - Subject to receipt of regulatory consents and applicable financing, the well-site survey operations are expected to commence in Q3 2019
- **Avalon, Southern Porcupine (FEL 2/19)**
  - In February 2019, Ministerial consent was given for the conversion of LO 16/27 into FEL 2/19
  - In March 2019, the JV Partners licensed c. 1,500 km<sup>2</sup> of multi-client 3D seismic data over FEL 2/19 which forms part of the larger Crean 3D seismic survey which was acquired by TGS in 2017.
- **Dunquin South, Southern Porcupine (FEL 3/04)**
  - In June 2019, the Dunquin JV partners agreed to defer the planned summer 2019 well-site survey programme

# CHAIRMAN'S REMARKS

Dear Shareholder,

I am pleased to present the 2018 Annual Report and to bring you up to date on the activities of the Company during the year up to and including the early months of 2019.

The operating environment for the oil and gas sector continued to improve during the year as the recovery in oil prices was generally sustained, and while volatility remains high, Brent appears to have found a floor at about US\$60 per barrel. Rising prices, combined with the industry's success in reducing costs, has led to a revival in global investment in exploration, and more recently in a marked increase in M&A activity. Following an extended period of under-investment however, many companies are still failing to replace reserves through new discoveries and will need to step up investment further if future demand projections are to be met.

2018 was another very busy year for Providence as we continued our strategy of seeking to enhance the value of our exploration portfolio by attracting substantial industry players to farm-in to finance future potential drilling programmes while allowing us to retain a meaningful equity interest in each project with minimal financial exposure. We demonstrated this successfully on a number of occasions in 2017 and early last year, we negotiated and signed a Farm-Out Agreement in respect of our flagship Barryroe asset with APEC.

Barryroe is singularly the most important asset in our portfolio and the farm-out, which involves an investment of c. US\$200 million in a five well drilling programme is potentially transformational for the Company. This transaction was particularly complex and considerable time was expended during the year in negotiating the legal contracts underpinning the project, including agreeing the outline terms for a 'turn-key' drilling contract with COSL. An Updated Farm-Out Agreement was agreed and signed last September. Since then, progress has been hampered by a number of factors which have conspired to delay the likely timing of the planned drilling programme. In particular, the timing of the site survey has been delayed by the need to re-apply for consent following an application for a judicial review by An Taisce on the granting of the original consent by the regulatory authorities. Also, general concern about the proposed Climate Emergency Measures Bill 2018, and its potential implications for exploration activity offshore Ireland, has been a continuing source of uncertainty for attracting foreign direct investment ("FDI") into the sector. Finally, the ongoing delay in receipt of the initial project finance loan from APEC has been a significant distraction and added further uncertainty. At the time of writing, despite comprehensive assurances, we have not yet received the initial loan advance as contracted and we have given APEC a further extension to complete the payment.

In parallel, we have sought to add value to our other assets through 3D seismic acquisition and by advancing site survey consents. The farm-out of Diablo to Total was completed and an application for a well site survey over Dunquin South by Eni was commenced, but has since been withdrawn. We have had encouraging results from work on the Newgrange licence and discussions with potential farminees continue. We have also looked to add to our portfolio offshore Ireland during the year, but did not identify any suitable additions at this time.

In light of the limited new opportunities for expansion in Ireland, we have kept under review opportunities in international markets where we could potentially apply our team's skill set and generate a revenue stream to support our business. One opportunity was evaluated, but could not be completed.

The proposed Climate Emergency Measures Bill 2018 has cast a shadow over the Irish offshore oil and gas sector since early 2018. If passed in its current form, the Bill would effectively mean that no further exploration licences or successor authorisations to existing licences could be granted and international energy groups would likely lose interest in Ireland as an exploration destination.

While we do recognise that climate change is a major global challenge, and that there is a clear need to transition from fossil fuel dependency to a lower carbon world, it is also clear that fossil fuels will continue to be required in significant quantities for some time to come. Constraining oil and gas exploration and development in Ireland will not contribute to a lower carbon footprint. On the contrary, importation has an additional global carbon impact, whilst also reducing Ireland's energy security.

Your Board has been reviewing our business operating model in view of the current construct of our portfolio – the limited scope for international New Ventures and our dependence on farm-outs to generate revenue. It is clear that we need to adapt to our rapidly evolving commercial and regulatory environment and the Board is currently focusing in these areas.

With the help of an external advisor, your Board also evaluated how the Board should evolve and be refreshed to ensure that best corporate governance standards are met and that robust challenge and support is provided to the executive management. The findings are being implemented at present. I was very pleased that Angus McCoss agreed to be appointed Senior Independent Director in October 2018.

In conclusion, despite a number of headwinds, progressing the Barryroe Project remains our key objective. The delay from our partner to deliver the initial financing in the agreed time frame is presenting issues for the Company at present, which we are currently addressing. We firmly believe that Barryroe has the potential to provide substantial returns for our shareholders and we are intent on pursuing all avenues to realise that potential.

Thank you for your support in the past year. Many thanks also to our staff and management team for their hard work and commitment throughout the year.

**Pat Plunkett**  
Chairman

## C.E.O. – OPERATIONS REVIEW

Dear Shareholder,

Despite encountering increased opposition from third parties to our forward plans offshore Ireland, we have progressed our portfolio and in doing so, have continued to advance assets that will help Ireland to meet its future energy needs.

### Operational Review

As the Chairman stated in his remarks, the conclusion of the Barryroe Farm-out was by far the most important commercial transaction for the Company in recent years, representing the fourth farm-out deal that the Company concluded in less than two years. As a company currently with no revenue stream, the ability to conclude farm-out transactions is essential as these provide working capital to fund future asset development and operating costs. Over the past two years, we have been particularly successful in this regard.

The June 2016 Placing provided funding to refinance the balance sheet and to fund the drilling of the Druid exploration well. As outlined in last year's Annual Report, during the first half of 2017, we secured two farm-outs with Cairn & Total for this drilling programme, leveraging in c. US\$45 million of incremental capital for the Company. As a result, the working capital deficit position forecast to occur in late Q2 2017 did not happen. At the same time, the Company concluded a farm-out of the Avalon asset to Total which again provided additional capital. Finally, the Barryroe Farm-out provides for the financing and drilling of four vertical wells and an extended horizontal side-track, with no upfront capital exposure for Providence shareholders.

In short, by agreeing these four farm-out transactions over the past two years, we have been able to progress all of our major assets, whilst generating c. US\$250 million of potential third-party investment, which, in turn, has pushed out the forecast working capital deficit position from late Q2 2017 into 2020, without further recourse to shareholders.

The main operational activity during 2018 was the negotiation and signing of the Barryroe Farm-out and all the ancillary workstreams that flow from that. Negotiations with APEC originally commenced in October 2017 and we went exclusive in December 2017. In March 2018, using our wholly owned subsidiary EXOLA, we signed a Farm-out Agreement with APEC, which provided for the fully funded drilling of three vertical wells and associated side-tracks with the provision of working capital to EXOLA. In September 2018, following receipt of governmental approval for the Farm-out, we signed an amended Farm-out Agreement with APEC which increased the number of vertical wells to four with one extended horizontal well, as well as increasing the amount of the working capital to be provided to EXOLA from US\$19.5 million to US\$24 million.

Since the signing of the amended Farm-out Agreement in September, we have been working with APEC on the various workstreams that are required to implement this multi-well drilling programme. Key to this is the acquisition of a site survey over each well site location and here, we submitted the site survey application in July 2018. In October 2018, we received the required consent to carry out the site surveys.

As we were gearing up to implement the site survey in Q4 2018, we were notified that an application for a judicial review was taken by a third party against the government as to the manner by which the government had granted the consent to EXOLA to carry out

the site survey programme. In short, the third party suggested that the government had not followed certain due process in their consideration of the site survey application and thus were seeking a judicial review that could lead to the granted consent being overturned. Noting that judicial reviews can be lengthy, and following consultation with our JV partners and legal advisors, we took a decision to advise the government that we would not act on the consent granted. This was done in late November 2018 and the Company instead opted to submit a new application, which it did in February 2019 following legal finality. This well site survey application is currently being considered by the authorities and subject to receipt, we'd expect to commence the site survey later this summer. In April 2019, the Barryroe JV Partners also submitted a Lease Undertaking application to the government.

During this period, the Barryroe JV Partners negotiated and agreed outline terms for an Integrated Project Management 'turn-key' Contract with COSL, who in turn nominated the 6th generation COSL Innovator semi-submersible drilling unit. In June 2019, we agreed an extension with APEC for the receipt of the initial US\$9 million loan advance, the proceeds of which will be used to finance the well-site survey and consenting costs. The balance of the loan advance of US\$15 million is payable prior to the spudding of the first well and is to cover Operator-related drilling costs.

In the event that the initial US\$9 million loan advance is not received by the 5 July, the Company will need to raise equity to fund its forward commitments.

Whilst Barryroe was our major focus, it is by no means our only asset. In FEL 2/14, Diablo, we closed the farm-out for the assignment of 35% equity and transfer of operatorship to Total. This year, our attention will be focussed on the "Iolar" well which is currently being drilled by CNOOC International. The importance of this well on the Iolar pre-Cretaceous prospect is that it is situated in the licence adjacent to FEL 2/14 and so the drilling will test a similarly aged structure to Diablo.

In FEL 3/04, Dunquin, work continued to progress Dunquin South towards drilling. Last May 2018, the Dunquin North post-well results (including reservoir parameters, oil saturation levels etc) were publicly released for the first time, highlighting some of the unique geological attributes. Having previously licenced 3D data over both Dunquin North and Dunquin South, the interpretation of 3D seismic data carried out during the year confirmed the presence of the large Dunquin South prospect, a large potential breach point imaged over Dunquin North prospect and where internal seismic reflectivity and velocities indicate Dunquin Ridge to be of sedimentary origin. With this very encouraging data, the Dunquin JV partners agreed the 2019 programme and budget, including the planned acquisition of an exploration well site survey over Dunquin South. Unfortunately in June 2019, the Dunquin JV partners elected to defer this survey to a future date.

In FEL 6/14, Newgrange, we acquired a well exploration site survey last summer with some encouraging results being obtained. A large number of seabed pockmarks were imaged on the site survey data, with seabed sample geochemistry demonstrating both biogenic and thermogenic hydrocarbon sourcing signatures, indicating a potential link to hydrocarbon migration.

In FEL 2/19, Avalon, having previously applied to convert Licensing Option 16/27 into a Frontier Exploration Licence, in February 2019, Ministerial consent was granted for the conversion. This

## C.E.O. – OPERATIONS REVIEW (CONTINUED)

was then followed by a decision of the Avalon JV partners to licence c. 1,500 km<sup>2</sup> of multi-client 3D seismic data over FEL 2/19 which forms part of the larger Crean 3D seismic survey, which was acquired by TGS in 2017. Under the terms of the farm-out agreement agreed with Total in 2017, if the JV partners elect to drill an exploration well on Avalon, Total will provide a 1.2 to 1 well promote on the drilling of an exploration well (up to a well cost cap of US\$42 million) and thereafter, at working interest levels.

Financially, the Company recorded a loss for the financial year of €4.779 million. Cash on the balance sheet at year end was €7.617 million. At year end, the Company had no debt.

### Environmental and Climate Change

The Paris Agreement on climate change in December 2015 set out a framework for the limiting of carbon emissions from fossil fuels. The aim is to hold global warming below 2 degrees increase from pre-industrial era levels and to ensure that the global emission peak is reached as soon as possible. This is one of a number of policy and regulatory elements that will increase challenge in establishing the outlook for energy demand and how energy suppliers will operate in the future.

The oil and gas exploration sector will come under increasing scrutiny in all areas of operations and environmentally sensitive regions. The cost of operations to ensure compliance with the new regime that will come into effect to ensure that companies will observe the highest standards of environmental, social and corporate responsibility will increase.

For oil and gas exploration companies to be successful in the future, they will need to adapt to the new regulation while also meeting the challenges of reducing their own carbon footprint. The transitions towards a low carbon world will cause significant changes in the way oil and gas companies operate. The International Energy Agency has stated that oil and gas will continue to play an important part of the mix of energy production for the foreseeable future.

A change to a low carbon world will bring several challenges to our operations and business model. There will be increased costs in complying with new regulations to ensure that we meet the highest industry standards while trying to minimise our impact on the environment. An increased level of scrutiny over the way we operate and where we operate could lead to more legal challenges. Providers of capital will become selective of financing projects to ensure that they have a minimal impact on the environment which in turn could lead to higher financing costs. Carbon taxes will increase on oil and gas products to help with the transition to renewable energy and ensure that the user will pay for the pollution. The cost of licensing terms may become more restrictive as we approach 2040 and beyond as the shift to a lower carbon environment continues. There will be a shift within the transport sector from the internal combustion engine to electric vehicles which will reduce demand for oil within this sector.

According to the International Energy Agency, Oil and Gas demand will be part of the energy mix going forward and Providence will continue within the exploration sector while ensuring its operations are carried out to the highest standards while trying to minimise our carbon footprint.

Natural gas is the cleanest and lowest carbon fossil fuel and will continue to play an important role in the medium term as gas will replace coal and peat burning power stations while also

complementing the intermittent power production of renewable energy such as wind and solar.

Renewable energy will grow as part of the power producing system as Ireland and the World aim to meet their commitments under the Paris agreement. However, oil and gas still has a major part to play in the energy mix.

The Company will play its part in the future of the Oil and Gas sector while helping to limit its impact on the environment. We will look at other opportunities that complement our exploration activities such as the Geothermal power or Carbon Sequestration Systems (“CCS”) but clearly our focus will remain on Oil and Gas exploration for the foreseeable future as there is going to be a demand for oil and gas for decades to come to support the transition to a low carbon economy.

It is estimated that Global Gas demand will remain flat or grow modestly until 2040 which will help fuel the changeover to renewable energy so there is plenty to look forward in these challenging times for our sector.

### Climate Emergency Measures Bill 2018

Notwithstanding the progress made with our Irish portfolio, we continue to closely monitor the proposals put forward in the Climate Emergency Measures Bill, 2018. The Bill, if enacted in its current form with no amendments, would materially impact the Company. The Bill proposes to prohibit the Minister of Department of Communications, Climate Action and Environment (the “Minister”) from granting any future licencing authorisation offshore Ireland should the CO<sub>2</sub> levels (as measured in Hawaii) exceed 350 ppm, a figure which was exceeded in 1990. As such, the proposed Bill, if enacted, would ensure that no future successor licencing authorisations could be issued, and this would be detrimental to our business.

The Bill was first proposed in January 2018 and it went through a public consultation process at Dail sub-committee stage in July 2018 where a number of interested industry parties provided evidence on the need for the continuation of oil and gas exploration and development offshore Ireland. These parties included the Department of Communications, Climate Action & Environment, Sustainable Energy Ireland, Gas Networks Ireland, the Irish Offshore Operators Association (“IOOA”) and the International Energy Agency. Providence was the only industry participant who attended the public consultation hearings.

Over the past 15 months, since the Bill first surfaced, we have been very active including preparing marketing literature, underwriting reports and studies and working extensively with our industry representative body, IOOA, to ensure that we get the message out to a wider constituency about just how bad this Bill is for the environment and for Ireland. Our lobbying and information campaigns have included meetings with industry organisations, representative bodies, local suppliers, elected representatives as well as government officials to highlight our concerns and opposition to the Bill. We also use these meetings to present the facts and figures about the current and future needs for oil and gas to power Ireland’s economy – and it is rising. Our position is very simple – why would anyone want to increase CO<sub>2</sub> levels by importing oil and gas from abroad, rather than using our own resources?

Whilst the government has made its position very clear that it does not support the advancement of this Bill, the government does

not have a parliamentary majority and as such, the uncertainty caused by the political machinations over this Bill remain very unhelpful for any company operating offshore Ireland. The Bill went to the Dail Select Committee stage on June 11, 2019 and it is still being deliberated.

Whilst recognising the need to transition to a lower carbon world, we believe that the Bill is bad for the environment and bad for Ireland. Given Ireland's relative geographical isolation and the fact that Ireland currently imports 100% of its oil and c. 40% of its gas needs, energy policy in Ireland is a very important issue, with a number of critical factors to be considered including security of energy supply, the potential impact of Brexit, the intermittent nature of installed renewable energy capacity, planning limitations, coupled with the fact that the Irish economy is heavily reliant on imported fossil fuels and so one needs to consider the significant carbon footprint caused by importation.

Ireland has an ever-growing appetite for energy. As Sustainable Energy Ireland ("SEAI") pointed out in their submission to the Dail subcommittee in July 2018, fossil fuels accounted for 77 per cent. of all of Ireland's energy needs in 2016 and this figure is expected to increase to 87 per cent by 2030. Meanwhile, SEAI point out that renewables accounted for 8 per cent. of all of Ireland's energy needs in 2016 and this figure is expected to increase to 12 per cent. by 2030.

As such a key provider of energy, the oil & gas industry has an important role to play in the evolution of Ireland's National Energy Policy. Whilst we will fight against the progression of this specific Bill, we will continue to work proactively with government, industry and other stakeholders to ensure that Energy Policy is treated with the consideration and priority that it deserves as Ireland transitions to a low-carbon future, whilst also ensuring that Ireland has affordable access to energy.

### Future Plans

As outlined above, whilst we continued to progress the existing portfolio, we also evaluated a number of other licence opportunities offshore Ireland over the past year. Unfortunately, no new opportunities were consummated. The advent of the Climate Emergency Measures Bill has not only taken up a huge amount of time, but it has also seriously influenced the transaction side of the market.

Whilst our key focus is on our existing Irish portfolio, with particular emphasis on Barryroe, we are also cognisant of the changing attitudes towards E&P companies operating in the EU. As such, the Company believes that it is prudent to continue to evaluate international opportunities, with a particular focus on assets that may have a quick pathway to monetisation, thereby providing a future revenue stream for the business. During the past year, one particular unique international opportunity was secured, but unfortunately, the Company was unable to proceed with it.

Finally, as part of the evolution of the business, we are streamlining the Company's corporate structure to three wholly owned operating subsidiaries:

EXOLA DAC is the subsidiary which holds the 40 per cent. interest in SEL 1/11 (Barryroe)

Providence Porcupine DAC is the new subsidiary that will hold<sup>1</sup> our exploration interests in the Porcupine Basin, namely 28 per cent. of FEL 2/14 (Diablo), 40 per cent. of FEL 2/19 (Avalon), 80 per cent.

of FEL 6/14 (Newgrange) and 26.846 per cent. of FEL 3/04 (Dunquin South). Other Irish licence interests will continue to be held directly by the parent company, Providence Resources P.I.c.

Providence Renewables DAC is a new subsidiary that will be used by the Company for any future activities in the renewable energy arena, which may include offshore geothermal and CCS activities.

### Renewables

Post-well reservoir studies at Dunquin North have confirmed the potential presence of a large geothermal energy resource in the southern Porcupine Basin. Whilst the prospect was originally drilled as a hydrocarbon exploration target, the relatively high heat-flow in the hyperextended southern Porcupine Basin has resulted in unusually hot reservoir waters. In addition, Dunquin North has been confirmed by drilling to comprise productive reservoir quality intervals, something which had been a significant risk pre-drill due to the relatively poor reservoir development encountered in wells drilled in the area previously. The Company believes that there are potentially more large-scale geothermal resources in this basin.

Access to the modern high-quality seismic data and well control has allowed the Company's subsurface team to build reservoir models, similar to oil and gas fields in order to ascertain volumetric estimates of the hot water contained in these reservoirs. Our reservoir and drilling/operations engineers can then access development scenarios using techniques such as reservoir simulation and insulated well completions in order to model the expected flows and temperatures of waters produced to the seabed. Working in tandem with specialist oil field service providers, the electrical power generation potential of these modelled hot water flows can be ascertained resulting ultimately in a landed capacity and price of this dispatchable green base-load electricity. The Company's subsurface team then model the return of the heat depleted waters to the subsurface reservoir for reheating thus ensuring a closed cycle energy system.

The potential for offshore geothermal exploitation of the Dunquin North reservoir system complements not only the Company's capabilities as an offshore oil and gas exploration company, but also leverages on the Company's unique datasets and expertise that we have invested in over the past number of years. The Company is also currently evaluating the potential for offshore CCS utilising offshore reservoirs for the sequestration and storage of produced CO<sub>2</sub>.

### Summary

In summary, 2018 was a very busy year with the Barryroe Farm-out being the main highlight. During 2019, we will continue to advance Barryroe through the well preparations and consenting process. Our key focus remains on receiving the loan advances from APEC and implementing the well-site survey at Barryroe as this drives all subsequent permitting requirements for the future drilling programme.

Finally, I would like to thank all of our stakeholders and to acknowledge the efforts of the Providence team and the continued guidance and support of the Board of Directors.

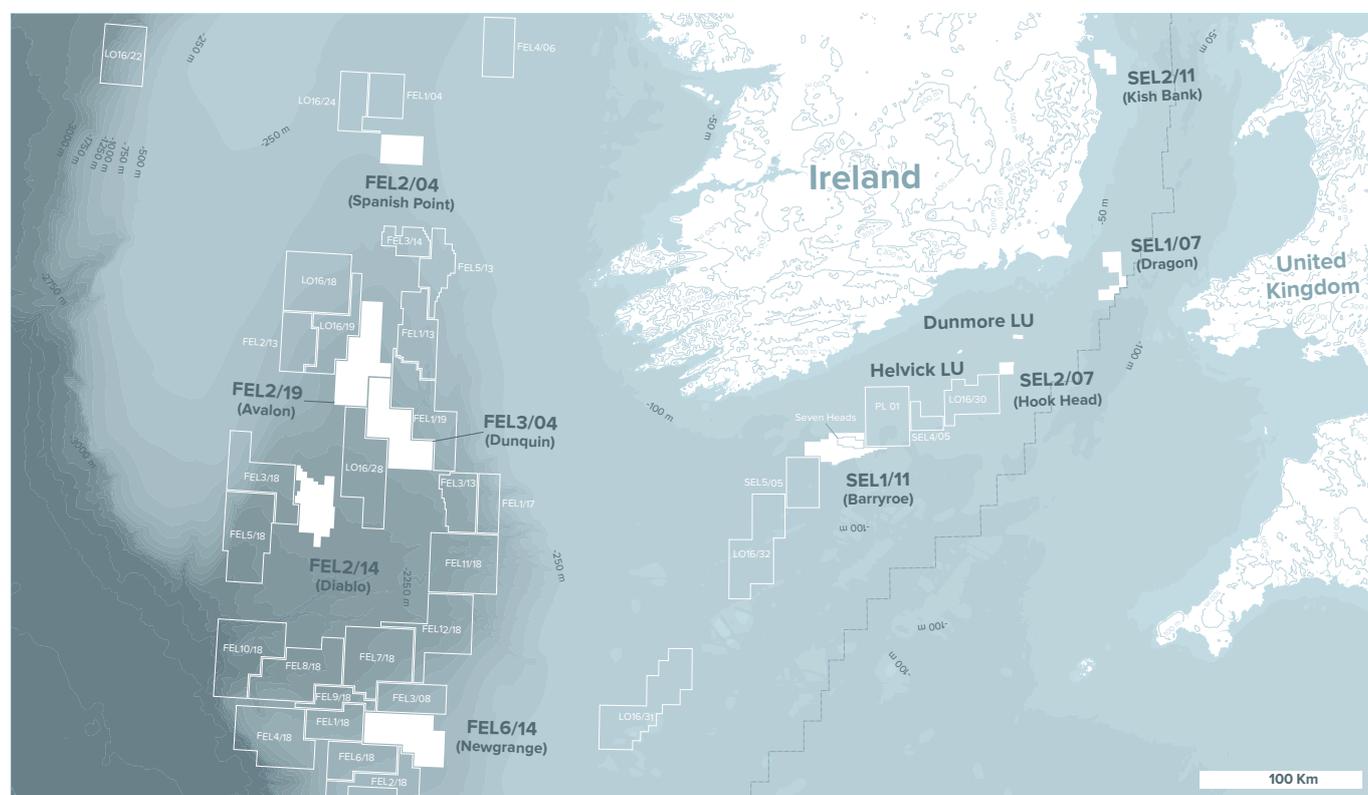
**Tony O'Reilly**  
Chief Executive

<sup>1</sup> Subject to assignment by the Minister

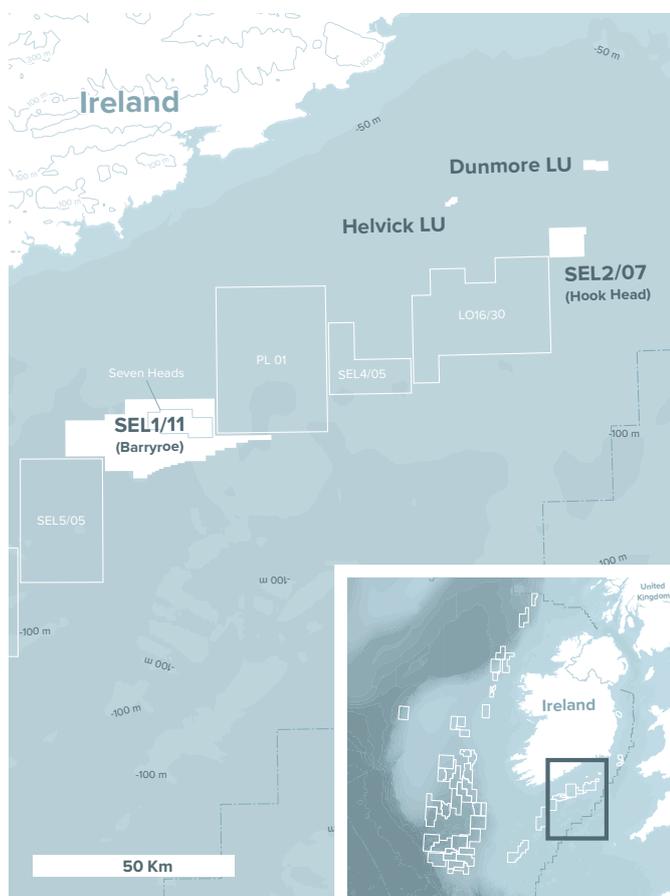
# LIST OF ASSETS

Licence	Issued	Asset	Operator	Partners	PVR %	Type
<b>NORTH CELTIC SEA BASIN</b>						
SEL 1/11	2011	BARRYROE	Providence*	APEC, Lansdowne	40.00*	Appraisal
SEL 2/07	2007	HOOK HEAD	Providence	Atlantic, Sosina	72.50	Appraisal
HELVICK Lease Undertaking	2016	HELVICK	Providence	Atlantic, Sosina, Lansdowne, MFDevCo	56.25	Appraisal
DUNMORE Lease Undertaking	2016	DUNMORE	Providence	Atlantic, Sosina, MFDevCo	65.25	Appraisal
<b>NORTHERN PORCUPINE BASIN</b>						
FEL 2/04	2004	SPANISH POINT	Cairn	Providence, Sosina	58.00	Exploration
<b>SOUTHERN PORCUPINE BASIN</b>						
FEL 2/19	2019	AVALON	Total	Providence, Sosina	40.00	Exploration
FEL 2/14	2014	DIABLO	Total	Providence, Cairn, Sosina	28.00	Exploration
FEL 3/04	2004	DUNQUIN	Eni	Providence, Repsol, Sosina	26.85	Exploration
<b>GOBAN SPUR BASIN</b>						
FEL 6/14	2014	NEWGRANGE	Providence	Sosina	80.00	Exploration
<b>KISH BANK BASIN</b>						
SEL 2/11	2011	KISH BANK	Providence		100.00	Exploration
<b>ST GEORGE'S CHANNEL BASIN</b>						
SEL 1/07	2007	DRAGON	Providence		100.00	Exploration

\* Held through wholly owned subsidiary, Exla DAC.



## Appraisal: Celtic Sea



### Barryroe

The Barryroe oil discovery is located in Standard Exploration Licence (“SEL”) 1/11, off the south coast of Cork in the North Celtic Sea Basin. Through its wholly owned subsidiary EXOLA, the Company holds a 40 per cent. working interest in and is operator of SEL 1/11, with JV partners APEC and Lansdowne holding working interests of 50 per cent. and 10 per cent., respectively. Originally licenced in 2008 as a Licensing Option, the licence was converted to a Standard Exploration Licence in 2011. In April 2019, the Barryroe JV Partners applied to convert SEL 1/11 into a Lease Undertaking.

In 2011/2012, EXOLA (80 per cent.) and Lansdowne (20 per cent.) drilled the 48-24/10z appraisal well, which was the sixth well to be drilled on the Barryroe structure. This well tested at a rate of c.3,500 BOPD in March 2012. A Competent Person’s Report (“CPR”) was carried out by Netherland Sewell and Associates, Inc in 2013 which confirmed oil in place (2C) of 761 MMBO in the basal Wealden sands with recoverable 2C resources of 266 MMBO. A previous audit by RPS on the middle Wealden sands attributed oil in place (2C) of 287 MMBO, with recoverable 2C resources of 45 MMBO and 21 BCF.

Post the publication of the CPR, a farm-out process commenced with the objective of bringing in a suitably qualified company to advance the Barryroe project towards field sanction/development. In March 2018, EXOLA and its partner, Lansdowne signed a Farm-Out Agreement with APEC in relation to SEL 1/11. This Farm-Out Agreement provided for the drilling of a number of wells

at Barryroe and was conditional on completion of ancillary legal documentation required to implement the terms of the FOA, and was subject to the approval of the Minister of Department of Communications, Climate Action and Environment.

In September 2018, following the consent of the Minister to the assignment of a 50 per cent. working interest in SEL 1/11 to APEC. EXOLA, APEC and Lansdowne signed an Updated Farm-out Agreement (“Updated FOA”) leaving EXOLA with 40 per cent. working interest and Lansdowne with a 10 per cent. working interest. Under the terms of the Updated FOA, APEC is providing a fully cost-carried firm programme comprising of the drilling and testing of four vertical wells and one horizontal side-track, plus the optional drilling of two additional horizontal wells together with loan advances to EXOLA for certain agreed project and operational costs totalling US\$24 million. EXOLA will act as Operator for the execution of the Barryroe drilling programme and following completion of the Barryroe drilling programme, APEC will have the right to become Operator for the development/ production phase (subject to Ministerial consent).

Pursuant to the terms of the Updated FOA, APEC is directly responsible for paying 50% of all cost obligations associated with the Barryroe drilling programme, and the Option Wells (if applicable). APEC will finance, by way of a non-recourse loan facility (the “Loan”), the remaining 50% of all cost obligations attributable to EXOLA and Lansdowne in respect of the Barryroe drilling programme as well as the Option Wells (if applicable). The Loan, drawable against the budget for the Barryroe drilling programme, will incur an annual interest rate of LIBOR +5% and will be repayable from production cashflow from SEL 1/11 with APEC being entitled to 80% of production cashflow from SEL 1/11 until the Loan is repaid in full. Following repayment of the Loan, APEC will be entitled to 50% of production cashflow from SEL 1/11 with EXOLA and Lansdowne being entitled to 40% and 10% of production cashflow, respectively. The 4.5% net profits Interest, held by San Leon Plc, was not assigned to APEC and so remains the obligation of EXOLA.

In November 2018, an application for a judicial review was taken by An Taisce against the Minister and the Attorney General of Ireland, challenging the legality of the permission granted to EXOLA to conduct well-site survey operations at Barryroe. As announced in November 2018, whilst the Company was only a notice party to the issued legal proceedings, noting the potential delay and uncertainty that such a judicial review could have caused, the Company took a decision not to act on the granted well site survey permission with immediate effect.

The application for a judicial review by An Taisce was considered by the Courts on January 30, 2019 where an *Order of Certiorari* by way of application for judicial review quashed the decision of the Minister of 8 October 2018 granting permission to EXOLA to conduct a seabed debris clearance, environmental baseline and habitat assessment site survey at Barryroe in SEL 1/11, together with the supporting environmental impact assessment screening determination dated 23 July 2018.

## LIST OF ASSETS (CONTINUED)

In February 2019, EXOLA applied to the Minister for a new permission to carry out well site survey activities at Barryroe. Without prejudice to the site survey application and approval process, EXOLA is now planning to be in a position to conduct its well-site survey operations in Q3 2019.

Since the signing of the Updated FOA, EXOLA, APEC and Lansdowne have been working on progressing multiple work streams to deliver the Barryroe drilling programme, including the contractual arrangements with key service providers. Earlier in the year, the JV partners agreed outline terms with COSL for an Integrated Project Management Contract. In February 2019, the Company confirmed that the “COSLInnovator” semi-submersible drilling unit had been nominated by COSL for the Barryroe drilling programme. In April 2019, the Barryroe Partners submitted a Lease Undertaking application over Barryroe. In June 2019, the Company agreed an extension with APEC for the receipt of the initial US\$9 million loan advance, the proceeds of which will be used to finance the well-site survey and consenting costs. The balance of the loan advance due from APEC of US\$15 million is payable prior to the spudding of the first well and is to cover operator related drilling costs.

### Hook Head

SEL 2/07 was awarded to the Company and its partners in 2007. The current working interests in Hook Head are Providence (72.5 per cent.), Atlantic (18.3 per cent.), and Sosina (9.2 per cent.), with the Company acting as Operator.

Hook Head has had four wells drilled on it, all of which have logged hydrocarbon bearing reservoir intervals. Hook Head has audited recoverable resources of c. 35 MMBO (2C) in the drilled central part of the structure. The Company has made an application to the government for a Lease Undertaking to allow the partners to evaluate innovative methods to commercialise this discovery with third parties. This application is still pending.

### Helvick & Dunmore

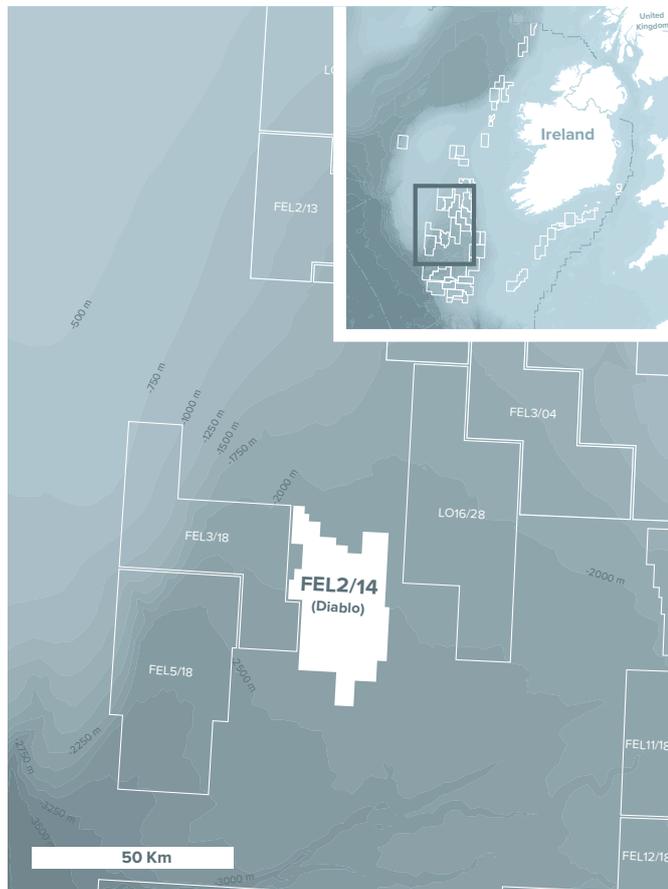
The Company holds a 56.25 per cent. working interest in, and is Operator of, Helvick which is located c. 40 km off the south coast of Ireland and is situated in c. 75 m water depth. Previously held under SEL 2/07, the area is now held under a Lease Undertaking. The other working interests in Helvick are Atlantic (16.5 per cent.), Lansdowne (9 per cent.), Sosina (8.25 per cent.) and MFDevCo (10 per cent.).

The Company holds a 65.25 per cent. working interest in, and is Operator of, Dunmore which is located c. 40 km off the south coast of Ireland and is situated in c. 70 m water depth. Previously held under SEL 2/07, the area is now held under a Lease Undertaking. The other working interests in Dunmore are Atlantic (16.5 per cent.), Sosina (8.25 per cent.), and MFDevCo (10 per cent.). The audited recoverable resource estimate for Helvick is c. 3 MMBO, whilst the joint ventures' latest internal work indicates a STOIP resource estimate for Dunmore of up to c. 17 MMBO.

In November 2013, the Company agreed a phased farm-in in relation to the Helvick and Dunmore discoveries with MFDevCo, formerly known as ABT Oil and Gas, a UK based company who has proprietary technology for the deployment of low-cost development solutions for marginal fields. As part of the farm-in, MFDevCo undertook to assist the joint venture partners in the carrying out of a detailed phased work programme. In March 2016, the Minister awarded a separate Lease Undertaking for both the Helvick and Dunmore oil discoveries, for which the Company has sought a further extension to allow MFDevCo to carry out their work programme. This extension request is still pending.

Subject to the time extension being granted, the MFDevCo work programme will determine whether the discoveries can be developed commercially, through the use of MFDevCo's low-cost development technologies. If the joint venture partners determine that the discoveries can be developed commercially, MFDevCo will carry out the work required to prepare and submit, to the Minister, an outline plan of development and an application for a Petroleum Lease. Subject to the award of a Petroleum Lease by the Minister, the next phase of the work programme would then involve the preparation and submission of a formal plan of development to the Minister. Subject to completion of the work programme in full and Ministerial approval of the plan of development, MFDevCo will earn in aggregate a 50% working interest in the Helvick and Dunmore discoveries.

## Exploration: Diablo



### Diablo

The Diablo exploration prospect, located in FEL 2/14, off the west coast of Ireland in the Porcupine Basin, was licenced in 2014, being a successor authorisation to Licensing Option (“LO”) 11/9 issued as part of the 2011 Atlantic Margin Licensing Round. The Company holds a 28 per cent. interest in FEL 2/14 with partners Total, Cairn and Sosina, who hold 35 per cent., 30 per cent. and 7 per cent, respectively. The licence is now operated by Total.

During the initial pre-FEL 2/14 authorisation phase (LO 11/9 – from 2011 through 2013), the 2 joint venture parties (Providence, 80 per cent. working interest and Operator, and partner Sosina, 20 per cent working interest) 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. The joint venture also identified the deeper Diablo four way dip closure exploration structure. The joint venture subsequently agreed to licence part of a multi-client 3D seismic survey over the area. This 3D survey was acquired in the summer of 2014 and was subsequently processed in 2014/15. Having completed the seismic processing of the 3D data, in late 2015, the Company entered into an exploration collaboration agreement with Schlumberger in respect of the southern Porcupine and Goban Spur Basins.

Over a six month period, a multi-disciplinary team of 24 technical professionals from Schlumberger and six from the joint venture worked on this project focusing on the primary technical

disciplines of Geology, Geophysics, Geomechanics and Petroleum Systems Modelling. In April 2016, the Company announced the key results of the collaborative project in relation to the Druid and Drombeg exploration prospects, with Druid being assessed as having cumulative in-place un-risked prospective resources of 3.180 BBO ( $P_{mean}$ ) and Drombeg being assessed as having in-place un-risked prospective resource of 1.915 BBO ( $P_{mean}$ ).

In June 2016, the Company confirmed its intention to carry out exploration drilling on the Druid prospect and financing was provided from its shareholders, through the issuance of 457.5 million ordinary shares of €0.10 at a price of £0.12 to institutional and other investors raising in aggregate approximately US\$ 70 million. Over the subsequent 9 months, the Company put in place a programme, including contracting the Stena “IceMax” drillship, to carry out the drilling of 53/6-1 exploration well. During this period, the Company also carried out a farm-out campaign which resulted in the successful conclusion of 2 major commercial transactions, the financial benefits of which allowed the 53/6-1 exploration well to be deepened to drill the Drombeg prospect.

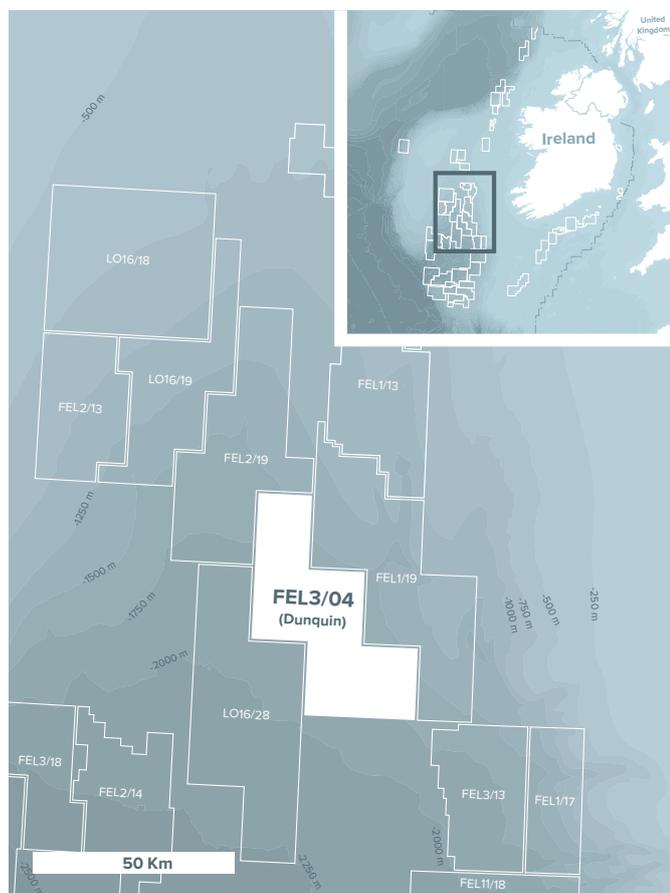
In March 2017, the Company signed a farm-out agreement with a subsidiary of Cairn Energy, which saw Cairn take a 30 per cent. working interest in the 53/6-1 exploration drilling programme on the basis that they fund 1.5 times their equity (up to a well cap of US\$ 42 million) and thereafter, at their 30 per cent. working interest. In June 2017, the Company announced an option deal with a subsidiary of Total, whereby Total paid Providence & Sosina (on a 80/20 basis, respectively) US\$ 27 million to have the right to take a 35 per cent. working interest in FEL 2/14, such option to be exercised 60 working days post the completion of the 53/6-1 exploration well drilling programme. This option was exercised by Total at the end of December 2017.

The 53/6-1 exploration well spud in July 2017 with the first target reservoir interval, Druid, intersected within pre-drill prognosis by the end of July. As announced in August 2017, the reservoir was found to be water bearing. Drilling operations then continued through September 2017, when the Lower Cretaceous Drombeg reservoir interval was intersected (within pre-drill prognosis) and was also found to be water bearing. With data acquisition carried out and with the drilling operations safely concluded, the well was plugged and abandoned in accordance with pre-drill plans, and the rig went off-hire at the end of September 2017.

The other main exploration prospect identified in FEL 2/14 is the pre-rift Jurassic Diablo target. This play is a faulted upthrown structural closure located deep beneath Druid and Drombeg. Diablo is similar to established Jurassic Brent plays in the North Sea, as well as the recently emerging Jurassic successes in the conjugate Flemish Pass Basin, offshore Eastern Canada such as Bay du Nord. Diablo has been mapped using 3D seismic data and closes over a c. 180 km<sup>2</sup> area. The prospect is deeply buried, lying c. 5 km below the seabed at a similar depth to the Elgin-Franklin Total-operated fields in the UK Central North Sea. Notably, CNOOC International and partner ExxonMobil are currently drilling a similar play to Diablo in a more basin margin and shallower location with their *Iolar* exploration well. The results of this well will have a lot of bearing on the future exploration efforts in FEL 2/14.

# LIST OF ASSETS (CONTINUED)

## Exploration: Dunquin



### Dunquin South

The Company holds a 26.846 per cent. working interest in FEL 3/04 with Eni acting as Operator. The other equity interests in FEL 3/04 are Eni (36.913 per cent.), Repsol (33.557 per cent.) and Sosina (2.684 per cent.) The licence lies in the southern Porcupine Basin, c. 200 km off the south-west coast and in c. 1,500 m water depth.

FEL 3/04 was originally awarded in 2004 to the Company (80 per cent., Operator) and partner Sosina (20 per cent.). In 2006, the Company and Sosina agreed a farm-in with ExxonMobil, whereby they assumed an 80 per cent. working interest in return for a pre-agreed investment programme. This transaction reduced the Company's working interest to 16 per cent. and Sosina's working interest to 4 per cent. In 2006, the JV partnership acquired c.1,500 line km of 2D seismic reflection profile data over FEL 3/04, with the Company acting as Operator.

In 2009, Eni farmed into FEL 3/04 for a 40 per cent. working interest, resulting in revised working interests of Providence (16 per cent.), ExxonMobil (40 per cent.), Eni (40 per cent.) and Sosina (4 per cent.) Separately, ExxonMobil assumed operatorship and moved the partnership to the next phase of the licence by formally making a well commitment. In 2011, Repsol farmed in for a 25.0 per cent. working interest, thereby changing the working interests to ExxonMobil (27.5 per cent.), Eni (27.5 per cent.), Repsol (25 per cent.), Providence (16 per cent.) and Sosina (4 per cent.). In 2013, Atlantic Petroleum farmed into the licence resulting in final pre-drill working interests of ExxonMobil (25.5 per cent.),

Eni (27.5 per cent.), Repsol (25 per cent.), Providence (16 per cent.), Atlantic (4 per cent) and Sosina (2 per cent).

Drilling operations on the 44/23-1 Dunquin North exploration well, situated on the northern flank of a c. 700 km<sup>2</sup> intra-basinal ridge system, were completed in July 2013 reaching a final total depth of c. 5,000 m MDBRT. The primary Lower Cretaceous Dunquin North prospect was encountered within the pre-drill depth prognosis and comprised a thick over-pressured carbonate reservoir system. The well was terminated having drilled a total thickness of c. 250 m of massive porous carbonate reservoir. Preliminary well analysis indicated the reservoir to be water bearing, however, petrophysical log interpretation, elevated gas levels, together with oil shows in sidewall cores over the upper section of the reservoir, suggested the presence of a residual oil column.

In 2014, the results of the post well analysis from the Dunquin North exploration well were announced which confirmed that the prospect contained at least a c. 44 m residual oil column in a thick, over-pressured, high porosity carbonate reservoir system that was breached, with pre-breach oil STOIP volumetrics of c. 1.2 BBOE, and with a current estimated residual oil STOIP of c. 600 MMBO. ExxonMobil, the then Operator, also carried out an assessment of the other exploration prospect contained in FEL 3/04, Dunquin South, which identified un-risked hydrocarbons in place of 3.475 BBOE (P<sub>mean</sub>), with a recoverable estimate of 1.389 BBOE (P<sub>mean</sub>).

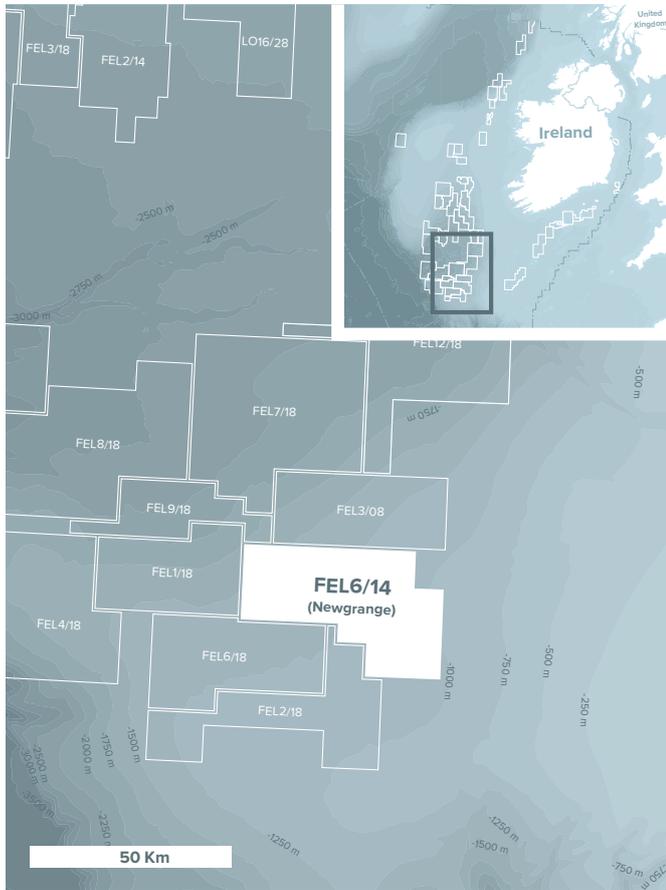
In July 2015, the Company announced the acquisition of Atlantic's 4 per cent. working interest. In March 2016, the Company announced that Dunquin North post-well technical studies continued with a focus on the future potential of the adjacent Dunquin South exploration prospect. Additional stacked potential was also assessed in the underlying c.700 km<sup>2</sup> Dunquin Ridge. A re-analysis of the 44/23-1 Dunquin North well data suggested that the original hydrocarbon column may have been significantly greater than the previously reported 44m and may have covered the entire 250 m drilled interval, with read-through implications for the Dunquin South prospect and the underlying Dunquin Ridge.

Following the announcement in August 2016 of ExxonMobil's withdrawal from FEL 3/04, the remaining partners in FEL 3/04 increased their respective working interests in the licence through a pro-rata distribution of ExxonMobil's working interest, with Eni assuming the role of Operator.

In April 2017, the Company announced that the Dunquin JV partnership had agreed to licence 1,800 km<sup>2</sup> of 3D data over FEL 3/04 to be acquired as part of a multi-client seismic survey during summer 2017. The purpose of licensing this 3D seismic data was to try to differentiate between the breached Dunquin North structure and the undrilled Dunquin South structure.

In November 2018, the Company announced that the FEL 3/04 partners had approved the budget for the acquisition of a well-site survey to be carried out over Dunquin South in 2019, which is a pre-requisite for the drilling of an exploration well. This site survey was planned to be carried out in Q3 2019, but unfortunately in June 2019, the Dunquin JV partners elected to defer this survey to a future date.

## Exploration: Newgrange



### Newgrange

The Company currently holds an 80 per cent. working interest in FEL 6/14, with partner Sosina holding 20 per cent. The licence lies in the Goban Spur Basin, some 260 km off the south-west coast of Ireland, in c. 1,000 m water depth. FEL 6/14 was originally awarded to the Company and its partner Sosina in October 2011 as LO 11/11, during the 2011 Irish Atlantic Margin Round. In April 2014, LO 11/11 was converted into FEL 6/14 with the same working interests.

The Newgrange prospect is a similar Lower Cretaceous carbonate play-type to the previously drilled Dunquin North residual oil accumulation located in FEL 3/04. Whilst the Newgrange prospect is located in c. 1,000 m water depth, it is notable that the crest of the Cretaceous closure is just c. 500 m below the seabed which means that this prospect should be particularly cost-effective to drill. The previously drilled 62/7-1 well, which was located c. 30 km from the Newgrange prospect and was drilled down-structure, encountered hydrocarbon shows in sands of Lower Jurassic age indicating the presence of an active petroleum system.

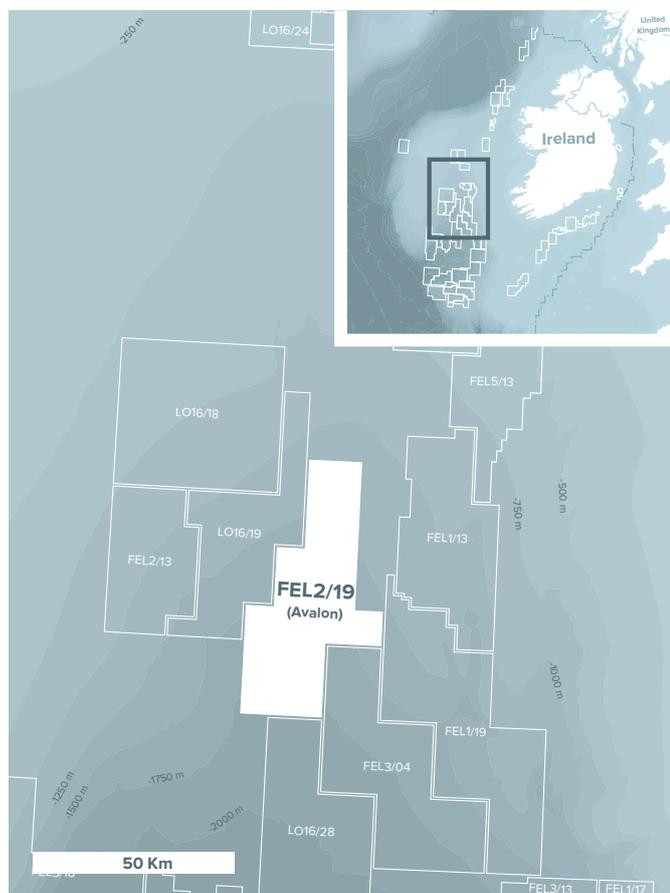
In 2014, a non-exclusive multi-client 2D seismic survey was acquired over Newgrange and the surrounding area, of which the Company licenced c. 2,500 line km of data. Geopressure analysis from the acquired 2D seismic data indicated the likely presence of top-seal at Newgrange. Pre-stack seismic inversion and rock physics analysis showed low acoustic impedance, indicative of good quality reservoir within the Lower Cretaceous section. Mapping of the 2D seismic data indicated the pre-rift Base Cretaceous Newgrange structural closure to be much larger than previously thought covering a total area of c. 1,800 km<sup>2</sup> with c. 1,000 km<sup>2</sup> within the Company's licenced area.

In July 2016, the second phase results from the Schlumberger exploration collaboration project were released. The results supported top seal and reservoir presence for the Cretaceous Newgrange target. The estimated gross un-risked Prospective Resource potential for Newgrange was estimated at c. 13.6 TSCF GIIP or c. 9.2 BBO STOIP. In addition, top seal capacity analysis indicated the potential for a hydrocarbon column of up to c. 350 m.

In 2017, the Company applied for consent to carry out an exploration well-site survey, with Gardline being awarded the contract to carry out such survey. The survey, which was acquired in Q3 2018, confirmed the presence of 262 seabed pockmarks with seabed samples demonstrating both biogenic and thermogenic hydrocarbon sourcing signatures indicating a potential link to active hydrocarbon migration.

# LIST OF ASSETS (CONTINUED)

## Exploration: Avalon



### Avalon

The Company holds a 40 per cent. working interest in FEL 2/19 with Total acting as Operator. The other working interests in FEL 2/19 are Total (50 per cent.) and Sosina (10 per cent.) The licence lies in the southern Porcupine Basin, c. 150 km off the west coast and in c. 1,300 m water depth.

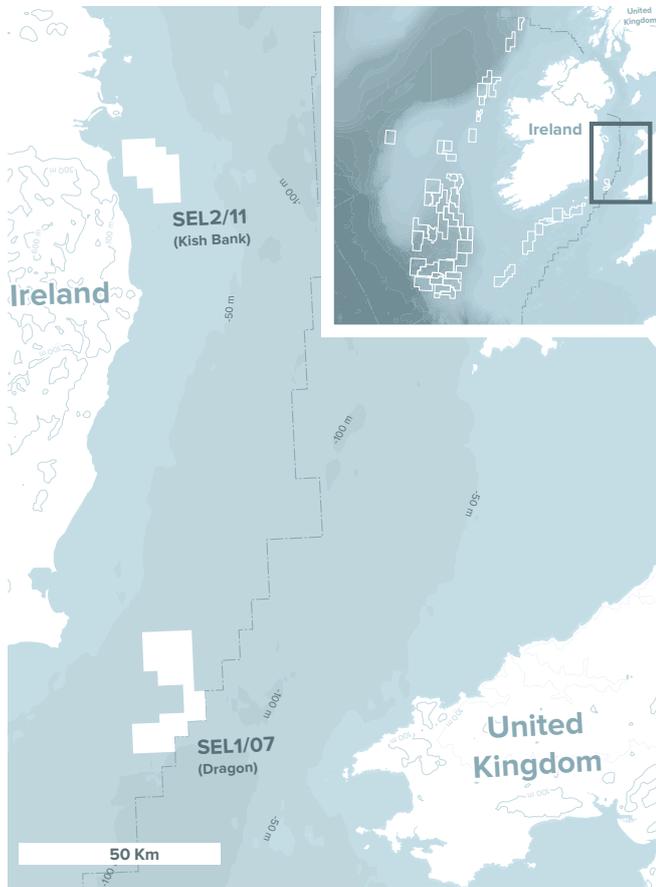
In 2016, the Company (80 per cent.) and its partner Sosina (20 per cent.) were awarded Licensing Option 16/27 over a 1,324 km<sup>2</sup> area. The LO 16/27 lies directly adjacent to and north of FEL 3/04 which contains the 600 MMBO Dunquin North residual oil accumulation and the Dunquin South exploration prospect.

During regional interpretation and mapping of vintage 2D seismic reflection data, Providence identified an areally extensive (c. 550 km<sup>2</sup>) north-south orientated Paleocene basin-floor channel and fan system ('Avalon') within the axial part of the Porcupine Basin. The Avalon system, which is located c. 2,500 m BML, is interpreted to be sourced from the north of the basin and shales out in a southerly distal direction. A structural flexure down to the north negates the requirement for sandstone pinch out in the proximal sediment transport direction, greatly improving reservoir sealing potential. The presence of a thick sandstone interval is indicated by compactional drape morphologies which are imaged within parts of the system. The pre-existing Mesozoic structural grain appears to have exerted some control on deposition as evidenced by thickening of the system within pre-existing structural lows. Whilst limited seismic reflection gather data were available during the evaluation phase, the available data suggested the potential for a depth-conformant AVO anomaly.

In June 2017, the Company agreed a farm-out with Total. In consideration for Total taking a 50 per cent. working interest in LO 16/27, Total agreed to pay its pro-rata share of past gross costs of c. US\$ 0.175 million and in addition to its pro-rata share, pay 21.4 per cent. of the past and future costs during the 2-year term of LO 16/27, subject to a gross cost cap of US\$ 1.33 million. Under the terms of the Farm-out Agreement, Total assumed operatorship of LO 16/27. The Farm-out also provided that, in the event that the JV partners agreed to convert LO 16/27 into a Frontier Exploration Licence, and a subsequent decision is taken to drill an exploration well, Total will pay 60 per cent. of the drilling costs, subject to a gross well cap of US\$ 42 million.

In January 2019, Ministerial approval was given for the conversion of LO 16/27 to FEL 2/19. In February 2019, Total, Providence and Sosina licensed c. 1,500 km<sup>2</sup> of multi-client 3D seismic data over FEL 2/19 which forms part of the larger Crean 3D seismic survey, which was acquired by TGS in 2017. These new multi-client 3D data should significantly improve the delineation of the Avalon prospect together with facilitating any drill-decision on the prospect.

## Exploration: Kish Bank and Dragon



### Kish Bank

The Company holds an 100 per cent. working interest in SEL 2/11, which lies c. 8 km offshore Dublin in c. 25 m water depth. Licensing Option (“LO”) 08/2 was originally awarded in 2008 to the Company (50 per cent.) and Star Energy (a subsidiary of Petronas, 50 per cent.), with the Company acting as Operator. In December 2011, LO 08/2 was converted into SEL 2/11 with the same working interests and an exploration well commitment was made by the JV partners. The Lower Triassic Sherwood Sandstone Kish Bank Oil Prospect has estimated un-risked recoverable prospective resources of c. 210 MMBO.

In January 2012, a Foreshore Licence application was made to carry out temporary seismic and exploration drilling works on the Kish Bank Oil Prospect. This Foreshore Licence was granted to the Company in October 2012. In February 2013, the Company elected to voluntarily surrender the Foreshore Licence when it became clear that there had been a governmental transposition error in relation to the European EIA Directive. In 2014, this transposition error was finally corrected but further consultation is required with the government regarding the application of the Foreshore Act.

In January 2016, the Company assumed a 100 per cent working interest in SEL 2/11 and subsequently, the Company sought a further time extension from the Irish government so that the Company can try to advance the requisite permitting process for the drilling of an exploration well.

The status of the licence is currently under review and discussion with the regulatory authorities pending clarity on the Foreshore Act and the ability of the Company to carry out its planned activities.

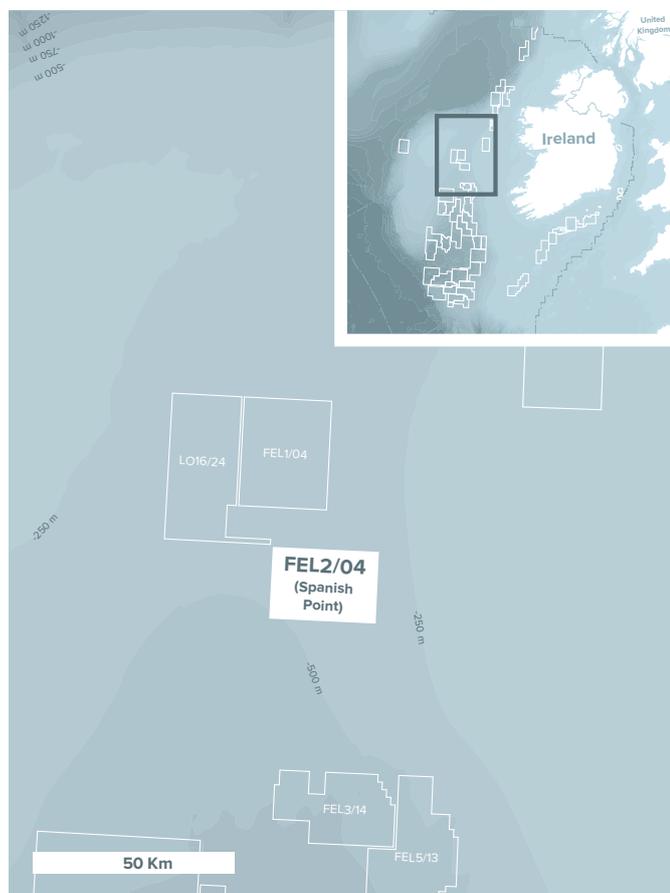
### Dragon

SEL 1/07 was awarded to the Company in February 2007 (100 per cent.), having previously being held under a Licensing Option authorisation. The licence is situated on the Irish/UK median line in the St George’s Channel.

Having relinquished the adjacent UK licence (P1930) due to limited resource potential, based on newly reprocessed PSDM 3D seismic data, the Company is discussing the future status of the Irish licensing authorisation with the Irish regulator.

# LIST OF ASSETS (CONTINUED)

## Exploration: Spanish Point



### Spanish Point

The Company holds a 58 per cent. working interest in FEL 2/04 with Cairn (38 per cent., Operator) and Sosina (4 per cent.). The licence is located in the northern Porcupine Basin, c. 170 km off the west coast of Ireland and situated in c. 400 m water depth.

FEL 2/04 was originally awarded to the Company (80 per cent., Operator) and partner Sosina (20 per cent.) in 2004. In 2008, the Company entered into a staged farm-in arrangement with Chrysaor E&P Ireland Limited (“CEPIL”), with CEPIL assuming an initial 30 per cent. working interest in return for carrying the costs of a 3D seismic programme, which was subsequently acquired in 2009.

In 2011, the partnership moved to the next stage of the licence with a commitment to drill an appraisal well on Spanish Point. Under the CEPIL farm-in agreement, CEPIL’s cost exposure was capped for up to two wells (or well and potential side-track). In May 2013, CEPIL entered into a farm in agreement with Cairn Energy PLC whereby Cairn became Operator with the objective to drill an appraisal/exploration well on Spanish Point. As a result, the revised working interests for FEL 2/04 then changed to Cairn (38 per cent.), Providence (32 per cent), CEPIL (26 per cent.) and Sosina (4 per cent).

In July 2014, the Company announced that the planned Spanish Point appraisal well had been delayed to 2015 due to rig refurbishment issues with the selected rig. In February 2015, the Company acquired CEPIL, effective from November 2014, thereby increasing the Company’s working interest to 58 per cent. in FEL 2/04 for a nominal consideration of US\$1. In March 2015, planned drilling activity was again deferred due to unforeseen changes to the make-up of the joint venture and the consequent delay to the securing of equipment and other necessary requirements. In 2015/2016, the Company carried out a farm-out process for part of its working interest in FEL 2/04. Due to the challenging economic conditions and re-assessed geological interpretation, no farm-out was concluded and the JV Partners were unable to sanction drilling.

As a result, the JV partners (led by the Operator, Cairn) engaged in discussions with the Irish regulatory authorities as to future status of the licence – these discussions are ongoing. Accordingly, due to this uncertainty on licence status, the Company elected to impair the carrying value of FEL 2/04 to nil value in its accounts.

# BOARD OF DIRECTORS

## Pat Plunkett

**Non-Executive Chairman**  
**Joined Board:** 10/2016

### Background

Pat Plunkett was appointed Non-Executive Chairman of the Company in October 2016. He was previously Non-Executive Chairman of Tullow Oil PLC from 2000 to 2011. He is currently Executive Chairman of T5 Oil and Gas Ltd, a private company he founded in 2013. Pat has over 30 years' experience in the financial service sector. He was a founding partner of the Riada & Co stockbroking and corporate finance businesses and following their acquisition by ABN AMRO NV, he continued to manage these businesses until 1998.

### Qualifications

Certificated Accountant

### Training/Upskilling

As a Certificated Accountant, Pat ensures that his skills are kept up to date.

As a non-executive director of Providence Resources Plc, he is kept informed on relevant regulatory compliance and statutory matters through briefings by external advisors and has access to the Company's external advisors as required.

### Independent

No  
 Under the QCA principle, Pat is deemed to be non-independent on the basis that he is Chairman of T5, a company in which Pageant Holdings Ltd, a notifiable shareholder of Providence (14.02% as at April 9, 2019), is also a shareholder. The Board is satisfied that it has in place effective processes and procedures to ensure that any conflicts of interest that might arise can be managed appropriately.

### Skills

Pat has a good financial understanding of the challenges a growing Oil and Gas business faces from his time spent at Tullow Oil Plc.

### Length of time on Board

2.5 Years

### Committees

**C R A N M**

### Key External Appointments

Executive Chairman of T5

## Tony O'Reilly

**Chief Executive**  
**Joined Board:** 07/1997

Tony O'Reilly has been Chief Executive of Providence Resources Plc since 2005, having founded the Company in 1997 and he has served as a Director since its incorporation. He previously worked in mergers and acquisitions at Dillion Read and in corporate finance at Cooper and Lybrand, advising natural resources companies. He served as Chairman of Arcon International Resources PLC (having been Chief Executive from 1996 to 2000) until 2005 when Arcon merged with Lundin Mining Corporation.

BA from Brown University

The executive directors are kept informed on relevant regulatory compliance and statutory matters through briefings by external advisors and all executive directors have access to the Company's external advisors as required.

N/a

Tony brings a wealth of experience working in the Oil and Gas sector in Ireland and abroad. He is acutely aware of the challenges the industry faces.

22 Years

**M**

Irish Offshore Operators' Association CLG

## John O'Sullivan

**Technical Director**  
**Joined Board:** 05/2010

John is a Chartered Geologist and a Fellow of the Geological Society of London. 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.

Geology Degree, masters in applied Geophysics, masters in technology management and Ph.D. Geology

John as a Fellow of the Geological Society of London is required to complete continual professional development training. The executive directors are kept informed on relevant regulatory compliance and statutory matters through briefings by external advisors and all executive directors have access to the Company's external advisors as required.

N/a

John has a wealth of experience in the Oil and Gas sector with an understanding of the geology of offshore Ireland.

9 Years

**M**

Irish Offshore Operators' Association CLG

## Angus McCoss

**Senior Independent Non-Executive Director**  
**Joined Board:** 06/2017

Angus McCoss joined the Board as a Non-Executive Director in June 2017. Angus holds a Ph.D. in Structural Geology and is a member of the Advisory Board of the industry backed Energy and Geoscience Institute of the University of Utah. Angus is the exploration Director and main Board Director of Tullow Oil PLC, a leading independent Oil and Gas, exploration and production group, quoted on the London, Irish and Ghanian stock exchanges. Angus joined Tullow in 2006 following 21 years wide ranging exploration experience and held a number of senior positions in Shell.

Ph.D. Structural Geology

Angus undergoes continues training on regulatory and compliance requirements in Tullow Oil Plc. As a non-executive director of Providence Resources Plc, he is kept informed on relevant regulatory compliance and statutory matters through briefings by external advisors and has access to the Company's external advisors as required.

Yes

Angus McCoss brings a wealth of international exploration experience to the Board.

2 Years

**M**

Exploration Director Tullow Oil Plc

# BOARD OF DIRECTORS

## (CONTINUED)

Philip O'Quigley	James McCarthy	Lex Gamble
<b>Non-Executive Director</b> Joined Board: 06/2008	<b>Non-Executive Director</b> Joined Board: 05/2005	<b>Non-Executive Director</b> Joined Board: 08/2005
<b>Background</b>		
Philip O'Quigley was Finance Director of Providence Resources Plc from June 2008 until his appointment as Chief Executive Office of Falcon Oil and Gas Plc in May 2012. Philip continues to serve the Company in his capacity as Non-Executive Director	James McCarthy was appointed as a Non-Executive Director of the company in May 2005 and was appointed Chairman of the Board on the retirement of Dr. Brian Hillary on 26 May 2015. He stepped down as Chairman on 1 October 2016. James is a former Director of Arcon International Resources PLC.	Lex Gamble is a former Director of Harris Private Bank NA, Northwestern Trust Co., Keystone Capital Corp., General Nutrition Corp., Cardiac Insights Inc. and Ashford Castle. He has been an investment banker for over 35 years serving as a Managing Director of Smith Barney, Morgan Grenfell and Kidder Peabody. He has provided strategic advice to more than 200 U.S. and international companies, including several in the FTSE 100 and Fortune 500.
<b>Qualifications</b>		
Bachelor of Commerce and Chartered Accountant	Bachelor's Degree in civil law and an MBA.	Bachelor of Arts from University of Washington and master's degree from the Harvard Business School.
<b>Training/Upskilling</b>		
As a Chartered Accountant, Philip has a requirement to complete continual professional development training as part of his professional qualification. As a non-executive director of Providence Resources Plc, he is kept informed on relevant regulatory compliance and statutory matters through briefings by external advisors and has access to the Company's external advisors as required.	James as non-executive directors is kept informed on relevant regulatory compliance and statutory matters through briefings by external advisors and has access to the Company's external advisors as required.	Lex attends conferences to keep up to date. As a non-executive director of Providence Resources Plc, he is kept informed on relevant regulatory compliance and statutory matters through briefings by external advisors and has access to the Company's external advisors as required.
<b>Independent</b>		
No Philip is deemed not to be independent under the QCA principles due to the length of tenure on the Board being greater than 9 years.	No James is deemed not to be independent under the QCA principles due to the length of tenure on the Board being greater than 9 years.	No Lex is deemed not to be independent under the QCA principles due to the length of tenure on the Board being greater than 9 years.
<b>Skills</b>		
Philip is in the unique position of understanding the financial challenges within the Oil and Gas sector for a small E&P Company.	James brings legal and finance experience to the Board from a diverse range of industries.	Lex brings a wealth of international finance experience to the group and an understanding of the US financial environment.
<b>Length of time on Board</b>		
11 Years	14 Years	14 Years
<b>Committees</b>		
<b>C R N M</b>	<b>C R A N M</b>	<b>C R A N M</b>
<b>Key External Appointments</b>		
CEO of Falcon Oil and Gas Plc	CEO of Nissan Ireland Limited Director of Corporate Finance Ireland Limited Windsor Motors	N/a

## DIRECTORS' REPORT

The Directors submit their Annual Report together with the audited financial statements of the Company ("the Company") and its subsidiaries ("Providence" or the "Group") for the year ended 31 December 2018.

### Principal Activities, Business Review and Future Developments

Information with respect to the Group's principal activities and the review of the business and future developments as required by Section 327 of the Companies Act 2014 is contained in the Chairman's Remarks, the CEO – Operations Review and List of Assets on pages 6 to 14.

During the period under review, the principal focus of management has been on the Group's hydrocarbon interests, offshore Ireland.

### Results for the Year and State of Affairs at 31 December 2018

The Consolidated Income Statement for the year ended 31 December 2018 and the Consolidated Statement of Financial Position at that date are set out on pages 27 and 29 respectively. The loss for the year amounted to €4.8 million and net assets at 31 December 2018 amounted to €81.9 million. No dividends are recommended by the Directors.

### Important Events since the Year End

In June 2019, the Company announced that the Dunquin South well-site survey planned to be acquired in Q3 2019 was deferred.

In June 2019, the Company announced that it had agreed an extension to July 5, 2019 for the receipt of the initial US\$9 million loan advance from APEC.

### Directors

The Directors of the company during the year were Tony O'Reilly, John O'Sullivan, Pat Plunkett, James McCarthy, Philip O'Quigley, Lex Gamble and Angus McCoss.

Mr. James McCarthy and Mr. Pat Plunkett both retire from the Board by rotation and being eligible, offer themselves for re-election.

Details of outstanding options granted are as follows:

Directors	At 31 December 2017	At 31 December 2018	Price (Euro)	Expiry Date
Pat Plunkett	1,750,000	1,750,000	0.17	June 2024
Tony O'Reilly	12,000,000	12,000,000	0.45	August 2019
Dr. John O'Sullivan	9,000,000	9,000,000	0.45	August 2019
James SD McCarthy	400,000	400,000	0.45	August 2019
	400,000	400,000	0.17	June 2024
Lex Gamble	400,000	400,000	0.45	August 2019
	400,000	400,000	0.17	June 2024
Philip O'Quigley	400,000	400,000	0.45	August 2019
	400,000	400,000	0.17	June 2024
Angus McCoss	800,000	800,000	0.17	June 2024
<b>Secretary</b>				
Criona Ryan	15,000	15,000	6.13	July 2019
	275,000	275,000	0.142	August 2023

Mr. Tony O'Reilly, Chief Executive, has a service contract, effective from 1 April 2017, with the Company in respect of services outside of the Republic of Ireland through a company beneficially owned by him, Kildare Consulting Limited. The emoluments and fees payable under the above mentioned contract amounted to €426,075 for the year ended 31 December 2018 (see Note 23 (Related Party Transactions)). The contract was renewed on 1 April 2019. The renewed contract is of two years duration and is subject to one year's notice period.

Other than the above, there have been no contracts or arrangements during the financial year in which a Director of the Company was materially interested and which was significant in relation to the Company's business.

### Directors' Shareholdings and Other Interests

The interests of the Directors and their spouses and minor children in the share capital of the Company, all of which were beneficially held, were as follows:

Directors	31 December 2017 Ordinary Shares of €0.10 each	31 December 2018 Ordinary Shares of €0.10 each	27 June 2019 Ordinary Shares of €0.10 each
Pat Plunkett	1,000,000	1,000,000	1,000,000
Tony O'Reilly	500,011	500,011	500,011
Dr. John O'Sullivan	226,154	226,154	226,154
Lex Gamble	400,000	400,000	400,000
Philip O'Quigley	167,531	167,531	167,531
James McCarthy	203,300	203,300	203,300
Angus McCoss	0	0	0
<b>Company Secretary</b>			
Criona Ryan	0	0	0

# DIRECTORS' REPORT

## (CONTINUED)

Based on the closing share price on 31 December 2018, no options over shares were capable of being exercised, as the target for vesting of the option had not been met. The closing market price of the ordinary shares at 31 December 2018 was €0.120 and the range during the financial year was €0.0910 to €0.2100.

### Special Business to be transacted at the Annual General Meeting

1) That, the Directors be and they are hereby empowered pursuant to Section 1022 and Section 1023(3) of the Companies Act 2014 to allot equity securities (within the meaning of Section 1023 of the Companies Act 2014) for cash as if the said Section 1022(1) of the Companies Act 2014 did not apply to any such allotment, such power being limited to:

- (a) the allotment of equity securities in connection with or pursuant to any offer of equity securities open for a period fixed by the Directors, by way of rights issue, open offer or otherwise (an "Offering") to the holders of ordinary shares and/or any other persons entitled to participate therein (including without limitation any holders of options under the Company's share option scheme(s) for the time being) in proportion (as nearly as may be) to their respective holdings of ordinary shares (or, as appropriate, the number of ordinary shares which such other persons are for the purposes of such Offering deemed to hold) on a record date fixed by the Directors (whether before or after the date of this meeting) and subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any legal or practical problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in relation to fractional entitlements or otherwise howsoever;
  - (b) pursuant to the terms of any scheme for Directors and/or employees etc. of the Company and/or its subsidiaries; and
  - (c) otherwise than pursuant to sub-paragraphs (a) and (b) above, having in the case of the relevant shares (as defined by the said Section 1023) the allotment of equity securities up to a nominal aggregate amount equal to €5,976,589 (representing approximately 10% of the issued share capital of the Company as at the close of business on 27 June 2019), provided in each case the power shall, unless revoked or renewed by special resolution or the Constitution of the Company, expire on the earlier of fifteen months from the date of passing this Resolution and the conclusion of the next annual general meeting of the Company unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or issued after such expiry and the Directors may allot equity securities (as defined by the said Section 1023) in pursuance of such offer or agreement as if the power conferred hereby had not expired.
- 2) That, without prejudice to and in addition to the power and authority conferred on the Directors by Resolution 1 above, the Directors be and are hereby empowered, pursuant to Sections 1022 and 1023(3) of the Companies Act 2014, to allot equity securities (within the meaning of the said Section

1023(1)) for cash pursuant to the authority to allot relevant securities conferred on the Directors by Resolution 1 above as if Section 1022(1) did not apply to any such allotment, such power being limited to the allotment of 59,162,000 ordinary shares in the capital of the Company having an aggregate nominal value of €5,916,200 to APEC Energy Enterprise Limited (or a nominee thereof) pursuant to and in accordance with the terms of the warrant instrument agreed by the Company, provided that such power shall expire when the authority to allot relevant securities conferred on the Directors by Resolution 1 above expires, unless previously varied, revoked or renewed.

The Directors are of the opinion that the above proposals are in the best interest of shareholders and unanimously recommend to you to vote in favour of all resolutions as they intend to do in respect of their own beneficial holdings.

### Compliance Policy Statement of Providence Resources P.l.c.

The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section ('Relevant Obligations'). The Directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies, that in their opinion, are appropriate with regard to such compliance;
- appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations; and
- a review has been conducted, during the financial year, of those arrangements and structure.

It is also the policy of the Company to review at least twice during the course of each financial year the arrangements and structures referred to above which have been implemented with a view to determining if they provide a reasonable assurance of compliance in all material respects with Relevant Obligations.

### Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the annual report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. As required by the AIM Rules, they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU. The directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014.

Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year. In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities and financial position of the Group and Company and the profit or loss of the Group and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Going Concern

The Directors have considered carefully the financial position of the Group and, in that context, have prepared and reviewed cash flow forecasts for the period to 30 June 2020. The Group will have sufficient funds to cover the levels of capital expenditure expected over the next 12 months, consistent with its strategy as an exploration company. In this regard, the Directors have considered both current and future expenditure commitments and the options available to fund such commitments, including further farm-out arrangements, disposal of assets, equity funding alternatives and the implementation of cost cutting measures.

The announced farm-out of Barryroe with APEC reduces the Group's cost exposure due to the expected receipt of funds from APEC in total of \$24 million to cover the operator's costs associated with the Barryroe drilling program.

In June 2019, the Company agreed to a further extension of the initial \$9 million loan advance due to cover the costs of the well-site survey and consenting. The balance of \$15 million loan advance is payable prior to spudding the first well. The Company understands that the delay in funds from APEC is due to the composition of

APEC funding mechanism. The \$9 million loan advance is expected to be received no later than 5 July 2019.

Having regard to current levels of funding in place and noting the other options available including potential equity funding arrangements, the Directors are satisfied that the Group will be in a position to fund the budgeted capital expenditure programme, as well as other planned exploration and operating activities.

The Directors have considered the proposals put forward in the Petroleum and Other Minerals Development (Amendment) (Climate Emergency Measures) Bill 2018 ("Climate Emergency Measures Bill 2018") and have noted that this will be considered further at Select Committee. Whilst this is subject to further deliberation, the Board have considered the matter while preparing the cashflows and the potential impact that this might have on the business. In the event that the Climate Emergency Measures Bill 2018 is enacted in its current form, the Company would not be able to progress any issued licensing authorisation to the next stage and so this would adversely impact any current planned operations and would thus pose a significant risk to the Company as a going concern.

The Directors have concluded based on their consideration of the Group cash flow forecasts, including the underlying assumptions outlined above, taking all information that is currently available into account, and noting the two main risk factors, being the failure to receive the loan advances from APEC and the potential impact of the Climate Emergency Measures Bill 2018, that the Group will have sufficient funds available over the next 12 months.

However, the combination of these two circumstances represents a material uncertainty that may cast significant doubt upon the Group and Company's ability to continue as a going concern and that, therefore the Group and Company may be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors have adopted the going concern basis in preparing the annual financial statements and do not include any adjustments that would be necessary if this basis were inappropriate.

### Corporate Governance

The Company is committed to high standards of corporate governance and recognises the role that good governance plays in delivering long-term growth to shareholder value. As such, the Directors have elected to adopt the QCA's ten principles of Corporate Governance as a framework to communicate the Company's approach to good corporate governance in line with AIM listing requirements.

#### Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

Providence Resources P.I.c. is an Irish based upstream oil and gas company with a portfolio of appraisal and exploration assets located offshore Ireland. Operating for over 30 years, the Company (and its predecessor companies) has a well-established background in the Irish oil and gas business, having worked closely with many major international companies including ExxonMobil, Repsol, Total, Eni, Petronas and Cairn Energy.

# DIRECTORS' REPORT

## (CONTINUED)

The Company is involved in a number of material exploration prospects and appraisal projects in multiple basins around the coast of Ireland. The Company's strategy has been to assemble a material equity position in a portfolio of assets combining existing discoveries with new prospects and to expand our opportunities by looking at new areas of Geothermal and Carbon Capture and Sequestration to improve overall economics whilst mitigating risk in order to generate value for the Company and its shareholders.

- Core focus on early stage exploration & appraisal drilling opportunities
- Create a diversified and material exploration & appraisal portfolio
- Farm-out to defray capital expenditure for subsequent drilling/development and/or seismic acquisition
- Leverage in third parties to validate and co-venture with on prospects and projects
- Evaluate new opportunities both in Ireland and further afield
- Explore new areas of opportunity such as Geothermal and Carbon Capture and Sequestration projects

### **Principle 2: Seek to understand and meet shareholder needs and expectations**

Providence has over 10,000 shareholders. There is regular dialogue with all shareholders via announcements, the Company's website and participation in a wide range of industry and market conferences. The Company also receives regular market feedback from its brokers and advisors. Formal presentations are made at the time of the release of the annual results, half-year results and at the Annual General Meeting (AGM). The Company encourages communication with shareholders throughout the year and welcomes their participation at General Meetings. The Company's website is [www.providenceresources.com](http://www.providenceresources.com). This website is regularly updated and also provides an option for shareholders to subscribe for email alerts which ensures that they receive direct notice of all announcements from the Company. All Board members attend the AGM and are available to answer questions. Separate resolutions are proposed on substantially different issues and the agenda of business to be conducted at the AGM includes a resolution to receive and consider the Annual Report and Accounts. The chairmen of the Board's committees will also be available at the AGM. The Board regards the AGM as a particularly important opportunity for shareholders, directors and management to meet and exchange views. Notice of the AGM together with the Annual Report & Accounts is sent to shareholders in accordance with the Constitution of the Company and details of the proxy votes for and against each resolution are announced after the result of the hand vote. We place a good deal of importance on and dedicate significant resources to our engagement with shareholders throughout the year. The formal and informal engagement with shareholders as outlined above has proven to be a useful source of information and feedback in helping the Directors and management understand shareholders' wants and needs and, in turn, has played a key part in helping the Company in its long-term strategic planning. The primary points of contact for shareholders are the Chairman, CEO and Technical Director.

### **Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Company recognises it has a significant number of important stakeholders that are core to the successful execution of Providence's strategy and that the Company's success and performance in turn has an impact on these stakeholders. The list of stakeholders is non-exhaustive and includes Employees, Shareholders, Advisors, Partners, Regulators and Service Suppliers. The Directors and management promote a culture of open dialogue with all stakeholders and have a demonstrable track record of considering and using stakeholder feedback as part of the Company's development and growth. The Directors are aware of the Company's responsibilities to the communities within which Providence operates and as such, always strive to maintain a positive and beneficial dialogue with those communities. The environmental impact of the Company's activities is carefully considered, and the maintenance of high environmental and safety standards is a priority.

### **Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

Our management systems, organisational structures, processes, standards, code of conduct and behaviours together form a system of internal control that governs how we conduct the business of Providence and manage all associated risks.

#### *Internal Control:*

The Directors have overall responsibility for the Group's system of internal control to safeguard shareholders' investments and the Group assets and have delegated responsibility for the implementation of this system to executive management. This system includes financial controls which enable the Board to meet its responsibilities for the integrity and accuracy of the Group's accounting records. The Board has established a process of compliance involving the Board's responsibility to maintain, review and report on all internal controls, including financial, operational and compliance risk management. Among the processes applied in reviewing the effectiveness of the system of internal controls are the following: Budgets are prepared for approval by executive management and inclusion in a Group budget approved by the Board. Expenditure and income are regularly compared to previously approved budgets. The Board establishes treasury and commodity risk policies as appropriate, for implementation by executive management. All commitments for expenditure and payments are compared to previously approved budgets and are subject to approval by personnel designated by the Board of Directors or by the Board of subsidiary companies. Regular management meetings take place to review financial and operational activities. Cash flow forecasting is performed on an ongoing basis to ensure efficient use of cash resources. Regular financial results are submitted to and reviewed by the Board of Directors. The Directors, through the Audit Committee, review the effectiveness of the Group's system of internal financial control. A review of the effectiveness of the system of internal control is carried out annually. The Board has considered the requirement for an internal audit function. Based on the scale of the Group's operations and close involvement of the Board, the Directors have concluded that an internal audit function is not currently required.

**Risk Management: Currency Risk**

The Board reviews its annual Euro, Sterling and US dollar requirements by reference to bank forecasts and prevailing exchange rates and management is authorised to achieve best available rates in respect of each forecast currency requirements.

**Risk Management: General Industry Risk**

The Group’s business may be affected by the general risks associated with all companies in the oil and gas industry. These risks (the list of which is not exhaustive) include: general economic activity, the world oil and gas prices, the marketability of the hydrocarbons produced, action taken by other oil-producing nations and the extent of governmental regulation and taxation. All drilling to establish productive hydrocarbon reserves is inherently speculative and, therefore, a considerable amount of professional judgement is involved in the selection of any prospect for drilling. In addition, even when drilling successfully encounters oil and gas and a well is completed as a producing oil or gas well, unforeseeable operating problems or climatic conditions may arise which render it uneconomical to produce such oil and natural gas. Estimates of potential reserves include a substantial proportion which are undeveloped. These reserves require further capital expenditure in order to bring them into production. No guarantee can be given as to the success of drilling programmes in which the Group has interests. The Group can operate in different political jurisdictions where there could be risks pertaining to local regulations, war or nationalisation of reserves.

**Principle 5: Maintain the board as a well-functioning, balanced team led by the chair**

The Board is made up of two Executive and five Non-Executive Directors. Biographies of each of the Directors can be found on pages 15 and 16. All the Directors bring independent judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experience in the industry. The Board agrees a schedule of regular meetings to be held in each calendar year and also meets on other occasions as necessary. Meetings are held at the head office in Dublin. Board meetings were held on 11 occasions during 2018. An agenda and supporting documentation is circulated in advance of each meeting.

The table below shows the attendance at Board and Committee meetings during 2018.

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
<b>Total in year</b>	<b>11</b>	<b>1</b>	<b>1</b>	<b>2</b>
Tony O’Reilly	11	N/A	N/A	N/A
John O’Sullivan	11	N/A	N/A	N/A
Pat Plunkett	11	1	1	2
James McCarthy	11	1	1	2
Philip O’Quigley	9	N/A	1	1
Lex Gamble	11	1	1	2
Angus McCoss	10	N/A	N/A	N/A

There is an agreed list of matters which the Board has formally reserved to itself for decision, such as approval of the Group’s commercial strategy, trading and capital budgets, financial

statements, Board membership, acquisitions and disposals, major capital expenditure, risk management and treasury policies. Responsibility for certain matters is delegated to Board Committees. There is an agreed procedure for Directors to take independent legal advice. The Company Secretary is responsible for ensuring that Board procedures are followed, and all Directors have direct access to the Company Secretary. All Directors receive regular Group management financial statements and reports and full Board papers are sent to each Director in sufficient time before Board meetings, and any further supporting papers and information are readily available to all Directors on request. The chairman of each committee of the Board is available to give a report on the committee’s proceedings at Board meetings if appropriate. The Board has a process whereby each year every Director will meet the Chairman to review the conduct of Board meetings and the general corporate governance of the Group. The role of the Chairman (Mr. Pat Plunkett) is Non-Executive. The Board considers their ability to act independently to be unaffected by participation in the Company’s option scheme. Each year, one third of the Directors retire from the Board by rotation and every Director is subject to this rule. Effectively, therefore, each Director will retire by rotation within each three-year period.

**Board Committees**

The Board has implemented an effective committee structure to assist in the discharge of its responsibilities. All committees of the Board have written terms of reference dealing with their authority and duties. Membership of the Audit, Remuneration and Nomination Committees is comprised exclusively of Non-Executive Directors. The Company Secretary acts as secretary to each of these committees.

**Audit Committee**

The Audit Committee reviews the accounting principles, policies and practices adopted in the preparation of the interim and annual financial statements and discusses with the Group’s Auditors the results and scope of the audit. It also reviews the scope and performance of the Group’s internal finance function and the effectiveness and independence of the external Auditors. The external Auditors are invited to attend the Audit Committee meetings, and the Chief Financial Officer also attends. The external auditors have the opportunity to meet with the members of the Audit Committee alone at least once a year. The Audit Committee comprises three Non-Executive Directors and is chaired by Mr. Lex Gamble. The partner responsible for the external Audit is changed every 5 years to ensure audit independence.

**Remuneration Committee**

The Remuneration Committee comprises four Non-Executive Directors and is chaired by Mr. Philip O’Quigley. Emoluments of Executive Directors and senior management are determined by the Remuneration Committee. In the course of each financial year the Remuneration Committee determines basic salaries as well as the parameters for any possible bonus payments. The Remuneration Committee applies the same philosophy in determining Executive Directors’ remuneration as is applied in respect of all employees. The underlying objective is to ensure that individuals are appropriately rewarded relative to their responsibility, experience and value to the Group. The Remuneration Committee is mindful of the need to ensure that, in a competitive environment, the Group can attract, retain and

# DIRECTORS' REPORT

## (CONTINUED)

motivate executives who can perform to the highest levels of expectation. Annual bonuses, if any, are determined by the Remuneration Committee on the basis of objective assessments based on the Group's performance during the year in terms of key financial indicators, as well as a qualitative assessment of the individual's performance.

### *Nomination Committee*

The Nomination Committee comprises four Non-Executive Directors. The Nomination Committee, which is chaired by Mr. James McCarthy, formally agrees criteria for new Non-Executive Director appointments, including experience of the industry in which the Group operates and professional background.

### **Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

Full biographies for each individual Director can be found on pages 15 and 16.

All appropriate resources (external and internal) that Directors require to augment, improve and keep their skill set current will be made available to them as needed.

The Directors also have access to the advice and services of the Company Secretariat team, including the General Counsel & Company Secretary, who is responsible for ensuring that all Board procedures are complied with.

### **Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

The Board evaluates its own processes and performance including the work of its committees, to ensure its on-going effectiveness on a continuous basis. A formal board evaluation takes place annually, in accordance with the procedures adopted by the Board. When appropriate, board evaluations are conducted by an external firm. All issues highlighted in board evaluations are considered by the Board and form an integral part of the broad spectrum of feedback the Board considers in the evolution of the Company's strategy and long-term planning. The performance and contribution of all Directors is reviewed as part of the Board evaluation process.

The board ensures that appropriate processes and systems are in place to support succession planning both at board level and for the executive management of the Company.

### **Principle 8: Promote a corporate culture that is based on ethical values and behaviours**

The board has designed and implemented a code of business ethics which sets out formally the ethics and values we, as a team, wish to adhere to. Our code of business ethics is based on our values and sets clear expectations for how we operate and interact with all stakeholders. It applies to all Providence employees and board members.

Employees, contractors or other third parties who have a question about our code of business ethics or see something that they feel is inappropriate can raise these issues directly with Providence, or where appropriate, the relevant authorities. We take steps to identify and correct areas of non-compliance and will take further action as appropriate.

### **Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

The Board is made up of two Executive and five Non-Executive Directors. Biographies of each of the Directors can be found on pages 15 and 16. All the Directors bring independent judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experience in the industry. The Board agrees a schedule of regular meetings to be held in each calendar year and also meets on other occasions as necessary. Meetings are held at the head office in Dublin. Board meetings were held on 11 occasions during 2018. An agenda and supporting documentation was circulated in advance of each meeting.

There is an agreed list of matters which the Board has formally reserved to itself for decision including approval of the Group's commercial strategy, trading and capital budgets, financial statements, Board membership, acquisitions and disposals, major capital expenditure, risk management and treasury policies. Responsibility for certain matters is delegated to Board Committees. There is an agreed procedure for Directors to take independent legal advice. The Company Secretary is responsible for ensuring that Board procedures are followed, and all Directors have direct access to the Company Secretary. All Directors receive regular Group management financial statements and reports and full Board papers are sent to each Director in sufficient time before Board meetings, and any further supporting papers and information are readily available to all Directors on request. The Board papers include the minutes of all committees of the Board which have been held since the previous Board meeting, and, the chairman of each committee is available to give a report on the committee's proceedings at Board meetings if appropriate. The Board has a process whereby each year every Director meets the Chairman to review the conduct of Board meetings and the general corporate governance of the Group. The Chairman (Mr. Pat Plunkett) is Non-Executive. The Non-Executive Directors are independent of management and have no material interest or other relationship with the Group. Each year, one third of the Directors retire from the Board by rotation and every Director is subject to this rule. Effectively, therefore, each Director will retire by rotation within each three-year period.

### *Board Committees*

The Board has implemented an effective committee structure to assist in the discharge of its responsibilities. All committees of the Board have written terms of reference dealing with their authority and duties. Membership of the Audit, Remuneration and Nomination Committees is comprised exclusively of Non-Executive Directors. The Company Secretary acts as secretary to each of these committees.

### **Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

#### *Shareholders*

There is regular dialogue with institutional shareholders and presentations are made at the time of the release of the annual and interim results. The Company encourages communication

with private shareholders throughout the year and welcomes their participation at general meetings. The Company's website is [www.providenceresources.com](http://www.providenceresources.com). This website is regularly updated. All Board members attend the Annual General Meeting and are available to answer questions. Separate resolutions are proposed on substantially different issues and the agenda of business to be conducted at the Annual General Meeting includes a resolution to receive and consider the Annual Report and Accounts. The chairmen of the Board's committees will also be available at the Annual General Meeting. The Board regards the Annual General Meeting as a particularly important opportunity for shareholders, Directors and management to meet and exchange views. Notice of the Annual General Meeting together with the Annual Report and accounts is sent to shareholders in accordance with the Constitution of the Company and details of the proxy votes for and against each resolution are announced after the result of the hand vote.

### Substantial Shareholdings

So far as the Board is aware, no person or company, other than those mentioned below, held 3% or more of the ordinary share capital of the Company at June 26, 2019.

M&G Investment Management Limited	14.67%
Pageant Holdings Limited	14.02%
Goldman Sachs Group, Inc.	9.88%
Merseyside Pension Fund	7.20%
Kite Lake Capital Management (UK) LLC	5.05%
Marlborough Fund Managers Limited	4.86%
BlackRock Inc.	3.51%

### Political Donations

There were no political donations during the year (2017 Nil).

### Books and Accounting Records

The Directors are responsible for ensuring that adequate accounting records, as outlined in Section 281 of the Companies Act 2014, are kept by the Company. The Directors, through the use of appropriate procedures and systems and the employment of competent persons, have ensured that measures are in place to secure compliance with these requirements.

These books and accounting records are maintained at the Company's business address, Airfield House, Airfield Park, Donnybrook, Dublin D04 CP49, Republic of Ireland.

### Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

### Auditors

KPMG have indicated their willingness to continue in office in accordance with Section 383 (2) of the Companies Act 2014. Shareholders will be asked to authorise the Directors to fix their remuneration.

On behalf of the Directors

**Pat Plunkett**

Chairman

27 June 2019

**Tony O'Reilly**

Chief Executive

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF PROVIDENCE RESOURCES P.L.C.

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Providence Resources Plc ('the Company') and its subsidiaries (together "the Group") for the year ended 31 December 2018 as set out on pages 27 to 59, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows, and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2018 and of the Group's result for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework issued by the UK's Financial Reporting Council; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that, in order to fund current and future expenditure commitments, the Group is dependent upon the receipt of loan advances from APEC or upon its ability to raise additional funds through equity funding. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Refer to page 32 (accounting policy)

#### The key audit matter

There is little judgement involved in the directors' conclusion that risks and circumstances described in note 1 to the financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least one year from the date of approval of the financial statements.

However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing Standards require this to be reported as a key audit matter.

#### How the matter was addressed in our audit

Our audit procedures included, among others, assessing the completeness and accuracy of the going concern disclosure by:

- Inspecting management's going concern paper, which outlines the status of the various factors impacting on going concern, the risks attaching to the various potential outcomes and the likely future developments;
- Inspecting management's assessment of the cash flow projections prepared by Group management for the 12 month period from 1 July 2019 to 30 June 2020 and the related key underlying assumptions;
- Inspecting and challenging the key assumptions made and corroborating these assumptions with supporting evidence where possible;
- Performing a sensitivity analysis on management's cash flow projections;
- Performing inquiries of management and the Audit Committee;
- Inspecting board minutes up to the date of approval of the financial statements;

- Considering the adequacy of the Group's disclosures in note 1 on page 32 in respect of going concern, and whether the disclosures properly reflected the risks that the Group faces in respect of its ability to continue as a going concern.

Based on the audit evidence obtained, we found management's conclusion that the financial statements should be prepared on a going concern basis, including a description of a material uncertainty, to be reasonable. We found the disclosure of the material uncertainty to be appropriate in the circumstances.

### **Other key audit matters: our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "Material uncertainty related to going concern" section, in arriving at our audit opinion above, the key audit matter for the Group and Company, which was unchanged from the prior year, was as follows:

#### **Carrying value of Exploration and Evaluation ('E&E') assets**

Refer to page 36 (accounting policy) and page 42 (financial disclosures)

#### **The key audit matter**

The carrying value of E&E assets as at 31 December 2018 is €81.9 million.

The assessment of the carrying value of E&E assets requires management to exercise judgement and this judgement requires consideration of a number of factors, including but not limited to, an interpretation and assessment of the results of drilling and other appraisal activities during the year, the Group's intention to proceed with a future work programme for a prospect or licence, and an assessment of the likely economic opportunity.

#### **How the matter was addressed in our audit**

We evaluated management's assessment of E&E assets with reference to the criteria of IFRS 6: Exploration for and Evaluation of Mineral Resources and the Group's accounting policy.

The audit procedures we performed included, but were not limited to, obtaining an understanding of the Group's ongoing E&E activity by interviewing executive and finance staff in relation to all key licences, and gathering audit evidence to assess the value of E&E assets carried forward. Such evidence included approved project budgets, confirmations of ongoing appraisal activity and communications with joint venture partners.

Where an asset has demonstrated indicators of impairment but has been retained on the statement of financial position, we have gathered evidence to assess the status of current and future appraisal activity, the allocation of budgeted expenditure and any conclusion on commerciality.

Where assets have been impaired we inspected evidence of the impairment and challenged management on the events that led to the impairment.

Based on evidence obtained we found that the judgements exercised, and conclusions reached, by management are appropriate.

#### **Our application of materiality and an overview of the scope of our audit**

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be €0.5 million, which is 0.5% of total assets. We determined materiality for the Company to be €0.4 million, which is 0.5% of total assets. We considered total assets to be the appropriate benchmark for determining materiality due to the relative stability of this measure in recent years. We considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the Group and reliability of the control environment.

We agreed with the Audit Committee that we would report to them all audit differences in excess of €0.025 million as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Our audit scope included a full audit of all components, accounting for 100 per cent of the Group's total loss before tax and net assets.

Our audit of the Group and the Company was undertaken to the materiality levels specified above and was performed by a single engagement team in Dublin.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## **Other information**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

## **Our opinions on other matters prescribed the Companies Act 2014 are unmodified**

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's financial statements are in agreement with the accounting records.

## **We have nothing to report on other matters on which we are required to report by exception**

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

## **Respective responsibilities and restrictions on use**

### **Directors' responsibilities**

As explained more fully in their statement set out on pages 18 to 19, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

### **The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

## **David Meagher**

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Stokes Place

St. Stephen's Green

Dublin 2

Ireland

27 June 2019

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €'000	2017 €'000
<b>Continuing operations</b>			
Administration expenses	2	(3,368)	(6,491)
Pre-licence expenditure	8	(334)	(268)
Impairment of exploration and evaluation assets	10	(723)	(14,643)
<b>Operating loss</b>	8	<b>(4,425)</b>	(21,402)
<b>Finance income</b>			
Finance income	3	96	1,116
<b>Finance expense</b>			
Finance expense	4	(450)	(133)
<b>Loss before income tax</b>		<b>(4,779)</b>	(20,419)
Income tax expense	5	—	—
<b>Loss for the financial year</b>		<b>(4,779)</b>	(20,419)
<b>Loss per share (cent)</b>			
Basic and diluted loss per share	9	(0.80)	(3.42)

The total loss for the year is entirely attributable to equity holders of the Company.

The Notes on pages 32 to 51 to the financial statements form an integral part of the statement.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €'000	2017 €'000
Loss for the financial year		(4,779)	(20,419)
Other comprehensive loss			
<i>Other items of comprehensive income that may be reclassified into profit or loss:</i>			
Foreign exchange translation differences	4	2,703	(7,626)
<b>Total comprehensive expenses for the year</b>		<b>(2,076)</b>	<b>(28,045)</b>

The total comprehensive expense for the year is entirely attributable to equity holders of the Company.

The Notes on pages 32 to 51 to the financial statements form an integral part of the statement.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2018

	Note	2018 €'000	2017 €'000
<b>Assets</b>			
Exploration and evaluation assets	10	81,867	74,831
Property, plant and equipment	11	28	62
Intangible assets	12	—	88
<b>Total non-current assets</b>		<b>81,895</b>	74,981
Trade and other receivables	13	464	7,660
Cash and cash equivalents	14	7,617	19,603
<b>Total current assets</b>		<b>8,081</b>	27,263
<b>Total assets</b>		<b>89,976</b>	102,244
<b>Equity</b>			
Share capital	15	71,452	71,452
Share premium	15	247,918	247,918
Undenominated capital		623	623
Foreign currency translation reserve	16	8,892	6,189
Share based payment reserve	16	1,745	1,502
Retained deficit		(248,759)	(243,980)
<b>Total equity attributable to equity holders of the Group</b>		<b>81,871</b>	83,704
<b>Liabilities</b>			
Decommissioning provision	17	7,406	6,956
<b>Total non-current liabilities</b>		<b>7,406</b>	6,956
Trade and other payables	19	699	11,584
<b>Total current liabilities</b>		<b>699</b>	11,584
<b>Total liabilities</b>		<b>8,105</b>	18,540
<b>Total equity and liabilities</b>		<b>89,976</b>	102,244

On behalf of the board

**Pat Plunkett**  
Chairman

**Tony O'Reilly**  
Chief Executive

27 June 2019

The Notes on pages 32 to 51 to the financial statements form an integral part of the statement.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital €'000	Undenominated capital €'000	Share premium €'000	Foreign currency translation reserve €'000	Share based payment reserve €'000	Retained deficit €'000	Total €'000
<b>At 1 January 2018</b>	71,452	623	247,918	6,189	1,502	(243,980)	83,704
<i>Total comprehensive expense</i>							
Loss for financial year	—	—	—	—	—	(4,779)	(4,779)
Currency translation	—	—	—	2,703	—	—	2,703
Total comprehensive expense	—	—	—	2,703	—	(4,779)	(2,076)
<i>Transactions with owners, recorded directly in equity</i>							
Share based payments expense	—	—	—	—	243	—	243
Transactions which owners, recorded directly in equity	—	—	—	—	243	—	243
<b>At 31 December 2018</b>	71,452	623	247,918	8,892	1,745	(248,759)	81,871
	Share capital €'000	Undenominated capital €'000	Share premium €'000	Foreign currency translation reserve €'000	Share based payment reserve €'000	Retained deficit €'000	Total €'000
<b>At 1 January 2017</b>	71,452	623	247,918	13,815	1,398	(223,888)	111,318
<i>Total comprehensive expense</i>							
Loss for financial year	—	—	—	—	—	(20,419)	(20,419)
Currency translation	—	—	—	(7,626)	—	—	(7,626)
Total comprehensive expense	—	—	—	(7,626)	—	(20,419)	(28,045)
<i>Transactions with owners, recorded directly in equity</i>							
Share based payments expense	—	—	—	—	431	—	431
Share options lapsed in year	—	—	—	—	(327)	327	—
Transactions which owners, recorded directly in equity	—	—	—	—	104	327	431
<b>At 31 December 2017</b>	71,452	623	247,918	6,189	1,502	(243,980)	83,704

The Notes on pages 32 to 51 to the financial statements form an integral part of the statement.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 €'000	2017 €'000
<b>Cash flows from operating activities</b>		
Loss after tax for the year	(4,779)	(20,419)
<i>Adjustments for:</i>		
Depletion and depreciation	55	67
Amortisation of intangible assets	88	104
Impairment of exploration and evaluation assets	723	14,643
Finance income	(96)	(1,116)
Finance expense	450	133
Equity settled share payment charge	243	431
Foreign exchange	(677)	2,814
Change in trade and other receivables	7,196	(7,405)
Change in trade and other payables	(10,885)	9,457
<b>Net cash outflow from operating activities</b>	<b>(7,682)</b>	<b>(1,291)</b>
<i>Cash flows from investing activities:</i>		
Interest received	96	156
Acquisition of exploration and evaluation assets	(5,043)	(8,015)
Acquisition of property, plant and equipment	(21)	(27)
<b>Net cash used in investing activities</b>	<b>(4,968)</b>	<b>(7,886)</b>
<b>Net cash from financing activities</b>	<b>—</b>	<b>—</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(12,650)</b>	<b>(9,177)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>19,603</b>	<b>31,403</b>
Effect of exchange rate fluctuations on cash and cash equivalents	664	(2,623)
<b>Cash and cash equivalents at 31 December</b>	<b>7,617</b>	<b>19,603</b>

The Notes on pages 32 to 51 to the financial statements form an integral part of the statement.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 Accounting policies

### Reporting entity

Providence Resources Plc (the “Company”) is a company domiciled in Ireland. The registered number of the Company is 268662 and the address of its registered office is Airfield House, Airfield Park, Donnybrook, Dublin D04 CP49.

The consolidated financial statements of the Company for the year ended 31 December 2018 are comprised of the financial statements of the Company and its subsidiaries, together referred to as the “Group”.

### Statement of compliance

As required by AIM and ESM rules and permitted by Company Law, the Group financial statements have been prepared in accordance with IFRS as adopted by the EU. The individual financial statements of the Company (Company financial statements) have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”) in accordance with the Companies Act 2014 which permits a Company, that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 304 of the Companies Act 2014, from presenting to its members its Company income statement and related notes that form part of the approved Company financial statements. The IFRS’s adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective for accounting periods commencing on or before 1 January 2018 or were early adopted as indicated below. The accounting policies adopted are consistent with those of the previous year.

### Basis of preparation

The consolidated financial statements are presented in euro, rounded to the nearest thousand (€’000) except where otherwise indicated. The euro is the functional currency of the parent company. The consolidated financial statements are prepared under the historical cost basis except for share options which are measured at grant date fair value, and derivative financial instruments which are measured at fair value at each reporting date.

The preparation of financial statements requires management to use judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Details of critical judgements are disclosed in ‘Judgements and estimates’ below on page 34.

Under the provisions of Section 304 of the Companies Act 2014, the parent company is not presenting a separate profit and loss account. A loss of €10,826,000 (2017: €31,147,000) for the financial year ended 31 December 2018 has been dealt with in the separate profit and loss account of the Company.

The financial statements were authorised for issue by the board of directors on 27 June 2019.

### Going Concern

The Directors have considered carefully the financial position of the Group and, in that context, have prepared and reviewed cash flow forecasts for the period to 30 June 2020. The Group will have sufficient funds to cover the levels of capital expenditure expected over the next 12 months, consistent with its strategy as an exploration company. In this regard, the Directors have considered both current and future expenditure commitments and the options available to fund such commitments, including further farm-out arrangements, disposal of assets, equity funding alternatives and the implementation of cost cutting measures.

The announced farm-out of Barryroe with APEC reduces the Group’s cost exposure due to the expected receipt of funds from APEC in total of \$24 million to cover the operator’s costs associated with the Barryroe drilling program.

In June 2019, the Company agreed to a further extension of the initial \$9 million loan advance due to cover the costs of the well-site survey and consenting. The balance of \$15 million loan advance is payable prior to spudding the first well. The Company understands that the delay in funds from APEC is due to the composition of APEC funding mechanism. The \$9 million loan advance is expected to be received no later than 5 July 2019.

Having regard to current levels of funding in place and noting the other options available including potential equity funding arrangements, the Directors are satisfied that the Group will be in a position to fund the budgeted capital expenditure programme, as well as other planned exploration and operating activities.

The Directors have considered the proposals put forward in the Petroleum and Other Minerals Development (Amendment) (Climate Emergency Measures) Bill 2018 (“Climate Emergency Measures Bill 2018”) and have noted that this will be considered further at Select Committee. Whilst this is subject to further deliberation, the Board have considered the matter while preparing the cashflows and the potential impact that this might have on the business. In the event that the Climate Emergency Measures Bill 2018 is enacted in its current form, the Company would not be able to progress any issued licensing authorisation to the next stage and so this would adversely impact any current planned operations and would thus pose a significant risk to the Company as a going concern.

The Directors have concluded based on their consideration of the Group cash flow forecasts, including the underlying assumptions outlined above, taking all information that is currently available into account, and noting the two main risk factors, being the failure to receive the loan advances from APEC and the potential impact of the Climate Emergency Measures Bill 2018, that the Group will have sufficient funds available over the next 12 months.

However, the combination of these two circumstances represents a material uncertainty that may cast significant doubt upon the Group and Company’s ability to continue as a going concern and that, therefore the Group and Company may be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors have adopted the going concern basis in preparing the annual financial statements and do not include any adjustments that would be necessary if this basis were inappropriate.

## 1 Accounting policies (continued)

### Recent accounting pronouncements

The following are amendments to existing standards and interpretations that are effective for the Group's financial year from 1 January 2018:

- IFRS 15: Revenue from contracts with customers (Note – including amendments to IFRS 15)
- IFRS 9 Financial Instruments (including amendments to IAS 12, IFRS 57)
- Amendments to IFRS 2: Classification and measurement of share based payment transactions
- Annual Improvements to IFRS 2014 -2016 Cycle: (Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures)
- IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40: Transfers of Investment Property

The Group adopted IFRS 9 Financial Instruments, which addresses the classification, measurement and recognition of financial assets and liabilities, effective 1 January 2018. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. Adoption of the IFRS 9 Financial Instruments has resulted in no significant change to the Group's consolidated financial statements.

The adoption of the other remaining standards and interpretations listed above, and related amendments did not have a significant impact on the Group's consolidated financial statements.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the net measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 resulted in no change to the carrying amounts of the Group's financial assets and liabilities at 1 January 2018.

In thousands of euro	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New Carrying amount under IFRS 9
<b>Financial assets</b>					
Other receivables	(a)	Loans and receivables	Amortised cost	7,660	7,660
Cash and cash equivalents		Loans and receivables	Amortised cost	19,603	19,603
<b>Total financial assets</b>				27,263	27,263

In thousands of euro	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New Carrying amount under IFRS 9
<b>Financial liabilities</b>					
Accruals		Other financial liabilities	Amortised cost	2,079	2,079
Other payables		Loans and receivables	Amortised cost	9,505	9,505
<b>Total financial liabilities</b>				11,584	11,584

(a) Other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. No credit loss is expected to arise on these other receivables and therefore the change in classification has not resulted in any change to the carrying value of these assets.

### New and amended standards and interpretations issued but not yet effective or early adopted

Other new and amended standards and interpretations issued but not yet effective:

- IFRS 16: Leases – 1 January 2019
- IFRIC 23: Uncertainty over income tax treatment – 1 January 2019
- Annual Improvements to IFRS 2015 -2017 Cycle – 1 January 2019\*
- Amendments to IAS 19: Plan amendment, Curtailment or Settlement – 1 January 2019\*
- Amendments to references to the Conceptual Framework in IFRS Standards – 1 January 2020\*
- Amendments to IFRS 9 Prepayment Features with Negative Compensation – 1 January 2019
- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures – 1 January 2019

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 1 Accounting policies (continued)

- Amendments to IAS 19: Plan Amendments curtailments or settlements – 1 January 2019
- IFRS 17 Insurance Contracts (issued on 18 May 2017)\*
- Amendments to IFRS 3: Business combinations\*
- Amendments to IAS 1 and IAS 8: Definitions of material\*
- Amendments to IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture (September 2014)* – endorsement postponed, awaiting IASB developments.

\* Not yet EU Endorsed

### IFRS 16

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby all leases are accounted for as finance leases, with some exemptions for short-term and low-value leases.

The Group has completed an initial assessment of the potential impact of IFRS 16 on its consolidated financial statements. Based on the information currently available, the Group estimates that it will recognise additional lease liabilities and corresponding right of use assets in the range of €70,000 - €80,000 as at 1 January 2019. The Group's primary operating lease commitment expires within one year and the Group will be able to avail of the exemption noted in relation to this lease.

The directors do not believe that any of the other standards should have a significant impact on Group reporting.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries.

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to or has the right to variable returns from its involvement with the entity and has the ability to affect those returns through its power of the entity. In assessing control, potential voting rights that are substantive are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### Jointly controlled operations

Jointly controlled operations are those activities over which the Group exercises joint control with other participants, established by contractual agreement. The Group recognises, in respect of its interests in joint operations, the assets that it controls, the liabilities that it incurs, the expenses that it incurs and the share of the income that it earns from the sale of goods or services by the joint operation.

### Judgements and estimates

Preparation of financial statements pursuant to EU IFRS requires a significant number of judgemental assumptions and estimates to be made. These impact on the income and expenses recognised both within the income statement and the statement of comprehensive income together with the valuation of the assets and liabilities in the statement of financial position. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. It should be noted that some assumptions and estimates used in valuation can have a material impact on the reported results. The following are key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies.

### Exploration and evaluation assets

The carrying value of exploration and evaluation assets was €81.9 million (2017: €74.8 million) at 31 December 2018. The directors carried out a review, in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Interests*, of the carrying value of these assets and are satisfied that these are recoverable, acknowledging however that their recoverability is dependent on future successful exploration efforts; see note 10.

### Decommissioning

The decommissioning provision amounts to €7.4 million (2017: €7.0 million) at 31 December 2018 and represents management's best estimate of the costs involved in decommissioning the various exploration licence areas to return them to their original condition. These estimates include certain management assumptions with regard to future costs, inflation rates and discount rates; see note 17.

### Going concern

Refer to pages 19 and 32 for further details.

## 1 Accounting policies (continued)

### Employee benefits

#### (i) Defined contribution pension plans

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

#### (ii) Share based payment transactions

The Company's schemes are equity-settled share based payment arrangements with non-market performance conditions which fall within the scope of and are accounted for under the provisions of IFRS 2 – Share Based Payment. Accordingly, the grant date fair value of the options granted under these schemes is recognised as a personnel expense with a corresponding increase in the "Share based payment reserve", within equity, over the vesting period. The fair value of these options is measured using an appropriate option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

### Finance income and expenses

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest or finance expense on borrowings, unwinding of any discount on provisions, and foreign exchange movements in the retranslation of non-euro denominated liabilities.

### Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency gains or losses are generally recognised in the income statement. Gains and losses arising on loans are classified as part of finance costs.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

#### (ii) Foreign operations

The assets and liabilities of foreign operations are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences associated with the retranslation of foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of the relevant amount in the FCTR is transferred to the income statement.

### Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they are unlikely to reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities on a net basis or their tax assets and liabilities will be settled simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 1 Accounting policies (continued)

### Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares.

### Exploration and evaluation assets and development and production assets

The Group has adopted IFRS 6 *Exploration for and Evaluation of Mineral Resources* in preparing these financial statements.

#### (i) Exploration and evaluation assets

Expenditure incurred prior to obtaining the legal rights to explore an area is written off to the income statement. Expenditures incurred on the acquisition of a licence interest are initially capitalised on a licence by licence basis considering the degree to which the expenditure can be associated with finding specific reserves. Exploration and evaluation expenditure incurred in the process of determining exploration targets within licensed areas is also capitalised. No value is attributed to exploration licenses granted. These expenditures are held undepleted within the exploration licence asset until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration and evaluation drilling costs are capitalised within each licence area until the success or otherwise of the well has been established. Unless further evaluation expenditures in the licence area have been planned and agreed or unless the drilling results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial, drilling costs are written off. Where applicable the Group's administrative internal costs are capitalised where it is evident that these costs are directly attributable to the evaluation or exploration of those assets. Interest is capitalised within exploration and evaluation assets if it is directly attributable to the evaluation or exploration of those assets.

Expenditure on exploration and evaluation assets is held undepleted within the exploration licence asset until such time as the exploration phase on the licence area is complete or commercial reserves have been recognised, subject to any impairment losses recognised. This is in accordance with IFRS 6, *Exploration for and Evaluation of Mineral Resources*.

#### (ii) Development and production oil and gas assets

Following appraisal of successful exploration wells and the establishment of commercial reserves, the related capitalised exploration and evaluation expenditures are reclassified as development and production assets. Farm-out transactions are accounted for based on the specific terms of the individual farm-out agreement.

Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development and production assets or replaces part of the existing development and production assets. Any costs associated with the replacement of assets are expensed to the income statement.

#### (iii) Depletion

The Group will deplete expenditure on development and production assets on a unit of production basis, based on proved and probable reserves on a licence by licence basis. Capitalised costs, together with anticipated future development costs calculated at price levels ruling at the reporting date, will be amortised on a unit of production basis.

Amortisation will be calculated by reference to the proportion that production for the period bears to the total of the estimated remaining commercial reserves as at the beginning of the period. Changes in reserves quantities and cost estimates will be recognised prospectively.

#### (iv) Joint agreements and cash calls

The Group has shared interests in a number of licence areas. In cases where the Group acts as operator of these licence areas, requests for cash from other partners, known as cash calls (or invoices), are made in accordance with agreed budgets. These cash call amounts are recognised as a credit to evaluation, exploration, development and production assets where appropriate to ensure that costs capitalised reflect the Group's interest only.

#### (v) Impairment

Exploration and evaluation assets are reviewed regularly for indicators of impairment and costs are written off where circumstances indicate that the carrying value might not be recoverable. In such circumstances, the exploration and evaluation asset is allocated to development and production assets within the same cash generating unit and tested for impairment. Any such impairment arising is recognised in the income statement for the period. Where there are no development and production assets, the impaired costs of exploration and evaluation are charged immediately to the income statement.

## 1 Accounting policies (continued)

### (vi) Decommissioning costs and provisions

Provision is made for the decommissioning of oil and gas wells and other oilfield facilities. The cost of decommissioning is determined through discounting the amounts expected to be payable to their present value at the date the provision is recorded and this calculation is reassessed at each reporting date. The unwinding of the discount is reflected as a finance cost in the income statement over the expected remaining life of the well. Changes in the decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the related asset. The decommissioning provision is reviewed annually.

### Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is recognised on a straight line basis over the estimated useful lives of the related assets.

The estimated useful lives for the current and comparative periods are as follows:

- furniture and equipment 3 -10 years

### Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Amortisation is recognised on a straight line basis over the estimated useful lives of the related assets.

The estimated useful lives for the current and comparative periods are as follows:

- capitalised software 3 years

### Leased assets

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of less than 90 days. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### Receivables

Receivables, which generally have 30 day terms, are initially recorded at fair value and at subsequent reporting dates, amortised cost. Generally the Group recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date.

A provision for impairment of receivables is made where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. Movements in provisions are recognised in the income statement. Bad debts are written off against the provision when no future prospect of collection exists.

### Trade and other payables

Subsequent to initial recognition, trade and other payables are measured at amortised cost.

### Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not carried at fair value through the income statement, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost.

A financial instrument is recognised where the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 1 Accounting policies (continued)

### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from retained earnings, net of any tax effects.

### Operating segments

Operating segment information is presented in the consolidated financial statements in respect of the Group's geographical segments which represent the financial basis by which the Group manages its business.

Performance is measured based on segment result and total asset value as included in the internal management reports that are reviewed by the Group's board of Directors, who are determined to be the chief operating decision maker ("CODM"), which management believe is the most relevant information when evaluating the results of certain segments relative to other entities that operate within that industry.

All exploration and evaluation assets held by the Group are located in the Republic of Ireland and accordingly the Group has identified one reporting segment, being:

- Republic of Ireland exploration assets: oil and gas exploration assets in the Republic of Ireland

## 2 Administration expenses

	2018 €'000	2017 €'000
Corporate, exploration and development expenses	4,766	5,456
Foreign exchange (gain)/loss	(216)	2,932
<b>Total administration expenses for the year</b>	<b>4,550</b>	<b>8,388</b>
Capitalised in Exploration and Evaluation assets (Note 10)	(1,182)	(1,897)
<b>Total charged to the income statement</b>	<b>3,368</b>	<b>6,491</b>

## 3 Finance income

	2018 €'000	2017 €'000
Bank deposit interest income	96	156
Foreign exchange gain on decommissioning provision	—	960
	96	1,116

## 4 Finance expense

	2018 €'000	2017 €'000
Unwind of discount on decommissioning provision	382	133
Foreign exchange loss on decommissioning provision	68	—
<b>Total finance expense recognised in income statement</b>	<b>450</b>	<b>133</b>
<b>Recognised in other comprehensive income:</b>		
Foreign exchange transaction differences on foreign operations	2,703	(7,626)

## 5 Income tax result

	2018 €'000	2017 €'000
<i>Current tax expense</i>		
Current year	—	—
	—	—
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	—	—
<b>Total income tax charge for year</b>	<b>—</b>	<b>—</b>

A reconciliation of the expected tax benefit computed by applying the standard Irish tax rate to the loss before tax to the actual tax result is as follows:

	2018 €'000	2017 €'000
Loss before tax	(4,779)	(20,419)
Irish standard tax rate	12.5%	12.5%
Tax credit at the Irish standard rate	(597)	(2,552)
Expenses not deductible for tax purposes	306	2,171
Losses carried forward	317	304
Other	(26)	77
<b>Tax result for the year</b>	<b>—</b>	<b>—</b>

## 6 Employee expenses and numbers

	2018 €'000	2017 €'000
Wages and salaries	1,700	2,175
Social welfare costs	190	237
Defined contribution pension costs	187	177
Share-based payment expense (Note 20)	243	431
	<b>2,320</b>	<b>3,020</b>

The following expenses, which are included in the above amounts, were capitalised during the year:

	2018 €'000	2017 €'000
Wages and salaries	690	1,535

The average number of persons employed during the year (including executive directors) by activity was as follows:

	2018 Number	2017 Number
Exploration and evaluation	7	7
Corporate management and administration	7	7
	<b>14</b>	<b>14</b>

The Group contributes to an externally funded defined contribution scheme to satisfy the pension arrangements in respect of certain management personnel. The total pension cost charged for the year was €187,000 (2017: €177,000).

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 7 Directors' remuneration and transactions with key management personnel

Directors' emoluments are analysed as follows:

	Salaries and other emoluments		Bonus payments		Fees		Total	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000	2018 €'000	2017 €'000	2018 €'000	2017 €'000
<b>Executive</b>								
Tony O'Reilly	470	397	—	247	—	—	470	644
John O'Sullivan <sup>1</sup>	384	384	—	165	—	—	384	549
Sub-total	854	781	—	412	—	—	854	1,193
<b>Non-Executive</b>								
Angus McCoss <sup>2</sup>	—	—	—	—	45	26	45	26
Lex Gamble	—	—	—	—	45	45	45	45
James McCarthy	—	—	—	—	45	45	45	45
Philip O'Quigley	—	—	—	—	45	45	45	45
Pat Plunkett	—	—	—	—	100	100	100	100
Sub-total	—	—	—	—	280	261	280	261
<b>Total</b>	<b>854</b>	<b>781</b>	<b>—</b>	<b>412</b>	<b>280</b>	<b>261</b>	<b>1,134</b>	<b>1,454</b>

1 John O'Sullivan's emoluments include pension contributions of €49,440 for 2018 (2017: €49,440).

2 Angus McCoss was appointed on 1 June 2017.

Directors' remuneration is fixed by the Remuneration Committee of the board which is comprised solely of non-executive directors of the Company.

Detail of share options granted to the directors during the year are disclosed in the directors' report. In 2018, the share based payments expense in relation to directors amounted to €217,000 (2017: €316,000).

The emoluments of Mr. Tony O'Reilly include payments made to Kildare Consulting Limited under the terms of his employment contract (Note 23).

There were no loans outstanding to any director at any time during the year. Details of the directors' interests in shares and share options are set out on page 17.

### Transactions with key management personnel comprising directors and other senior management

Key management personnel are considered to be the board of directors and other key management. The compensation of the key management personnel was as follows:

	2018 €'000	2017 €'000
Wages, salaries and fees:		
Executive directors	805	1,143
Non-executive directors	280	261
Other key management salaries	316	370
	<b>1,401</b>	<b>1,774</b>
Social welfare costs	75	100
Defined contribution pension costs	97	91
Share-based payment expense	224	341
	<b>1,797</b>	<b>2,306</b>

## 8 Statutory and other information

	2018 €'000	2017 €'000
Auditor's remuneration		
Audit	54	54
Audit of subsidiary entities	21	21
Taxation services	8	8
Operating lease rentals on property	214	223
Depreciation on property, plant and equipment	55	67
Amortisation of intangible assets	88	104
Impairment of evaluation and exploration assets	723	14,643
Pre-licence exploration expenditure	334	268
Directors' emoluments		
Fees	280	261
Salaries and other emoluments	854	781
Bonus	—	412

## 9 Earnings per share

Earnings per share are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Total 2018 €'000	Total 2017 €'000
Loss attributable to equity holders of the Company	(4,779)	(20,419)

The weighted average number of ordinary shares in issue is calculated as follows:

	2018	2017
In issue at beginning and end of year ('000s)		
being weighted average number of ordinary shares ('000s)	597,659	597,659
	2018 cent	2017 cent
Basic and diluted loss per share (cent)	(0.80)	(3.42)

There is no difference between the basic loss per ordinary share and the diluted loss per ordinary share for the current year as all potentially dilutive ordinary shares outstanding are anti-dilutive in relation to continuing operations. There were 28,255,000 (2017: 28,255,000) anti-dilutive share options in issue at 31 December 2018.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 10 Exploration and evaluation assets

	Republic of Ireland €'000
<b>Cost and net book value</b>	
At 1 January 2017	89,276
Additions	55,971
Cash calls received in year	(49,853)
Administration expenses	1,897
Impairment charge	(14,643)
Foreign exchange translation	(7,817)
<b>At 31 December 2017</b>	<b>74,831</b>
Additions	7,499
Administration expenses	1,182
Cash calls received in year	(3,638)
Impairment charge	(723)
Foreign exchange translation	2,716
<b>At 31 December 2018</b>	<b>81,867</b>

The exploration and evaluation asset balance at 31 December 2018 primarily relates to the Barryroe (€62.0 million), Dunquin (€16.3 million), Newgrange (€2.7 million) and Avalon (€0.9 million) licenses.

The directors have assessed the current activities ongoing within exploration and evaluation assets and have determined that an impairment charge of €0.7 million (2017: €14.6 million) is required at 31 December 2018.

In 2017 the drilling campaign on Druid/Drombeg resulted in the impairment of the licence as only trace hydrocarbons were found and the well was not commercially viable. The Kish Bank licence was also impaired, as it is unlikely that further exploration and evaluation work will be undertaken.

The directors recognise that the future realisation of the remaining exploration and evaluation assets is dependent on future successful exploration and appraisal activities and the subsequent economic production of hydrocarbon reserves. They have reviewed current and prospective plans for each of the licence areas and are satisfied that future exploration and evaluation activities are appropriate in light of the carrying value of these assets.

## 11 Property, plant and equipment

	Furniture and equipment €'000
<b>Cost</b>	
At 1 January 2017	664
Additions in year	27
At 31 December 2017	691
Additions in year	21
<b>At 31 December 2018</b>	<b>712</b>
<b>Depreciation</b>	
At 1 January 2017	562
Charge for year	67
At 31 December 2017	629
Charge for year	55
<b>At 31 December 2017</b>	<b>684</b>
<b>Net book value</b>	
<b>At 31 December 2018</b>	<b>28</b>
At 31 December 2017	62

## 12 Intangible assets

	Capitalised software €'000
<b>Cost</b>	
At 31 December 2017	313
Additions in year	—
<b>At 31 December 2018</b>	<b>313</b>
<b>Amortisation</b>	
At 31 December 2017	225
Charge for year	88
<b>At 31 December 2018</b>	<b>313</b>
<b>Carrying value</b>	
<b>At 31 December 2018</b>	<b>—</b>
At 31 December 2017	88

## 13 Trade and other receivables

	2018 €'000	2017 €'000
VAT recoverable	59	59
Prepayments	172	130
Other receivables	5	560
Amounts due from joint operation partners	228	6,911
	<b>464</b>	<b>7,660</b>

Amounts due from joint operation partners are normal billings due on demand.

## 14 Cash and cash equivalents

	2018 €'000	2017 €'000
Cash held in bank accounts	7,617	19,603
<b>Cash and cash equivalents</b>	<b>7,617</b>	<b>19,603</b>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 15 Share capital and share premium

	Number ( <sup>'000</sup> )	€'000
<b>Authorised</b>		
Deferred shares of €0.011 each (a)	1,062,442	11,687
Ordinary shares of €0.10 each	986,847	98,685

- (a) The deferred shares do not entitle the shareholder to receive a dividend or other distribution, do not entitle the shareholder to receive notice of or vote at any general meeting of the Company, and do not entitle the shareholder to any proceeds on a return of capital or winding up of the Company.

Issued	Number 000's	Share capital €'000	Share premium €'000
Deferred shares of €0.011 each	1,062,442	11,687	5,691
Ordinary shares of €0.10 each	597,659	59,765	242,227
<b>At 31 December 2018</b>	<b>597,659</b>	<b>71,452</b>	<b>247,918</b>

## 16 Reserves

The statement of changes in equity outlines the movement in reserves during the year. The reserves included within that statement are further explained below:

- a) The currency translation reserve comprises all foreign exchange differences from 1 January 2006, arising from the translation of the net assets of the Group's non-euro denominated operations, including translation of the profits of such operations from the average exchange rate to the rate at the reporting date.
- b) The share based payment reserve comprises the fair value of all share options which have been charged over the vesting period, net of amounts relating to share options forfeited, exercised or lapsed during the year, which are reclassified to retained earnings.

## 17 Decommissioning provisions

	2018 €'000	2017 €'000
At beginning of year	6,956	7,783
Unwind of discount	382	133
Foreign exchange loss/(gain)	68	(960)
<b>At end of year</b>	<b>7,406</b>	<b>6,956</b>

Decommissioning costs are expected to be incurred over the remaining lives of the fields, which are estimated to be between 2021 and 2023. 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% (2017: 10%) per annum, reflecting the associated risk profile.

## 18 Deferred taxation

The Group has not recognised a potential deferred tax asset of €25.9 million (2017: €25.0 million) which mainly relates principally to unutilised tax losses available to carry forward, all of which arose in Ireland, on the basis that it is not probable that the Group will have taxable profits available in future periods against which this asset could be utilised.

The gross amount of unused tax loss carry forwards, with their expiry dates, are as follows:

	2018 €'000	2017 €'000
One year	157	193
Two years	197	157
Three years	491	197
Four years	4,004	491
Five years	1,527	4,004
More than five years	201,426	194,579
<b>Total</b>	<b>207,802</b>	<b>199,621</b>

Unutilised losses may be carried forward, up to their date of expiry, as long as oil production commences within 25 years from the date of the losses originating.

## 19 Trade and other payables

	2018 €'000	2017 €'000
Accruals	401	2,079
Other payables	298	1,798
Relevant Contract Tax	—	4,372
Amounts payable to joint operating partners	—	3,335
	<b>699</b>	<b>11,584</b>

## 20 Share schemes

Share option schemes were introduced in August 1997 (expired August 2007), May 2005 (expired October 2015) and June 2009 from which new share options may be offered to employees, Directors and consultants. Options are recommended at a level to attract retain and motivate participants in the competitive environment in which the Group operates. There have been no changes in this policy since the adoption of the first scheme in August 1997. The 1997 and 2005 Scheme have both now expired and no new options may be granted from these schemes. The Remuneration Committee reviews and assesses proposals to grant share options to participants under the 2009 share option scheme. Participation is at the discretion of Directors for eligible participants.

The Group operates employee share schemes as follows:

### 2005 Scheme

All remaining outstanding options under the 2005 scheme expired during prior years.

### 2009 Scheme

In 2009, the directors adopted a share option scheme which contains share growth performance criteria. The option price is the market price immediately preceding the date of grant. The "2009 scheme" operates as an equity-settled share option scheme and the options are granted subject to the following conditions:

- (i) 50% of total options granted are exercisable after one year from the date of grant provided that the market price of the Company's shares has increased by a minimum of 25% and has maintained such increase over a period of three months prior to the exercise of any option.
- (ii) The remaining 50% of the total options granted are exercisable after two years from the grant date provided the market price of the Company's shares has increased by a minimum of 50% from date of grant and has maintained such increase over a period of three months prior to the exercise of any option.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 20 Share schemes (continued)

### 2009 Scheme (continued)

Under the 2009 Scheme, which is a ten year scheme, the exercise period for any options granted is seven years. The 2009 Scheme provides for the award of options over ordinary shares up to a maximum of 5% of the issued share capital of the Company.

Nil (2017: 3,750,000) options were granted during 2018 under this scheme. The fair value of the options granted during the prior year was estimated at €0.1032 per share using the Black-Scholes option pricing model. The following key input assumptions were applied:

	2017
Volatility	65%
Time period	7 years
Dividend yield	0%
Risk free interest rate	(0.22%)
Exercise price	€0.17

At 31 December 2018, options over 6,055,000 (2017: 6,055,000) shares remained outstanding at subscription prices ranging from €0.142 to €6.13, with a weighted average price of €0.36 (2017: €0.36). These options expire at varying dates up to June 2024, with none exercisable at year end.

### 2016 Scheme

In 2016, the Director implemented a long term incentive plan (the “2016 LTIP Scheme”) for Directors following alterations to certain provisions of the 2009 Share Option Scheme (the “2009 Scheme”). The alterations provide for a fixed exercise price significantly above the then market price and a reduction to the period of time during which options can be exercised. The applicable alterations were as follows:

- (i) 50% of total options granted are exercisable after one year from the date of grant provided that the market price of the Company's shares exceeds a price of €0.45 per share.
- (ii) The remaining 50% of the total options granted are exercisable after a further year has elapsed provided the market price of the Company's shares exceeds a price of €0.45 per share.

No option is exercisable more than three years after grant date and no option is exercisable within one year of grant.

No options were granted during the year (2017: Nil) under this scheme.

In addition, the 2016 LTIP Scheme details the manner in which options are exercisable by “Good Leavers” and “Bad Leavers”.

If a Participant ceases to hold office or employment by virtue of which he is eligible to participate in the Scheme due to:

- (a) resignation (other than due to terminal illness or total permanent incapacitation);
  - (b) dismissal for cause or poor performance; or
  - (c) any other circumstances (other than due to genuine redundancy or death) determined by the Board to constitute a Bad Leaver,
- then, the Board may in its absolute discretion decide whether any option, or any portion thereof, shall be exercisable (subject to the conditions applicable thereto) on or after such cessation provided however that no option shall be exercisable or exercised later than the expiration of the earlier of the following periods which ever shall first occur:-
- (i) the third anniversary of the grant of that option; or
  - (ii) one month after such cessation of employment.

## 20 Share schemes (continued)

### 2016 Scheme (continued)

If a Participant ceases to hold office or employment by virtue of which he is eligible to participate in the Scheme due to genuine redundancy or otherwise for reasons other than as a Bad Leaver, then in such case an option held by such Participant may, subject to the conditions applicable thereto, be exercisable to the earliest of:

- (i) the third anniversary of the grant of that option; or
- (ii) the expiry of twelve months from the date of death of the Participant, and shall lapse on the expiry of such period.

The total number of options granted under 2016 LTIP Scheme to date is 22.6 million.

For the avoidance of doubt, the above alterations made to the 2009 Scheme only relate to options being granted under the 2016 LTIP Scheme. All other options granted or capable of being granted are subject to the original provisions of the 2009 Scheme.

At 31 December 2018, options over 22,200,000 (2017: 22,200,000) remained outstanding at subscription, prices of €0.45, with an exercise price of €0.45 (2017: €0.45). These options expire at August 2019 with none exercisable at year end.

### Charge

The share based payment charge for the year was €243,000 (2017: €431,000).

## 21 Financial instruments

### Financial risk management objectives, policies and processes

The Group has exposure to the following risks from its use of financial instruments:

- (a) Interest rate risk
- (b) Foreign currency risk
- (c) Liquidity risk
- (d) Credit risk

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and framework in relation to the risks faced.

#### (a) Interest rate risk

The Group currently finances its operations through a mixture of shareholders' funds and bank deposits. Short term cash funds are generally invested in short term interest bearing bank deposits. The Group did not enter into any hedging transactions with respect to interest rate risk; however, the requirement for such instruments is kept under ongoing review.

The interest rate profile of these interest bearing financial instruments was as follows:

	2018 €'000	2017 €'000
<b>Variable rate instruments</b>		
Financial assets – cash and cash equivalents	7,617	19,603

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 21 Financial instruments (continued)

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ('bps') in interest rates at 31 December 2018 and 31 December 2017 would have increased/(decreased) the reported loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit	
	100 bps increase €'000	100 bps decrease €'000
<b>31 December 2018</b>		
Variable rate instruments	20	(25)
<b>31 December 2017</b>		
Variable rate instruments	134	(89)

### (b) Foreign currency risk

The Group is exposed to currency risk on purchases, loans and bank deposits that are denominated in a currency other than the functional currency of the entities of the Group.

It is Group policy to ensure that foreign currency risk is managed wherever possible by matching foreign currency income and expenditure. During the years ended 31 December 2018 and 2017 the Group did not utilise either foreign currency forward contracts or derivatives to manage foreign currency risk on future net cash flows.

The Group's foreign currency risk exposure in respect of the principal foreign currencies in which the Group operates was as follows:

	31 December 2018					31 December 2017				
	Euro €'000	GBP €'000	USD €'000	Not at risk EURO €'000	Total €'000	Euro €'000	GBP €'000	USD €'000	Not at risk EURO €'000	Total €'000
VAT recoverable	—	—	—	59	59	—	—	—	59	59
Other debtors	—	—	151	254	405	—	560	6,860	181	7,601
Cash and cash equivalents	—	5,195	2,211	211	7,617	46	6,109	8,440	5,008	19,603
Trade and other payables	—	(116)	(215)	(368)	(699)	—	(565)	(3,698)	(7,321)	(11,584)
<b>Total exposure</b>	—	<b>5,079</b>	<b>2,147</b>	<b>156</b>	<b>7,382</b>	46	6,104	11,602	(2,073)	15,679

The following are the significant exchange rates that applied against 1 euro during the year:

	Average rate		Spot rate at 31 December	
	2018	2017	2018	2017
<b>1 GBP</b>	<b>0.8860</b>	0.7764	<b>0.8945</b>	0.8872
<b>1 USD</b>	<b>1.1793</b>	1.1368	<b>1.1450</b>	1.1993

## 21 Financial instruments (continued)

### Sensitivity analysis

A 10% strengthening and weakening of the euro against the following currencies, based on outstanding financial assets and liabilities at 31 December 2018 and 31 December 2017 would have increased/(decreased) the reported loss and equity by the amounts below as a consequence of the retranslation of foreign currency denominated financial assets and liabilities at those dates. It is assumed that all other variables, especially interest rates, remain constant in the analysis.

	Profit/(loss)		Equity	
	10% increase €'000	10% decrease €'000	10% increase €'000	10% decrease €'000
<b>31 December 2018</b>				
GBP	(508)	508	473	(578)
USD	(193)	193	(113)	138
<b>31 December 2017</b>				
GBP	(610)	610	474	(580)
USD	(808)	808	(129)	157

#### (c) Liquidity risk

Liquidity is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and adverse conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by regularly monitoring cash flow projections and rolling forecasts of expected cash flows against actual cash flows. The nature of the Group's exploration and appraisal activities can result in significant differences between expected and actual cash flows. Consequently a conservative approach to cash forecasting is taken and appropriate contingency planning is put in place to ensure that the Group can discharge its financial obligations as they fall due.

The contractual maturities of financial liabilities as at 31 December 2018 and 2017 are within six months and less contractual cash flows and therefore are the same as the carrying amounts.

#### (d) Credit risk

Credit risk is the risk of financial loss to the Group if a cash deposit is not recovered. Group deposits are placed only with banks with appropriate credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. Receivables, which generally have 30 days terms, are initially recorded at fair value and, at subsequent reporting dates, amortised costs. An assessment whether an asset is impaired is made at least at each reporting date. The maximum exposure to credit risk at 31 December was:

	2018 €'000	2017 €'000
Cash and cash equivalents	7,617	19,603
VAT recoverable	59	59
Other receivables	405	7,601
<b>Maximum exposure to credit risk</b>	<b>8,081</b>	<b>27,263</b>

#### (e) Fair values versus carrying amounts

Due to the short term nature of all of the Group's financial assets and liabilities at 31 December 2018, the fair value equals the carrying amount in each case.

#### (f) Capital management

The Group has historically funded its activities through a combination of share rights issues and placing and bank borrowings. The Group's capital structure is kept under review by the board and it is committed to capital discipline and continues to maintain flexibility for future growth, both organic and through acquisitions. The board considers capital to comprise shareholders' equity and long term borrowings and endeavours to ensure an appropriate mix of equity and debt is maintained.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 22 Commitments and contingencies

### (a) Exploration and evaluation activities

The Group has capital commitments of approximately €5.1 million in respect of its share of costs of exploration and, evaluation activities during 2019.

### (b) Operating leases

Total commitments under non-cancellable operating lease rentals, all of which relate to property, are as follows:

	2018 €'000	2017 €'000
Payable:		
Within one year	197	227
Between two and five years	54	146
<b>Total operating lease commitments</b>	<b>251</b>	<b>373</b>

### (c) Contingencies

From time to time the Group is involved in other claims and legal actions which arise in the normal course of business. There are currently no ongoing claims or legal actions.

Under the terms of the CEPIL acquisition agreement the Group is required to make a payment of US\$5 million to the former shareholders of CEPIL if a final investment decision is made to develop the Spanish Point asset. No provision has been recognised in the financial statements at this stage as the asset is still at an exploration and evaluation stage and the final investment decision has not yet been taken. The JV partners are engaged in ongoing discussion with the Irish regulatory authorities as to the future status of the licence.

## 23 Related party transactions

Mr Tony O'Reilly has, through Kildare Consulting Limited, a company beneficially owned by him, a contract for the provision of service to the Company outside the Republic of Ireland effective April 2017. The amount paid under the contract in the year ended 31 December 2018 was €426,075 (2017: €606,930). The contract was renewed on 1 April 2019 and is of two years duration and is subject to one year's notice period.

## 24 Group transparency disclosures

In accordance with Chapter 10 of the relevant EU Accounting Directive (2013/34/EU), companies operating in the extractive sector are required to disclose payments made to National Governments.

The payments disclosed are based on where the obligation arose which in the case of the Group is Ireland. Payments are disclosed by licence where the aggregate of the payment in the year exceeds €100,000; otherwise they are combined into a corporate level payment which consolidates individual payments of less than €100,000.

Licence	Licence number	Licence fees €'000	PIP fees €'000	CRU fees €'000	Total €'000
<b>2018</b>					
Barryroe	SEL 1/11	182	—	—	182
Diablo	FEL 2/14	16	24	98	138
Newgrange	FEL 6/14	56	70	—	126
Corporate**		63	137	—	200
<b>Total Ireland</b>		<b>317</b>	<b>231</b>	<b>98</b>	<b>646</b>

Licence	Licence number	Licence fees €'000	PIP fees €'000	CRU fees €'000	Total €'000
<b>2017</b>					
Spanish Point	FEL 2/04	—	101	—	101
Spanish Point North	FEL 4/08	—	101	—	101
Corporate**		296	143	—	439
<b>Total Ireland</b>		<b>296</b>	<b>345</b>	<b>—</b>	<b>641</b>

\*\* Corporate is the consolidate total of all Irish licences where the total of each licence payment in the year is less than €100,000.

## 24 Group transparency disclosures (continued)

All of the payments disclosed in accordance with the Directive have been made to National Governments, covering both direct and indirect payments.

The payments type covered by this disclosure are

- a) Licence fees
- b) PIP fees
- c) CRU fees

### Licence fees

Licence fees cover the costs associated with holding licences. These cover rental fees, assignment fees, Expand Offshore Group Fees, Prospective Licence and any application fees.

### PIP (Petroleum Infrastructure Programme) fees

The PIP (Petroleum Infrastructure Programme) was set up by the Petroleum Affairs Division in 1997 as a private company.

PIP fees are paid on condition of granting a Frontier Exploration Licence.

The overall aim of PIP is to promote hydrocarbon exploration and development in Ireland and it undertakes research programmes around Ireland.

The research under the programme goes beyond normal licence specific work and is designed not to duplicate work carried out by other groups or commercial entities.

John O'Sullivan is a director of the Company and was a Director of PIPCO RSG CLG up to 28 May 2019.

### CRU (Commission for Regulation of Utilities) fees

The CRU is Ireland's independent energy and water regulator with responsibilities for economic, customer protection and safety.

The CRU reviews all exploration, appraisal and production activities in Ireland to ensure that they meet the highest international safety standards.

## 25 Approval of financial statements

The financial statements were approved by the board of directors on 27 June 2019.

# COMPANY STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2018

	Note	2018 €'000	2017 €'000
<b>Fixed assets</b>			
Oil and gas interests	2	20,050	17,619
Tangible assets	3	28	62
Financial assets	4	2	2
Intangible assets	5	—	88
<b>Total non-current assets</b>		<b>20,080</b>	<b>17,771</b>
<b>Current assets</b>			
Debtors	6	55,438	66,737
Cash at bank and in hand		7,608	19,542
<b>Total current assets</b>		<b>63,046</b>	<b>86,279</b>
<b>Creditors: amounts falling due within one year</b>	7	<b>(4,593)</b>	<b>(15,666)</b>
<b>Net current assets</b>		<b>58,453</b>	<b>70,613</b>
<b>Total assets less current liabilities</b>		<b>78,533</b>	<b>88,384</b>
<b>Provision for liabilities</b>	8	<b>(5,973)</b>	<b>(5,241)</b>
<b>Net assets</b>		<b>72,560</b>	<b>83,143</b>
<b>Capital and reserves</b>			
Called up share capital	9	71,452	71,452
Share premium		247,918	247,918
Undenominated capital		623	623
Share based payment reserve		1,745	1,502
Profit and loss account		(249,178)	(238,352)
<b>Shareholders' funds – equity</b>		<b>72,560</b>	<b>83,143</b>

On behalf of the Board

**Pat Plunkett**  
Chairman

27 June 2019

**Tony O'Reilly**  
Chief Executive

## STATEMENT OF CHANGES IN COMPANY EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital €'000	Undenominated capital €'000	Share premium €'000	Share based payment reserve €'000	Profit and loss account €'000	Total €'000
<b>At 1 January 2018</b>	<b>71,452</b>	<b>623</b>	<b>247,918</b>	<b>1,502</b>	<b>(238,352)</b>	<b>83,143</b>
Loss for financial year	—	—	—	—	(10,826)	(10,826)
<i>Total comprehensive loss</i>	—	—	—	—	(10,826)	(10,826)
Transactions with owners, recorded directly in equity						
Share based payment expense	—	—	—	243	—	243
<b>At 31 December 2018</b>	<b>71,452</b>	<b>623</b>	<b>247,918</b>	<b>1,745</b>	<b>(249,178)</b>	<b>72,560</b>

	Called up share capital €'000	Undenominated capital €'000	Share premium €'000	Share based payment reserve €'000	Profit and loss account €'000	Total €'000
At 1 January 2017	71,452	623	247,918	1,398	(207,532)	113,859
Loss for financial year	—	—	—	—	(31,147)	(31,147)
<i>Total comprehensive loss</i>	—	—	—	—	(31,147)	(31,147)
Transactions with owners, recorded directly in equity						
Share based payment expense	—	—	—	431	—	431
Share options lapsed in year	—	—	—	(327)	327	—
At 31 December 2017	71,452	623	247,918	1,502	(238,352)	83,143

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 1 Accounting policies

### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). There have been no material departures from the Standards

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has adopted certain disclosure exemptions available under FRS 101. These include:

- a cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management; and
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements of ultimate holding undertaking include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*; and
- Certain disclosures required by IAS 36 *Impairment of Assets*.

These financial statements are presented in Euro, being the functional currency of the Company. All financial information presented in Euro has been rounded to the nearest thousand, except where otherwise stated.

The accounting policies applied in the Company only financial statements are consistent with the Group accounting policies as set out on pages 32 to 38.

### Going concern

Refer to basis of preparation of consolidated financial statements information on the going concern on the Group and Company on pages 19 and 32.

### Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The details and critical judgements are disclosed in the Group accounting policies.

## 2 Oil and gas interests – exploration expenditure

	Ireland 2018 €'000
<b>Cost</b>	
At 1 January 2018	17,619
Exploration and appraisal expenditure	6,027
Administration expenses capitalised	388
Cash calls received in year	(3,319)
Impairment charge	(665)
<b>At 31 December 2018</b>	<b>20,050</b>

The exploration and evaluation asset balance at 31 December 2018 primarily relates to Dunquin (€16.3 million), Newgrange (€2.7 million) and Avalon (€0.9 million) license areas.

The directors have assessed the current activities ongoing within exploration and evaluation assets and have determined that an impairment charge of €0.7 million (2017: €14.7 million) is required at 31 December 2018.

The directors have assessed the current activities ongoing within exploration and evaluation assets and have determined that no additional impairment charge is required at 31 December 2018. The directors recognise that the future realisation of these exploration and evaluation assets is dependent on future successful exploration and appraisal activities and the subsequent economic production of hydrocarbon reserves. They have reviewed current and prospective plans for each of the licence areas and are satisfied that future exploration and evaluation activities are appropriate in light of the carrying value of these assets.

## 3 Tangible fixed assets

	Furniture and equipment €'000
<b>Cost</b>	
At 1 January 2018	646
Additions in year	21
<b>At 31 December 2018</b>	<b>667</b>
<b>Depreciation</b>	
At 1 January 2018	584
Charge for year	55
<b>At 31 December 2018</b>	<b>639</b>
<b>Net book value</b>	
<b>At 31 December 2018</b>	<b>28</b>
At 31 December 2017	62

# NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

## 4 Financial fixed assets

	2018 €'000
Investments in subsidiaries at start and end of year	2

At 31 December 2018, the Company had the following principal subsidiaries, all of which are wholly owned:

Name	Registered Office/Country of Incorporation	Activity	Interest in Ordinary Share Capital
Providence Resources UK Limited	5th Floor, 6 St. Andrews Street, London, EC4A 3AE, UK	Dormant	100%
Providence Resources (NI) Limited	C/O Geo.I.Maclain Solicitors, Imperial Buildings, 72 High Street, Belfast, BT1 2BE	Dormant	100%
Providence Resources (International) Limited	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands	Holding company	100%
P.R. UK Holdings Limited	5 Jubilee Place, London SW3 3TD, UK	Holding company	100%
Providence Resources (GOM No. 2) LLC	Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware, USA	Dormant	100%
Providence Resources (Holdings USA) LLC	Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware, USA	Holding company	100%
Providence Resources (USA) DAC	Airfield House, Airfield Park, Donnybrook, Dublin D04 CP49, Republic of Ireland	Holding company	100%
Exola DAC	Airfield House, Airfield Park, Donnybrook, Dublin D04 CP49, Republic of Ireland	Oil and Gas exploration	100%
Chrysaor E&P Ireland DAC	Airfield House, Airfield Park, Donnybrook, Dublin D04 CP49, Republic of Ireland	Oil and Gas exploration	100%

## 5 Intangible assets

	Software €'000
<b>Cost</b>	
At 1 January 2018	313
Additions in year	—
<b>At 31 December 2018</b>	<b>313</b>
<b>Amortisation</b>	
At 1 January 2018	225
Charge for year	88
<b>At 31 December 2018</b>	<b>313</b>
<b>Carrying value</b>	
<b>At 31 December 2018</b>	<b>—</b>
At 31 December 2017	88

## 6 Debtors

	2018 €'000	2017 €'000
VAT	47	56
Prepayments	163	122
Other receivables	5	560
Amounts due from joint operation partners	19	6,898
Amounts due from subsidiaries	55,204	59,101
	<b>55,438</b>	<b>66,737</b>

All of the above amounts fall due within one year.

Amounts owed from subsidiaries are interest-free and fall due on demand.

The recoverability of amounts due from subsidiaries is largely dependent on the future cash flows generated from the exploration and evaluation assets owned by those entities. A provision for receivables is made where there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is based on the credit profile of the relevant entity.

## 7 Creditors: amounts falling due within one year

	2018 €'000	2017 €'000
Relevant Contracts Tax	—	4,372
Trade creditors	201	1,788
Accruals	448	1,987
Amounts due to joint operating partners	—	3,335
Amounts owed to subsidiaries (a)	3,944	4,184
	<b>4,593</b>	<b>15,666</b>

(a) Amounts owed to subsidiaries are interest free and fall due on demand.

## 8 Provision for liabilities – Decommissioning

	2018 €'000	2017 €'000
At 1 January	5,241	6,265
Unwind of discount	200	—
Decrease/(increase) in abandonment provision	262	(251)
Foreign exchange differences	270	(773)
<b>Balance at 31 December</b>	<b>5,973</b>	<b>5,241</b>

Decommissioning costs are expected to be incurred over the remaining lives of the fields, which are estimated to be between 2021 and 2023. 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% (2017: 10%) per annum, reflecting the associated risk profile.

## 9 Share capital and share premium

See note 15 on page 44 to the Group financial statements.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

## 10 Commitments and contingencies

### Commitments

#### Exploration and evaluation activities

The Company has capital commitments of approximately €5.1 million to contribute to its share of costs of exploration and, evaluation activities during 2019.

#### Leases

Operating leases annual commitments exist under non-cancellable property leases expiring as follows:

	2018 €'000	2017 €'000
Within one year	161	191
Between two and five years	—	55
<b>Total</b>	<b>161</b>	<b>246</b>

## 11 Statutory information

Under the provisions of Section 304 of the Companies Act 2014, the Company is not presenting a separate profit and loss account. A loss of €10,826,000 (2017: loss of €31,147,000) for the financial year ended 31 December 2018 has been dealt with in the separate profit and loss account of the Company.

	2018 €'000	2017 €'000
Auditor's remuneration	54	42

During the year the Company employed 14 people (2017: 14 people) and incurred payroll costs of €1.9 million (2017: €2.4 million).

The Group contributes to an externally administered defined contribution retirement benefit scheme to satisfy the retirement benefit arrangements in respect of certain management personnel. The retirement benefit cost charged for the year was €0.2 million (2017: €0.2 million).

The Company capitalised €0.69 million (2017: €1.54 million) of the €1.9 million gross payroll cost within the Company's carrying value of its exploration and evaluation assets.

## 12 Related party transactions

Mr Tony O'Reilly has, through Kildare Consulting Limited, a company beneficially owned by him, a contract for the provision of service to the Company outside the Republic of Ireland effective 1 April 2017. The amount paid under the contract in the year ended 31 December 2018 was €426,075 (2017: €606,930). The contract was renewed 1 April 2019 and is of two years duration and is subject to one year's notice period.

## 13 Company transparency disclosures

In accordance with Chapter 10 of the relevant EU Accounting Directive (2013/34/EU), companies operating in the extractive sector are required to disclose payments made to National Governments.

The payments disclosed are based on where the obligation arose which in the case of the Company is Ireland. Payments are disclosed by license where the aggregate of the payment in the year exceeds €100,000; otherwise they are combined into a corporate level payment which consolidates individual payments of less than €100,000.

Licence	Licence number	Licence fees €'000	PIP fees €'000	CRU fees €'000	Total €'000
<b>2018</b>					
Diablo	FEL 2/14	16	24	98	138
Newgrange	FEL 6/14	56	70	—	126
Corporate**		56	91	—	147
<b>Total Ireland</b>		<b>128</b>	<b>185</b>	<b>98</b>	<b>411</b>

### 13 Company transparency disclosures (continued)

Licence	Licence number	Licence fees €'000	PIP fees €'000	CRU fees €'000	Total €'000
<b>2017</b>					
Corporate**		189	254	—	443
<b>Total Ireland</b>		<b>189</b>	<b>254</b>	<b>—</b>	<b>443</b>

\*\* Corporate is the consolidated total of Irish licences where the total of each licence payment in the year is less than €100,000.

All of the payments disclosed in accordance with the Directive have been made to the Irish Government and include both direct and indirect payments.

The payments type covered by this disclosure are

- a) Licence fees
- b) PIP fees
- c) CRU fees

#### Licence fees

Licence fees cover the costs associated with the holding licences. These cover rental fees, assignment fees, Expand Offshore Group Fees, Prospective Licence and any application fees.

#### PIP (Petroleum Infrastructure Programme) fees

The PIP (Petroleum Infrastructure Programme) was set up by the Petroleum Affairs Division in 1997 as a private company.

PIP fees are paid on condition of granting a Frontier Exploration Licence. The overall aim of PIP is to promote hydrocarbon exploration and development in Ireland and it undertakes research programmes around Ireland.

The research under the programme goes beyond normal licence specific work and is designed not to duplicate work carried out by other groups or commercial entities.

John O'Sullivan is a director of the Company and was a Director of PIPCO RSG CLG up to 28 May 2019.

#### CRU (Commission for Regulation of Utilities) fees

The CRU is Ireland's independent energy and water regulator with responsibilities for economic, customer protection and safety.

The CRU reviews all exploration, appraisal and production activities in Ireland to ensure that they meet the highest international safety standards.

### 14 Approval of financial statements

The financial statements were approved by the board of directors on 27 June 2019.

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Providence Resources P.l.c. will be held at the Hilton Hotel, Charlemont Place, Dublin D02 A893, Ireland, on 12 September 2019 at 11.00am for the purpose of considering, and if thought fit, passing the following Resolutions, of which Resolutions numbered (1) to (3) will be proposed as Ordinary Resolutions, and Resolutions numbered (4) and (5) will be proposed as Special Resolutions.

## Ordinary Resolutions

- (1) To receive and consider the Directors' Report and Financial Statements for the year ended 31 December 2018.
- (2) (a) To re-elect Mr. Pat Plunkett as a Director.  
(b) To re-elect Mr. James McCarthy as a Director.
- (3) To authorise the Directors to fix the remuneration of the Auditors.

## Special Resolutions

- (4) That the Directors be and they are hereby empowered pursuant to Section 1022 and Section 1023(3) of the Companies Act 2014 to allot equity securities (within the meaning of Section 1023 of the Companies Act 2014) for cash as if the said Section 1022(1) of the Companies Act 2014 did not apply to any such allotment, such power being limited to:

- a. the allotment of equity securities in connection with or pursuant to any offer of equity securities open for a period fixed by the Directors, by way of rights issue, open offer or otherwise (an "Offering") to the holders of ordinary shares and/or any other persons entitled to participate therein (including without limitation any holders of options under the Company's share option scheme(s) for the time being) in proportion (as nearly as may be) to their respective holdings of ordinary shares (or, as appropriate, the number of ordinary shares which such other persons are for the purposes of such Offering deemed to hold) on a record date fixed by the Directors (whether before or after the date of this meeting) and subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any legal or practical problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in relation to fractional entitlements or otherwise howsoever;
- b. pursuant to the terms of any scheme for Directors and/or employees etc. of the Company and/or its subsidiaries; and
- c. otherwise than pursuant to sub-paragraphs (a) and (b) above, having in the case of the relevant shares (as defined by the said Section 1023 the allotment of equity securities up to a nominal aggregate amount equal to €5,976,589 (representing approximately 10% of the issued share capital of the Company as at the close of business on 27 June 2019),

provided in each case the power shall, unless revoked or renewed by special resolution or the articles of association of the Company, expire on the earlier of fifteen months from the date of passing this Resolution and the conclusion of the next annual general meeting of the Company unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or issued after such expiry and the Directors may allot equity securities (as defined by the said Section 1023) in pursuance of such offer or agreement as if the power conferred hereby had not expired.

- (5) That, without prejudice to and in addition to the power and authority conferred on the Directors by Resolution 4 of this Notice of AGM, the Directors be and are hereby empowered, pursuant to Sections 1022 and 1023(3) of the Companies Act 2014, to allot equity securities (within the meaning of the said Section 1023(1)) for cash pursuant to the authority to allot relevant securities conferred on the Directors by Resolution 4 of this Notice of AGM as if Section 1022(1) did not apply to any such allotment, such power being limited to the allotment of 59,162,000 ordinary shares in the capital of the Company having an aggregate nominal value of €5,916,200 to APEC Energy Enterprise Limited (or a nominee thereof) pursuant to and in accordance with the terms of a warrant instrument agreed by the Company, provided that such power shall expire when the authority to allot relevant securities conferred on the Directors by Resolution 4 of this Notice of AGM expires, unless previously varied, revoked or renewed.

Dated 27 June 2019, by order of the Board, Airfield House, Airfield Park, Dublin D04 CP49, Republic of Ireland.

# NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Notes:

## Entitlement to attend and vote

1. Pursuant to Section 1105 of the Companies Act 2014 and Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996, entitlement to attend and vote at the AGM and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6.00 p.m. on the day which is two days before the date of the AGM (or in the case of an adjournment as at 6.00 p.m. on the day which is two days before the date of the adjourned meeting). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the AGM.

## Appointment of proxies

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy as an alternate to attend, speak, ask questions and vote instead of him/her/it and may appoint more than one proxy to attend on the same occasion in respect of shares held in different securities accounts. A member acting as an intermediary on behalf of one or more clients may grant a proxy to each of its clients or their nominees and such intermediary may cast votes attaching to some of the shares differently from other shares held by it. The appointment of a proxy will not preclude a member from attending, speaking, asking questions and voting at the meeting or at any adjournment thereof should the member subsequently wish to do so. A proxy need not be a member of the Company. If you wish to appoint more than one proxy, please contact the Registrars of the Company, Computershare, by sending an email to [clientservices@computershare.ie](mailto:clientservices@computershare.ie) during normal business hours.
3. A Form of Proxy is enclosed with this Notice of Annual General Meeting. To be effective, the Form of Proxy duly completed and executed, together with any original power of attorney or other authority under which it is executed or a copy of such authority certified notari- ally or by a practicing solicitor in the Republic of Ireland, must be deposited by hand at the offices of the Company's Registrar, Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland, or returned by post to Computershare Investor Services (Ireland) Ltd, PO Box 13030, Dublin 24, Ireland, in any case so as to be received no later than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof or (in the case of a poll taken otherwise than at or on the same day as the Annual General Meeting or adjourned Annual General Meeting) at least 48 hours before the taking of the poll at which it is to be used. Any alteration to the Form of Proxy must be initialed by the person who signs it.
4. In addition to Note 2 above, and subject to the Constitution of the Company, and provided it is received at least 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof or (in the case of a poll taken otherwise than at or on the same day as the Annual General Meeting or adjourned Annual General Meeting) at least 48 hours before the taking of the poll at which it is to be used, the appointment of a proxy may:
  - 4.1. be submitted by fax to +353 (0)1 447 5572, provided it is received in legible form; or
  - 4.2. be submitted electronically, via the internet by accessing the Company's Registrar's proxy voting website [www.eproxyappointment.com](http://www.eproxyappointment.com), entering the Control Number, SRN and PIN all located on the Proxy Form. Shareholders will be required to have their Shareholder Reference Number ("SRN") as printed on the face of the accompanying Form of Proxy. Full details of the procedures, including voting instructions are given on the website; or
  - 4.3. be submitted through CREST in the case of CREST members, CREST sponsored members or CREST members who have appointed voting service providers. Submissions through CREST must be completed in accordance with the procedures specified in the CREST Manual and received by the Registrar (under CREST agent ID 3RA50). The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.
5. In the case of a corporation, the Form of Proxy must be either executed under its common seal, signed on its behalf by a duly authorised officer or attorney, or submitted in accordance with Note 3 above.

## Voting rights and total number of issued shares in the Company

6. As a member, you have several ways of exercising your vote: (a) by attending the Annual General Meeting in person; (b) by appointing a proxy to vote on your behalf; or (c) by appointing a proxy via the CREST system if you hold your shares in CREST. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. The total number of issued ordinary shares on the date of this Notice of Annual General Meeting is 597,658,958 ordinary shares. On a vote on a show of hands, every member present in person and every proxy has one vote (but no individual shall have more than one vote). On a poll every member shall have one vote for every share carrying rights of which he is the holder.
8. Where a poll is taken at an Annual General Meeting any member, present in person or by proxy, holding more than one share is not obliged to cast all his/her votes in the same way.
9. Ordinary resolutions are required to be passed by a simple majority of members voting in person or by proxy. Special resolutions are required to be passed by a majority of not less than 75% of votes cast by those who vote either in person or in proxy.
10. On any other business which may properly come before the Annual General Meeting, or any adjournment thereof, and whether procedural or substantive in nature (including without limitation any motion to amend a resolution or adjourn the meeting) not specified in this Notice of Annual General Meeting, the proxy will act at his/her discretion.

## Other resolutions

11. The Annual General Meeting is being convened to consider the specific resolutions as incorporated in this Notice of Annual General Meeting. As a result, it is not proposed that any other resolution would be considered at the meeting.

# GLOSSARY OF TERMS

“\$” or “US\$” or “U.S. Dollar” United States Dollars, the lawful currency of the United States of America

“£” or “Pounds Sterling” Pounds Sterling, the lawful currency of the United Kingdom

“€” or “Euro” Euro, the lawful currency of Ireland

“°C” Degree Celsius

“°F” Degree Fahrenheit

“1C” Low estimate scenario of contingent resource

“2C” Best estimate scenario of contingent resource

“2D” Two dimensional

“3C” High estimate scenario of contingent resource

“3D” Three dimensional

“AA” Appropriate Assessment

“AAPG” American Association of Petroleum Geologists

“AGM” The Annual General Meeting of the Company to be held at the Hilton Hotel, Charlemont Place, Dublin D02 A893, Ireland on 12 September 2019 at 11.00am, including any adjournment thereof, and notice of which is set out herein

“AIM Rules” The AIM rules for Companies published by the London Stock Exchange in May 2014 (as amended) governing the admission to and the operation of AIM

“AIM” Alternative Investment Market operated by the London Stock Exchange

“AMLR” Atlantic Ireland Licencing Round

“APEC” APEC Energy Enterprise Limited

“API” Oil Gravity in America Petroleum Institute (API) units

“Atlantic” Atlantic Petroleum (Ireland) Limited

“AVO” Amplitude versus Offset

“B” Barrels of oil, 1 barrel = 42 U.S. gallons = 0.159 m<sup>3</sup>

“BB” Billion barrels

“BBL” Billion barrels of petroleum liquids; includes crude oil, condensate, and natural gas liquids

“BBO” Billion barrels of crude oil

“BBOE” Billion barrels of oil equivalent

“BCF” Billion cubic feet of gas

“BML” Below mud line

“BO” Barrels of crude oil

“Board” The Board of Directors of Providence Resources P.I.c.

“BOE” Barrels of oil equivalent (6,000 cubic feet of gas equals 1 barrel of oil equivalent)

“BOEPD” Barrels of oil equivalent per day

“BOPD” Barrels of oil per day

“Brent” The name attributed to the benchmark crude oil from the Brent Field in the UK North Sea

“BSCF” Billion of standard cubic feet of gas

“Cairn” Capricorn Energy Limited which is a wholly owned subsidiary of Cairn Energy PLC

“CAPEX” Capital expenditure

“CCS” Carbon Capture and Sequestration is the process of capturing carbon dioxide, transporting it to a storage site, and depositing it in an underground geological formation

“Cenkos” Cenkos Securities Plc

“CEPIL” Chrysaor Exploration and Production Ireland Limited

“CNOOC” CNOOC Petroleum Europe Limited, formerly Nexen Petroleum UK Limited

“CODM” Chief operating decision maker

“Company” Providence Resources P.I.c.

“Contingent Resources” Resources that are potentially recoverable but not yet considered mature enough for commercial development due to technological or business hurdles

“COSL” China Oilfield Services Limited

“CPR” Competent Person’s Report

“Cretaceous” Period in Mesozoic era, 154 – 66 million years ago

“CRU” The Commission for Regulation of Utilities, formerly the Commission for Energy Regulation

“DAC” Designated Activity Company

“DCCAEE” Department of Communications, Climate Action and Environment

“Discovery” An accumulation of hydrocarbons which has been proven to exist by physical penetration through the horizon containing such hydrocarbons

“E&E” Exploration and Evaluation

“E&P” Exploration and Production

“EIA” Environmental Impact Assessment or Energy Information Administration in the U.S.

“Eni” Eni Ireland BV

“EPA” Environmental Protection Agency

“EPS” Earnings per share

“EU IFRS” International Financial Reporting Standards as adopted by the EU

**“Euronext Dublin”** part of Euronext, the pan-European exchange operator

**“Euronext Growth”** pan-European market for small- and mid-sized companies (SMEs) operated by the Euronext

**“Exola DAC”** or **“Exola”** A wholly owned subsidiary of the Company

**“ExxonMobil”** ExxonMobil Exploration and Production Ireland (Offshore South) Limited

**“Facility”** Shall have the meaning ascribed thereto in the Chairman and Chief Executive’s Statement in this document

**“Farm-out”** Means the sale of an interest from the owner (“farminor”) to a party (“the farminee”) in return for a consideration, which includes the assumption by the farminee of a proportion of the benefits, liabilities and obligations of that licence. Industry practice allows the consideration to take many forms, some of the most common being cash or the payment of some or all of the farminor’s share of future costs on the licence, or the granting of an overriding royalty interest

**“FCTR”** Foreign currency translation reserve

**“FEL”** A petroleum exploration licence vests in the holder the exclusive right of carrying out exploration for petroleum in a specific licensed offshore area. A Frontier Exploration Licence is issued in respect of an area with special difficulties related to physical environment, geology or technology – where such an area is specified and announced by the Minister for DCCAE as a ‘Frontier Area’. This licence type is valid for a period of not less than 12 years and comprises a maximum of 4 phases.

**“FID”** Final Investment Decision

**“FOA”** Farm-out Agreement

**“Foreshore”** The land and seabed between the high water of ordinary or medium tides (shown High Water Mark on Ordnance Survey maps) and the twelve-mile limit (12 nautical miles, 22.24 km)

**“ft”** Foot or feet

**“Gardline”** A wholly owned subsidiary of Royal Boskalis Westminster N.V.

**“GIIP”** gas initially in place

**“GIS”** Geographic information system

**“Group”** The Company and its subsidiaries

**“IAS”** International Accounting Standards

**“IOOA”** Irish Offshore Operators’ Association is the representative organisation for the Irish offshore oil and gas industry

**“JOA”** Joint operating agreement which governs the relationship between participants in a Petroleum Lease or Licence and sets out the terms and conditions under which these participants shall operate

**“Jurassic”** Period in Mesozoic era, 201 – 145 million years ago

**“JV”** Joint Venture

**“KEL”** PSE Kinsale Energy Limited

**“km”** Kilometre or kilometres

**“Lansdowne”** Lansdowne Celtic Sea Limited

**“lb”** Pound or pounds

**“LIBOR”** The London Inter-bank Offered Rate – The rate at which an individual Contributor Panel bank could borrow funds, were it to do so by asking for and then accepting inter-bank offers in reasonable market size, just prior to 11.00 London time.

**“LO”** A Licensing Option gives the Holder the first right to an Exploration Licence over all or part of the area covered by the Option. It gives the holder an exclusive right to apply for an exploration licence (a) for defined period; (b) in return for undertaking an agreed work programme

**“LSE”** London Stock Exchange plc

**“LTIP”** Long-term incentive plan

**“LU”** A Lease Undertaking gives the Holder the right to a Petroleum Lease over that part of the area covered by the Undertaking

**“m”** Meter or meters

**“M&A”** Merger and Acquisition

**“MDBRT”** Measure depth below rotary table

**“Mesozoic”** Era in Phanerozoic eon, 252 – 66 million years ago

**“MFDevCo”** Marginal Field Development Company

**“MM”** Million

**“MMB”** Million barrels

**“MMBC”** Million barrels of condensate

**“MMBL”** Million barrels of petroleum liquids; includes crude oil, condensate, and natural gas liquids

**“MMBO”** Million barrels of crude oil

**“MMBOE”** Million barrels of oil equivalent

**“MMCF”** Million cubic feet

**“No.”** Number

**“Operator”** The company which under a Petroleum Lease, licence or any successor authorisation has responsibility for the operation of the licence

**“OPEX”** Operating expenditure

**“Order”** Shall have the meaning ascribed thereto in the Chairman and Chief Executive’s Statement in this document

**“P.l.c.”** A public limited company

**“PAD”** Petroleum Affairs Division

# GLOSSARY OF TERMS

## (CONTINUED)

**“Palaeocene”** Epoch in Paleogene period, 66 – 56 million years ago

**“Petronas”** Petroliaam Nasional Berhad, owner of PSE Seven Heads Limited and PSE Kinsale Energy Limited

**“PIPCO RSG CLG”** Petroleum Infrastructure Program, Rockall Study Group, Company Limited by Guarantee

**“PL”** A Petroleum Lease vests in the Lessee the exclusive right to produce petroleum from the leased areas.

**“P<sub>mean</sub>”** The P<sub>mean</sub> value is the average of the numbers

**“Prospective Resources”** Quantities of petroleum which are estimated to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled

**“PSDM”** Pre-Stack Depth Migration

**“Purbeck”** The Purbeck Group is a Late Upper Jurassic to Early Lower Cretaceous lithostratigraphic group (a sequence of rock strata)

**“Q3”** or **“Q4”** Third or fourth quarter of a year

**“REC”** Recoverable

**“Repsol”** Repsol Exploracion Irlanda, S.A.

**“Schlumberger”** Schlumberger Limited

**“Seismic”** A geophysical survey based on the reflection of sound signals. A sound signal from a source transmitted through the earth and reflected from the layers of sedimentary rocks is recorded. The results enable detailed maps of the subsurface layers to be made

**“SEL”** A petroleum exploration licence vests in the holder the exclusive right of carrying out exploration for petroleum in a specific licensed offshore area. A Standard Exploration Licence is issued for a period of 6 years in respect of an area with water depths of up to 200 metres.

**“Sosina”** Sosina Exploration Limited

**“SPE”** Society of Petroleum Engineers

**“spud”** Initial penetration at commencement of drilling operations

**“sq.”** Square

**“STOIP”** Stock tank oil initially in place

**“TCF”** Trillion cubic feet

**“Total”** Total E&P Ireland BV

**“Triassic”** Period in Mesozoic era, 252 – 201 million years ago

**“Wealden”** The Wealden Group is a Lower Cretaceous lithostratigraphic group (a sequence of rock strata)

**“Working Interest”** or **“WI”** The interest in oil and gas production that bears its share of the costs of exploration, development and operation of the property and of a proportionate share of royalties and any other similar burdens

# CORPORATE INFORMATION

## Board of Directors

Pat Plunkett  
(Non-Executive Chairman), appointed 2016<sup>1,2,3,4</sup>

Tony O'Reilly  
(Chief Executive), appointed 2005  
(Non-Executive Director), appointed 1997

Dr John O'Sullivan  
(Technical Director), appointed 2010

James S.D. McCarthy  
(Non-Executive Director), appointed 2005<sup>1,2,3,4</sup>

Lex Gamble  
(Non-Executive Director), appointed 2005<sup>1,2,3,4</sup>

Philip O'Quigley  
(Non-Executive Director), appointed 2012<sup>1,3,4</sup>  
(Executive Director), appointed 2008

Dr Angus McCoss  
(Non-Executive Director), appointed 2017<sup>1</sup>

<sup>1</sup> Non-Executive

<sup>2</sup> Member Audit Committee

<sup>3</sup> Member Remuneration Committee

<sup>4</sup> Member Nomination Committee

## Secretary and Registered Office

Criona Ryan  
Providence Resources P.L.c.  
Airfield House  
Airfield Park  
Dublin 4  
D04 CP49  
www.providenceresources.com  
T: +353 1 219 4074  
F: +353 1 219 4006

## Registrar

Computershare Investor Services (Ireland) Limited  
3100 Lake Drive  
Citywest Business Campus  
Dublin 24  
D24 AK82  
Ireland

## Nominated Adviser

Cenkos Securities PLC  
6-7-8 Tokenhouse Yard  
London  
EC2R 7AS  
United Kingdom

## Irish Stockbrokers

J&E Davy  
Davy House  
48/49 Dawson Street  
Dublin  
D02 PY05  
Ireland

## UK Stockbrokers

Cenkos Securities PLC  
6-7-8 Tokenhouse Yard  
London  
EC2R 7AS  
United Kingdom

Mirabaud Securities Limited  
10 Bressenden Place  
London  
SW1E 5DH  
United Kingdom

## Principal Bankers

Allied Irish Banks PLC

## Auditors

KPMG  
Chartered Accountants and Registered Auditors  
1 Stokes Place  
St. Stephen's Green  
Dublin  
D02 DE03  
Ireland

## Financial PR

Murray Consultants Dublin  
40 Lower Baggot Street  
Dublin  
D02 Y793  
Ireland

Powerscourt Media London  
1 Tudor Street  
London  
EC4Y OAH  
United Kingdom



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London  
SW3 3TD  
United Kingdom

[info@providenceresources.com](mailto:info@providenceresources.com)  
[www.providenceresources.com](http://www.providenceresources.com)



## Attendance Card

Please bring this card with you to the meeting and present it at shareholder registration/accreditation.

The Chairman of Providence Resources P.l.c. ('the Company') invites you to attend the Annual General Meeting of the Company to be held at the Hilton Hotel, Charlemont Place, Dublin D02 A893, Ireland, which has been convened for 11 a.m. on 12 September 2019.

### Shareholder Reference Number

## Form of Proxy – Annual General Meeting ('AGM') of Providence Resources P.l.c. to be held on 12 September 2019 at 11 a.m.



Cast your Proxy online...**It's fast, easy and secure!**  
**www.eproxyappointment.com**

You will be asked to enter the Control Number, Shareholder Reference Number (SRN) and PIN shown opposite and agree to certain terms and conditions.

**Control Number: 915935**

**SRN:**

**PIN:**



To view the Annual Report online visit **www.providenceresources.com**

**To be effective, all votes must be lodged at the office of the Company's registrars at: Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82 by 10 September 2019 at 11 a.m.**

### Explanatory Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend, speak, ask questions and vote on his or her behalf at the Meeting or any adjourned Meeting. A member may appoint more than one proxy to attend, speak, ask questions and vote at the Meeting or any adjourned Meeting in respect of shares held in different securities accounts. A member acting as an intermediary on behalf of one or more clients may grant a proxy to each of its clients or their nominees provided each proxy is appointed to exercise rights attached to different shares held by that member. The appointment of a proxy will entitle the proxy to attend, speak, ask questions and vote on the member's behalf at the relevant meeting or at any adjournment of such meeting. A proxy need not be a member of the Company. If you wish to appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Registrar's helpline on +353 (1) 447 5590 or you may photocopy the reverse only of this form. Please indicate in the box next to the proxy holder's name (see reverse) the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). All forms must be signed and should be returned in the same envelope. Where a poll is taken at the AGM, a shareholder, present in person or proxy, holding more than one share is not required to cast all their votes in the same way.
2. To be effective, the Form of Proxy duly completed and executed, together with any original power of attorney or in the case of a corporate shareholder any authority under which it is executed or a copy of such authority certified notari ally or by a solicitor practising in the Republic of Ireland, must be deposited with the Registrars of the Company, by post to Computershare Investor Services (Ireland) Ltd, PO Box 13030, Dublin 24, Ireland, Ireland or so as to be received no later than 48 hours before the time appointed for the Meeting or any adjourned Meeting or (in the case of a poll taken otherwise than at or on the same day as the Meeting or any adjourned Meeting) at least 48 hours before the taking of the poll at which it is to be used. Any alteration to the form must be initialled by the person who signs it.  
Alternatively, you may also appoint a proxy:  
(a) electronically by accessing the Registrar's website [www.eproxyappointment.com](http://www.eproxyappointment.com). Details of the requirements are set out in the box above; or  
(b) through CREST, if you are a CREST member, CREST sponsored member or CREST member who has appointed a voting service provider(s). Transmission of CREST proxy instructions must be authenticated in accordance with Euroclear UK & Ireland Limited's specifications as set out in the CREST Manual and received by the Registrar (ID 3RA50);  
provided that your proxy appointment is received not later than 11 a.m. on 10 September 2019 (or in the case of an adjournment, 48 hours before the time of the adjourned meeting). To appoint more than one proxy please contact the Registrar on +353 1 447 5590. For the purpose of receipt of the appointment of a proxy through CREST, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996.
3. Alternatively, subject to the Articles of Association of the Company and provided it is received not less than 48 hours before the time appointed for the holding of the Meeting or any adjourned Meeting or (in the case of a poll taken otherwise than at or on the same day as the Meeting or any adjourned Meeting) at least 48 hours before the taking of the poll at which it is to be used, the appointment of a proxy may also be submitted by telefax to +353 (1) 447 5572, provided it is received in legible form.
4. This Form of Proxy must (i) in the case of an individual member be signed by the member or his/her attorney; or (ii) in the case of a body corporate be executed either under its common seal or signed on its behalf by a duly authorised officer or attorney in accordance with note 2 above.
5. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
6. If you desire to appoint a proxy other than the Chairman of the Meeting or any adjourned Meeting, please insert the proxy's name in block capitals in the space provided and delete the words "the Chairman of the Meeting or" (see reverse).
7. A proxy need not be a member of the Company but must attend the relevant meeting in person to represent you.
8. Please indicate how you wish your proxy to vote by marking the appropriate box. You may direct your proxy to vote "For", "Against", to "Withhold" your vote or give him/her "Discretion" to vote as he/she wishes by marking as appropriate. If no such specific instructions are given, the proxy will vote or withhold your vote at his/her discretion. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" the resolutions.
9. On any other business which may properly come before the Meeting or any adjourned Meeting and whether procedural and/or substantive in nature (including any motion to amend a resolution or adjourn the Meeting) not specified in the Notice of the Meeting or this Form of Proxy, the proxy will act at his/her discretion.
10. The completion and return/submission of this Form of Proxy will not preclude a member from attending and voting in person.
11. If you are appointing a proxy other than the Chairman of the Meeting (or any adjourned Meeting) or any other officer of the Company, please provide him/her with the Attendance Card attached hereto to facilitate his/her attendance.
12. Pursuant to Section 1105 of the Companies Act 2014 and Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996, entitlement to attend and vote at the AGM and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6.00 p.m. on the day which is two days before the date of the AGM (or in the case of an adjournment as at 6.00 p.m. on the day which is two days before the date of the adjourned meeting). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the AGM.
13. The address on the Proxy Form is how your address appears on the Register of Members. If this information is incorrect please ring the Registrar's helpline on +353 (1) 447 5590 to request a change of address form or go to [www.investorcentre.com](http://www.investorcentre.com) to use the online Investor Centre service.

**Kindly Note:** Note: This form is issued only to the addressee(s) and is specific to the unique designated account printed hereon. This personalised form is not transferable between different (i) account holders; or (ii) uniquely designated accounts. The Company and Computershare Investor Services (Ireland) Limited accept no liability for any instruction that does not comply with these conditions.

S R N :

# Poll Card

To be completed only at the **AGM** if a Poll is called.

## Ordinary Resolutions

1. To receive and consider the Directors' Report and Statement of Accounts for year ended 31 December 2018.
2. (a) To re-elect Mr. Pat Plunkett as a Director.  
(b) To re-elect Mr. James McCarthy as a Director.
3. To authorise the Directors to fix the remuneration of the auditors.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Special Resolutions

4. To authorise the Directors to allot equity securities for cash.
5. To authorise the Directors to allot ordinary shares to APEC Energy Enterprise Limited (or a nominee thereof) pursuant to and in accordance with the terms of the warrant instrument.

\_\_\_\_\_  
Signature

## Form of Proxy

Please use a **black** pen. Mark with an **X** inside the box as shown in this example.



I/We hereby appoint the Chairman of the Annual General Meeting OR the following person

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Please leave this box blank if you have selected the Chairman. Do not insert your own name(s).

as my/our proxy to attend, speak and vote in respect of my/our full voting entitlement\* on my/our behalf on any matter at the Annual General Meeting of Providence Resources P.I.c. and any adjournment thereof to be held at the Hilton Hotel, Charlemont Place, Dublin D02 A893, Ireland which has been convened for 11 a.m. on 12 September 2019. I/We direct that my/our vote(s) be cast on the specified resolution as indicated by an X in the appropriate box.

\* **For the appointment of more than one proxy, please refer to Explanatory Note 2 (see front).**

Please tick here to indicate that this proxy appointment is one of multiple appointments being made.

## Ordinary Resolutions

1. To receive and consider the Directors' Report and Statement of Accounts for year ended 31 December 2018.
2. (a) To re-elect Mr. Pat Plunkett as a Director.  
(b) To re-elect Mr. James McCarthy as a Director.
3. To authorise the Directors to fix the remuneration of the auditors.

For	Against	Vote Withheld
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Special Resolutions

4. To authorise the Directors to allot equity securities for cash.
5. To authorise the Directors to allot ordinary shares to APEC Energy Enterprise Limited (or a nominee thereof) pursuant to and in accordance with the terms of the warrant instrument.

I/we would like my/our proxy to vote on the resolutions proposed at the Meeting as indicated on this form. Unless otherwise instructed the proxy may vote as he or she sees fit or abstain in relation to any business of the meeting or any adjournment thereof. I/we hereby confirm that I/we have read and agree to be bound by the Notes overleaf (which are deemed comprised within the terms of this Form of Proxy).

Signature

Date

--

DD / MM / YY

In the case of a corporation, this proxy must be given under its common seal or be signed on its behalf by an attorney or officer duly authorised, stating their capacity (e.g. director, secretary).

