

Diversity. Experience. Expertise. Partnership. Growth.

Providence Resources P.I.c.
Annual Report for the
year ended 31 December 2016

Stock Code:
PVR:LN
PZQA



WELCOME TO THE PROVIDENCE RESOURCES P.L.C.

ANNUAL REPORT 2016

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OIL AND GAS EXPLORATION AND APPRAISAL

Who we are

Providence Resources P.l.c. is an Irish based upstream oil and gas company with a portfolio of appraisal and exploration assets located offshore the island of Ireland.

Operating offshore Ireland for over 30 years, the Company has a well-established background in the Irish oil and gas business, having worked closely with many major international companies including ExxonMobil, Repsol, ENI, Petronas and Cairn Energy.

The Company is involved in a number of material exploration prospects and appraisal projects in multiple basins offshore Ireland.

Strategy

The Company's strategy has been to assemble a material equity position in a portfolio of assets offshore Ireland combining existing discoveries with new prospects to improve overall economics and reduce risk profile in order to realise value and to generate sustainable incremental wealth for the Company and its shareholders.

- Focus on oil & gas exploration offshore the 'Island of Ireland'
 - Core focus on early stage exploration & appraisal drilling opportunities in multiple basins
- Create a diversified and material exploration & appraisal portfolio
 - +300 MMBOE net audited 2C Contingent Resources
 - +6,000 MMBOE gross un-risked Prospective Resources (STOIIP/GIIP)
- 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

2016 OPERATIONAL HIGHLIGHTS

2016 Operations

- **Barryroe Oil Project, North Celtic Sea Basin (SEL 1/11)**
 - 2 year extension to Phase 1 of SEL 1/11 to July 2017 and an extension to the 2nd phase term to July 2019
 - Area of SEL 1/11 increased by c.118 km² to accommodate mapped potential extensions of Barryroe, formerly located within the previous LO 12/4
 - Conclusion of all litigation with Transocean
 - Upper C-Sand GIIP within SEL 1/11 & OPL1 Option area now estimated at c. 400 BSCF
 - Farm-out of discussions continued to be progressed
- **Offshore Petroleum Lease 1 (OPL 1) South Option, North Celtic Sea Basin**
 - Option with PSE Kinsale Energy Limited (KEL) for a right to earn a 60% working interest in southern portion of OPL1 (subject to Ministerial consent) exercisable for a 3-year period
 - Option is earned through the 100% financing and drilling of exploration well to the Base Wealden interval
 - Based on Providence mapping, this area has the potential to host significant incremental resources
- **Spanish Point Gas Condensate Project, Northern Porcupine Basin (FEL 2/04 and 4/08)**
 - Adjacent third party Licensing Options awarded in 2016 from the 2015 Atlantic Margin Licensing Round
- **Helvick/Dunmore Oil Discoveries, North Celtic Sea Basin**
 - Award of Lease Undertakings
 - 50% staged farm in by Marginal Field Development Company Limited

Exploration Prospects

- **Druid/Drombeg and Diablo Oil Prospects, Southern Porcupine Basin (FEL 2/14)**
 - Multi-domain analysis with Schlumberger confirms that 3D seismic responses from the Druid & Drombeg prospects are consistent with the presence of 2 large vertically stacked stratigraphically trapped oil accumulations
 - Total cumulative in place un-risked prospective resources of c. 5.095 BBO (Pmean)
 - Druid – c. 3.180 BBO (Pmean)
 - Drombeg c. 1.915 BBO (Pmean)
 - Large deeply buried pre-Cretaceous Diablo Ridge presence confirmed
 - Adjacent third party Licensing Options awarded in 2016 from the 2015 Atlantic Margin Licensing Round
 - Druid and Drombeg exploration prospects to be evaluated with a single vertical well (pre-spud designation 53/6-A)
 - LR Senergy appointed as Well Management Company
 - Drilling contract signed with Stena for use of the Stena IceMax drill ship
 - Planned spud in June 2017, subject to regulatory consents
- **Dunquin South Oil Prospect, Southern Porcupine Basin (FEL 3/04)**
 - Dunquin North post-well technical studies continuing
 - Evidence of more significant residual oil in the Dunquin North well
 - Adjacent third party Licensing Options awarded in 2016 from 2015 Atlantic Margin Licensing Round
 - ENI appointed Operator
 - Providence's equity increased to 26.846% (subject to Ministerial consent)
- **Avalon Oil Prospect, Porcupine Basin (LO 16/27)**
 - Award of new Licensing Option in 2016 from 2015 Atlantic Margin Licensing Round
 - Large AVO stratigraphic Paleocene oil play identified
 - Identified prospect is analogous to and spatially larger than the Druid prospect

- **Newgrange Prospect, Goban Spur Basin (FEL 6/14)**
 - Schlumberger Collaboration Project supports top seal and reservoir presence for large Cretaceous four-way dip-closed structure
 - Prospective Resource potential of c. 13.6 TSCF GIIP or c. 9.2 BBO STOIP
 - Top seal capacity analysis indicates potential for a hydrocarbon column of up to 350 metres
 - Adjacent third party Licensing Options awarded in 2015 Atlantic Margin Licensing Round
- **Kish Bank Oil Prospect, Kish Bank Basin (SEL 2/11)**
 - Company's working interest increased to 100%
 - Extension to the 1st phase of SEL 2/11 to August 2018 and an overall extension of one year to the licence term until August 2020
- **Relinquishments made to licensing authorisations over:**
 - Cuchulain (FEL 1/99), Southern Porcupine Basin
 - Polaris (P1885), Rathlin Basin
 - Dragon (UK) (P1930), St George's Channel Basin
 - Spanish Point South (FEL 1/14), Northern Porcupine Basin
 - Silverback (LO 13/4), South Celtic Sea Basin

2016 Financial Highlights

- Operating Loss for the period of €18.844 million versus €13.080 million (2015)
- Loss of €20.546 million versus €24.137 million (2015)
- Loss per share of 5.80 cents versus 19.57 cents (2015)
- At December 31, 2016, total cash and cash equivalents were €31.403 million versus €6.518 million (at 31/12/15)
- In June 2016, £53.712 million was raised through the Placing of 447.607 million shares at £0.12 pence per share €1.516 million was raised through the issuance of 9.975 million shares at €0.152 cents per share
- The Company has no debt at December 31, 2016 versus €18.289 million (at 31/12/15)
- The total issued and voting share capital comprises 597,658,958 ordinary shares of €0.10 each

Board Changes

- In October 2016, James McCarthy stepped down as Non-executive Chairman, Pat Plunkett was appointed Non-executive Chairman and Phil Nolan retired from the Board

Post Year End Progress

- **Druid/Drombeg Oil Prospects, Southern Porcupine Basin (FEL 2/14)**
 - Farm out agreed with Capricorn, a subsidiary of Cairn Energy, subject to Ministerial approval
 - In consideration for Capricorn taking a 30% working interest in FEL 2/14 with an effective date of 1 July 2016, Capricorn will pay:
 - 45% of the costs of drilling the 53/6-A exploration well in 2017, subject to a gross well cap of \$42 million
 - A cash payment of \$2.82 million (being 30% of the total sunk costs of \$9.4 million incurred through 30 June 2016 by Providence/Sosina on FEL 2/14) on a pro rata basis
 - In the event that the JV partners agree to drill a subsequent appraisal well in FEL 2/14, Capricorn will pay 40% of the appraisal well costs subject to a gross well cap of \$42 million and will have the right to take over Operatorship
 - Drilling operations are scheduled to commence June 2017, subject to regulatory approvals
 - The resultant equity ownership in FEL 2/14 would be Providence 56% (Operator), Cairn 30% and Sosina 14%
- **Dunquin South Oil Prospect, southern Porcupine Basin (FEL 3/04)**
 - Licensing of 1,800 km² of 3D data from CGG as part of a multi-client 3D acquisition programme in 2017

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

Leadership in the Irish Offshore

Dear Shareholder,

The Company is pleased to present the 2016 Annual Report, which provides a detailed summary on our activities over the 2016 period, as well as an update on post year end activities, including the recently announced commercial transactions.

2016 was a transitional year for the whole global E&P sector – essentially a year of two halves – and it was particularly so for Providence where, thanks to the support of its shareholders, the Company was successfully re-capitalised in July 2016 and this facilitated the ability to clear all debts owing to Melody and settle the Transocean litigation, whilst also providing capital for drilling which, in turn, has resulted in a number of recent commercial discussions, which will be discussed below.

History of Providence in the Irish Offshore

20 years ago, Providence was formed by the demerger of the hydrocarbon assets from ARCON International Resources P.I.c. However, the Company's roots go much further back in time – to 1981 – when Atlantic Resources plc was formed with the objective of exploring the Irish offshore. With this pedigree, Providence has the notable distinction of being one of the longest term licencees offshore Ireland where it has witnessed many industry cycles.

Once considered a backwater to the North Sea, the Irish offshore has now emerged as a major centre for the international E&P sector. This was best demonstrated in 2016 through the significant number of licensing authorisations issued following the 2015 Irish Atlantic Margin Licensing Round. Not only did this represent the highest number of Licensing Authorisations ever issued (43) in an Irish Licensing Round, but what was particularly notable was the successful bidders – such well known international E&P players as ExxonMobil, Statoil, BP, ENI, Nexen-CNOOC, Woodside and Cairn, to name just some of the notable awardees.

For Providence, this heightened level of interest was very much an acknowledgement of the hydrocarbon potential of offshore Ireland in general and specifically in the Porcupine Basin. It also affirmed all that Providence has long stated about Ireland – that there is a great deal of potential, but to unlock this, one needs to drill wells.

There have been many elements which have contributed to the change in attitude to Ireland by the international E&P industry – some of this is due to 'on the ground' activity, including the Barryroe appraisal well in 2011/12, the drilling of the Dunquin North exploration well in 2013 and the start-up of the Corrib gas field in 2015. In addition, there have also been technological advances (such as the application of modern 3D seismic surveying together with new drilling capabilities) as well as the Irish government's pro-active stance on licensing terms and conditions. And inevitably, changes in costs and a more benign forward view on commodity prices have played a major role.

The Porcupine Basin

When one looks at the most recent map of licensing authorisations (shown on page 7), one can see that there is a huge focus in the Atlantic Margin region, particularly in the Porcupine Basin, an area prognosed to hold significant resource potential. The increased level of interest has been driven by the industry's focus on the "North Atlantic Margin" conjugate play – simply put, where E&P companies look at the geology of one side of the Atlantic and then

extrapolate the geology/petroleum systems across to the other side. This is sometimes referred to as the "North Atlantic Jurassic Oil Source Rock Super Highway".

The initial driver for this North Atlantic focus was the drilling success of companies like Statoil and Husky in the Flemish Pass Basin, offshore eastern Canada, where multiple world-class discoveries have been made – i.e. Bay du Nord, Harpoon and Mizzen. What then followed was a huge surge in industry interest in that region amounting to the committing of billions of exploration dollars by companies including Statoil, ExxonMobil, Shell, CNOOC, BP, Chevron & Husky.

On the Irish side of the Atlantic, Providence's leadership role in the region has been absolutely vital. Providence was the only licensee in the Porcupine Basin in the 2004 round and since then, Providence has been the main catalyst for inward investment – best demonstrated by ExxonMobil, Repsol and ENI farming-in to Dunquin; Chrysaor and Cairn farming into Spanish Point; and more recently, Cairn farming into Druid & Drombeg.

The results of the 2011 Atlantic Margin Round had already pointed to an increasing awareness and interest in Ireland with 13 Licensing Options being issued. Importantly, during this Licensing Round, the Company secured 2 Licensing Options over the Druid & Drombeg and Newgrange exploration prospects (which have subsequently been converted into Frontier Exploration Licences, FELs 2/14 & 6/14, respectively).

However, the key event for the exploration perspective for the southern Porcupine Basin was the drilling of the Dunquin North 44/23-1 exploration well (operated by ExxonMobil) in 2013. This Providence generated exploration prospect was first licensed in 2004, farmed out to ExxonMobil in 2005 and after the acquisition of new 2D seismic in 2006 and the farming in by other co-venturers, an exploration well was drilled in 2013. This was the first exploration well to be drilled in the southern Porcupine Basin, an area of c. 25,000 km² (this is an equivalent size to the Central North Sea, where over 3,000 wells have been drilled).

Whilst the 600 MMBO Dunquin North residual oil accumulation was deemed non-commercial, it was a hugely important new data-point given that it demonstrated, for the first time, the presence of prolific oil prone source rocks together with excellent reservoir development in the frontier southern Porcupine Basin (a basin that many previously thought, if hydrocarbon bearing at all, was more likely to be gas prone).

Post well results reported a c. 44m residual oil column encountered in a massive over-pressured high porosity carbonate reservoir system with estimated pre-breach oil STOIP of c. 1.2 BBOE, with a current residual oil STOIP of c. 600 MMBO. Having drilled the Dunquin North prospect, ExxonMobil, the then Operator, estimated that the Dunquin South prospect could contain hydrocarbons in place of c. 3.475 BBOE (Pmean), with recoverable potential of c. 1.389 BBOE (Pmean).

Atlantic Margin Licensing Round

In September 2015, the Irish government announced that the Atlantic Margin Licensing Round delivered the highest number of applicants ever in the history of the Irish state. In 2016, the Irish government announced the First Phase offers, when Licensing Options offered to companies including Nexen-CNOOC, Statoil,

ExxonMobil, ENI (in partnership with BP) and Woodside. Of particular note was the fact that many new licensees in the Irish Licensing Round were the same players who participated in the eastern Canadian bidding rounds and that only limited well data has been released from the Dunquin North well.

In the Irish round, Nexen-CNOOC was awarded acreage directly adjacent and along the interpreted depositional play fairway to the Company's acreage at Druid & Drombeg (FEL 2/14). An ExxonMobil/Statoil consortium was awarded one tranche a further block away. Newgrange (FEL 6/14) was partially encircled by new Licensing Options awarded to Nexen-CNOOC and an ExxonMobil/Statoil consortium, with the main Newgrange structural grain extending directly westward into the new Nexen-CNOOC acreage.

As part of the Licensing Round, the Company was offered Licensing Option 16/27, where the Company identified the Avalon Fan, which is adjacent to the 600 MMBO Dunquin North oil residual accumulation. This new Licensing Option, which covers an area of 1,324 km², shows similar characteristics to the nearby Druid prospect and was the Company's first bid preference in the Round. Importantly, the Company believes that the Avalon system could potentially have accessed breached oil from the nearby Dunquin North residual oil accumulation.

Whilst Providence is now no longer the largest license acreage holder in the southern Porcupine Basin, it is by far still the most active. Providence's licence position is still significant with interests in 4 licensing authorisations at FEL 2/14 (Drombeg & Druid), FEL 6/14 (Newgrange), FEL 3/04 (Dunquin South) and LO 16/27 (Avalon) with the most advanced technical database, including 2014 vintage 2D/3D seismic, the well results from the Dunquin North exploration well and importantly, through Providence's exploration collaboration project with Schlumberger, Providence also has the further benefit of advanced proprietary basin model studies.

Schlumberger Exploration Collaboration Project

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

In September 2015, the Company entered into a strategic exploration project with Schlumberger, where Schlumberger provided specific 'state of the art' technology capabilities to assess the Company's portfolio of assets in the southern Porcupine Basin. Over a 6-month period, a multi-disciplinary team of 24 technical professionals from Schlumberger and 6 from the joint venture worked on this project focusing on the primary technical disciplines of Geology, Geophysics, Geo-mechanics and Petroleum Systems Modelling. With thousands of man-hours involved, this project was designed to confirm prospective resource potential as well as helping to mitigate risk at both the basin and prospect levels. This joint study was primarily designed to further de-risk Drombeg, Druid and Newgrange exploration prospects, together with any other acreage held in the area.

In April 2016, the Company announced the key results of the collaborative project which confirmed the significant resource potential of Druid and Drombeg, with multi-domain analysis confirming that the 3D seismic responses from the Druid & Drombeg prospects are consistent with the presence of two large vertically stacked stratigraphically trapped oil accumulations. The results of the study confirmed total cumulative in-place un-risked prospective resources of nearly 5.095 BBO (Pmean), comprised of c. 3.180 BBO (Pmean) for Druid and c. 1.915 BBO (Pmean) for Drombeg.

This was followed in June 2016 by the publishing of the results for Newgrange in FEL 6/14. This second technical update focuses on the Cretaceous Newgrange carbonate prospect. A revised volumetric estimation was carried out for the Newgrange prospect incorporating the recently acquired (2014) 2D long offset seismic reflection profile data resulting in significantly increased un-risked prospective resource potential to c. 13.6 TSCF GIIP (Pmean, gas case) or c. 9.2 BBO STOIIIP (Pmean, oil case). Oil and gas cases were modelled due to the uncertainty in the hydrocarbon phase which may be applicable in this underexplored region.

A seal capacity analysis, which utilized offset well data, seismic velocity data and surface mapping has however indicated that the present day top seal could potentially contain up to a c. 350 metre hydrocarbon column. The seal capacity analysis was taken into account in the updated volumetric estimate.

Equity Capital Raise

On July 2016, the Company raised approximately US\$76.6 million (including expenses) through the Placing of 399,670,956 ordinary shares of €0.10 to institutional and other investors at a price of £0.12 per share and the issuance of 9.938 million new ordinary shares to Melody and the issuance of 37.998 million new ordinary shares to Cenkos (as payment of their fee for arranging the equity capital raise).

The Company also raised approximately €1.516 million through an Open Offer to qualifying shareholders on the basis of 1 Open Offer Share at €0.152 per Open Offer Share for every 4.4 Ordinary Shares.

Documentation on the Proposed Placing Offer and Open Offer was sent to shareholders in June 2016. The Placing Offer and Open Offer were subject to ratification at the EGM on 14 July 2016 where all resolutions were successfully approved by shareholders.

As highlighted in the documentation, the net proceeds of the Placing Offer and the Open Offer were identified to be used principally for the following purposes:

- Firstly, funding (i) the Company's share of payments arising from the Transocean litigation; and (ii) the repayment of the Melody Debt Facility;
- Secondly, funding general working capital to cover general and administrative costs, sustaining capital expenditure and license expenditure and costs associated with the Company's portfolio of oil and gas projects and prospects; and
- Thirdly, funding the Company's share of drilling costs for an exploration well on the Druid exploration prospect.

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

(CONTINUED)

Conclusion of Transocean Litigation

In May 2012, Transocean initiated proceedings against the Company for c.US\$19 million. The Company counterclaimed pleading that Transocean was in breach of contract because their drilling rig and equipment were not in good working condition or adequate to conduct the drilling activities over most of a period from late December 2011 through to early February 2012.

In December 2014, a judgment was handed down by the Commercial Court in London which confirmed the Company's pleadings that it should not have to pay Transocean for those periods when the drilling rig was not operable, due to breaches of contract arising from Transocean's failure to carry out maintenance on safety critical parts of its sub-sea equipment. The judgment provided that the Company should also be allowed to set-off certain third party costs against Transocean's claim.

The judgment allowed the parties to agree financial matters with the Company paying a net amount of c.US\$6.15 million and 20% partner Lansdowne paying c.US\$1.54 million in May 2015. Transocean was subsequently granted the right to appeal one aspect of the judgment and, in April 2016, the Court of Appeal ruled in its favour.

The appeal of this one aspect of the judgment turned on the Court of Appeal's interpretation of the wording of the consequential loss clause in the rig contract. Pursuant to a Court Order made on 13 April 2016, the Company was required to pay Transocean a gross amount of c.US\$6.77 million in respect of certain costs claimed by Transocean in the context of the original legal proceedings issued against the Company by Transocean in May 2012.

The Order further stated that the Company was required to pay part of Transocean's legal costs of the appeal in the sum of gross £225,000 by 27 April 2016. In part settlement of the Order, the Company made a gross US\$2 million interim payment to Transocean in May 2016, with the balance of gross US\$4.77 million paid out of the proceeds from the equity fundraising in July 2016. The apportionment of these payments was 80% to Providence's account, and 20% to Lansdowne's account.

The Order also stated that other matters still in dispute between the Company and Transocean in the legal proceedings would be the subject of a further hearing in the Commercial Court in London. The two main matters which arose out of the Court of Appeal judgment were (a) the quantification of interest on the judgment sum awarded by the Court of Appeal to Transocean; and (b) whether Transocean was entitled to its legal costs (and interest thereon) in respect of the first instance decision handed down by the Commercial Court in London in December 2014, on the basis of Transocean having previously made an offer to the Company to reach a settlement in respect of those proceedings pursuant to Part 36 of the English Civil Procedure Rules.

In October 2016, the hearing of Transocean's application in respect of Part 36 of the English Civil Procedure Rules was heard by Mr Justice Popplewell in the Commercial Court in London. The Commercial Court handed down its Judgment in October 2016. This Judgment stated that, as a result of the decision of the Court of Appeal in April 2016, Transocean was entitled to its costs of the first instance proceedings from 30 August 2014 on the Standard Basis (i.e. approximately 70%) but that the other Part 36 cost consequences in relation to obtaining costs on the indemnity

basis, interest on costs and the principal sum and the surcharge of £75,000 would not apply.

In coming to this conclusion, the Judge found that it would be unjust to apply the full Part 36 costs consequences in the circumstances of this case, including his previous criticisms of Transocean's conduct which he said "was not merely unreasonable but dishonest". Based on the Judgment, Providence paid Transocean a gross figure of approximately £1.10 million (equivalent to approximately \$1.35 million) in respect of all outstanding costs, interest and principal sums, which compared to the estimated gross figure of \$3.90 million previously described in the Company's 2016 Interim Results. Lansdowne, the Company's partner in Barryroe, paid for its share of costs associated with the litigation.

The litigation between the Company and Transocean was a very challenging episode for the Company, something that the Company never wished to be involved with. Unfortunately, having suffered the implications of a rig that was not fit for purpose, the Company was then thrown into defending litigation that was brought against it by Transocean. Whilst the Company was vindicated by the Commercial Court judgment in December 2014, the subsequent decision by the Court of Appeal in April 2016 was a material setback for the Company. Thankfully, through the support of investors through the equity capital raise, the Company had the financial ability to discharge the obligations to Transocean. With this matter addressed, and with no appeal to the Supreme Court, all litigation matters with Transocean are now ended.

Repayment of Melody Debt

In June 2014, the Company arranged a US\$24 million financing with Melody. This financing was structured by way of a US\$20 million facility and a US\$4 million facility, with Melody taking security over all of the Company's assets by way of a floating charge.

In February 2015, the Company and Melody restructured the commercial arrangements with the US\$4 million facility being repaid in June 2015 and the US\$20 million facility being extended to May 2016, with extension fees and associated costs being capitalised, resulting in an outstanding sum payable to Melody of US\$21.7 million.

In May 2016, with the Company then exploring the potential to raise equity capital to satisfy various short term obligations, the Company and Melody agreed to extend the repayment date of the debt facility to June 2016. Subsequent to this, various other amendments were agreed between the Company and Melody to facilitate the equity capital raise where it was agreed that repayment of amounts outstanding under the Facility would be satisfied by:

- i. a cash payment equal to US\$20 million (together with any accrued and unpaid interest thereon);
- ii. the issuance of 9.938 million new ordinary shares to Melody (at £0.12 per share) to satisfy of US\$1.7 million of the outstanding debt.

In July 2016, the Company confirmed that following receipt of the funds from the Company's Capital raise, the Melody debt was repaid in full and that the Company is now debt free.

Drilling of Druid & Drombeg

Following the capital raise in July 2016, the Company moved forward with accelerated plans to drill an exploration well on FEL 2/14 in 2017 (pre-spud designation 53/6-A).

Over the past 8 months, the Company has submitted the necessary regulatory applications to the relevant authorities, hired an experienced drilling team, appointed a leading well management company (LR Senergy), and tendered for all the other necessary work packages to facilitate the planned drilling operations.

In November 2016, Providence signed a contract for the provision of a Harsh Environment Deepwater Mobile Drilling Unit with Stena Drillmax Ice Limited, a wholly owned subsidiary of Stena International S.A., for the Stena IceMAX drill-ship. The Stena IceMAX is a modern harsh environment dual derrick drill-ship designed to operate in water depths of up to c. 3 km. The rig contract provides for one firm well (Druid and Drombeg), plus an additional option, which is electable at the discretion of the JV Partners for the drilling of a second follow-on well. The operational rig rate is \$185,000 per day.

Over this same period, the Company ran a data room for interested co-venturers. This farm out process has already resulted in the farm out of equity in FEL 2/14 to Cairn Energy and the farm out data room is still open.

The Cairn farm out sees its Irish subsidiary, Capricorn, take a 30% non-operated interest in FEL 2/14 with Cairn being responsible for 45% of the drilling costs of Druid and Drombeg (up to a cap of \$42 million gross well cost), after which the parties pay their costs according to their equity share. In the event that a decision is taken to drill an appraisal well, Cairn would be responsible for 40% of the drilling costs (up to a cap of \$42 million gross well cost), after which the parties would pay their costs according to their equity share. If a decision is taken to drill an appraisal well, Cairn has the right to assume the licence operatorship role from Providence.

The provision of incremental funds from the Cairn farm in transaction allows for the 53/6-A well to be drilled to evaluate both the Druid Paleocene and deeper Lower Cretaceous Drombeg exploration prospects with 45% of the well costs covered by Cairn (subject to pre-agreed caps). Subject to the requisite regulatory approvals, the Company anticipates that drilling activities will commence in June 2017.

Barryroe Farm Out Process

In 2012, the Company successfully announced the results from its appraisal drilling programme on Barryroe (SEL 1/11). Following post-well analysis, the Company appointed Rothschild in the summer of 2013 to run a data room process.

Unfortunately, the opening of the Barryroe data-room was coincident with a significant period of global negative investment sentiment within the industry. Escalating capital costs through 2013 caused a major curtailment of capital expenditure which was subsequently followed by the collapse in oil prices in late 2014 through to mid-2016.

The industry's reaction in 2015 and 2016 to this price fall was severe – significant redundancies worldwide and major cutbacks in investment. In the North Sea sector alone, some c. 100,000

jobs were lost and investment fell to levels not seen since the 1990's.

The collapse in M&A activity, combined with the Company's balance sheet constraints in the first half of 2016 made progress in completing a Barryroe farm in very challenging. However, following the recapitalisation of Providence in July 2016 and with some recovery in the oil price, farm in activity has increased. This has facilitated the Company in pursuing new commercial opportunities which are ongoing. It is an important objective of Providence to advance the appraisal and development of this important asset. With this in mind, the Company is commencing various pre-permitting activities in anticipation of future drilling.

Portfolio Management

Annually, the Company reviews its portfolio to ensure that it is consistent with its stated strategy. The Company's geographic focus is currently Ireland, though depending on the outcome of current activities, there is scope to look internationally in the future.

From an asset perspective, the Company's focus is to progress assets through to the drilling phase via farm outs and balance sheet capital. The Company is primarily focused on oil opportunities, followed by potential mega-gas projects. Key drivers that influence the Company's asset investment decisions are well productivity, fluid phase and resource density.

From a HSEQ perspective, safety is paramount in all of Providence's operations. The Company ensures that it implements all major Irish, EU & UK standards and policies to ensure a safe and environmentally friendly operating environment.

With these drivers, during the first half of 2016, the Company carried out a review of its portfolio and, as a result, relinquished its 100% working interests in the Polaris Prospect, in the Rathlin Basin (P1885), offshore Northern Ireland, as well as its 100% of its interest in the UK licence adjacent to Dragon (P1930), in the St. George's Channel Basin, offshore Wales. The Company also relinquished its 3.2% working interest in the Cuchulain licence (FEL 1/99), its 58% interest in FEL 1/14 in the Spanish Point area in the Northern Porcupine Basin and its 100% interest in the Silverback Licensing Option (LO 13/4) in the South Celtic Sea Basin.

The farm out at Druid & Drombeg is consistent with the Company's objective to leverage in world class E&P partners to take assets to the next valuing enhancing stage. For Druid & Drombeg, this means an even stronger consortium for the upcoming drilling programme.

In addition, the licensing of 3D seismic over FEL 3/04 (Dunquin), which hosts the material Dunquin South carbonate exploration prospect, should not be overlooked against the back-drop of the more immediate drilling programme. The Dunquin licence remains the key that has unlocked the hydrocarbon exploration door of the Porcupine Basin.

Allied to the asset portfolio management, during the first half of 2016, the Company implemented a number of cost reduction programmes. The result of this have led to a c. 8% reduction in normalised general and administration costs annum (compared to FY 2015) and a c. 36% reduction relative to FY 2014.

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

Summary

The Company has come through a very difficult period of contraction in the oil and gas sector but, following the recapitalisation in July 2016, it is now in a strong financial position and is debt free. The equity placing was supported by a number of leading financial institutions and as a result, Providence now enjoys a very strong shareholder base.

The Company has a quality portfolio of high impact exploration and appraisal assets in offshore Ireland and is working hard to enhance their value as evidenced by recent farm in success. The value of acreage offshore Ireland has been enhanced in recent times by the increased interest in the area from a range of international industry players.

2017 is expected to be a very active year particularly with the drilling of the high impact Druid & Drombeg exploration prospects later in the year. The successful negotiation of the Cairn farm in leaves the Company well financed to undertake this potentially transformational activity. In addition, the Company will be pursuing other portfolio management initiatives to ensure that it has a balanced portfolio of opportunities into the future.

Sincere thanks are due to the small team at Providence who have worked very hard in confronting the issues presented by the recession in the industry and in putting the business on a firm footing for future growth. The support of our fellow Board colleagues is also very much appreciated.

The Company looks forward to updating shareholders in the future on further developments as it continues to consolidate a leading position offshore Ireland.

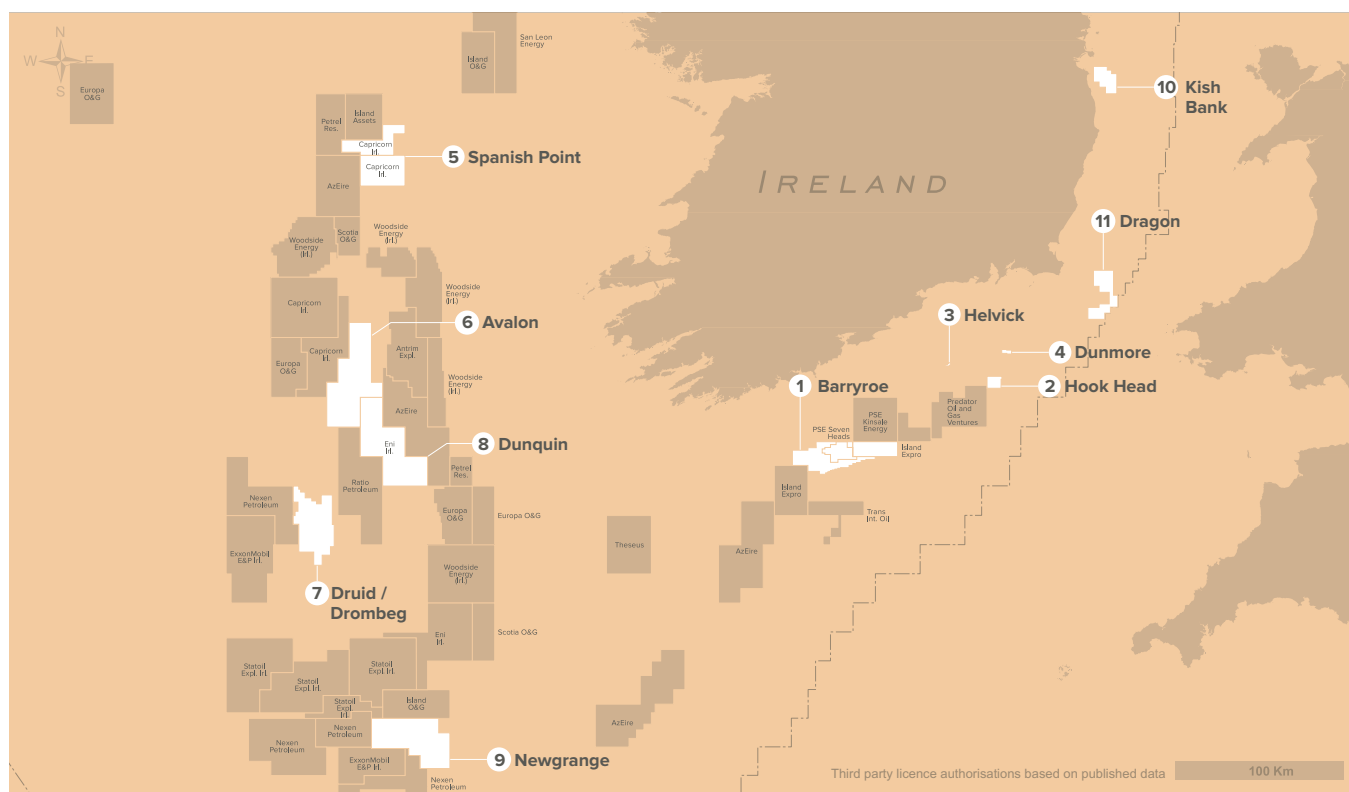
Pat Plunkett
Chairman

Tony O'Reilly
Chief Executive

LIST OF ASSETS

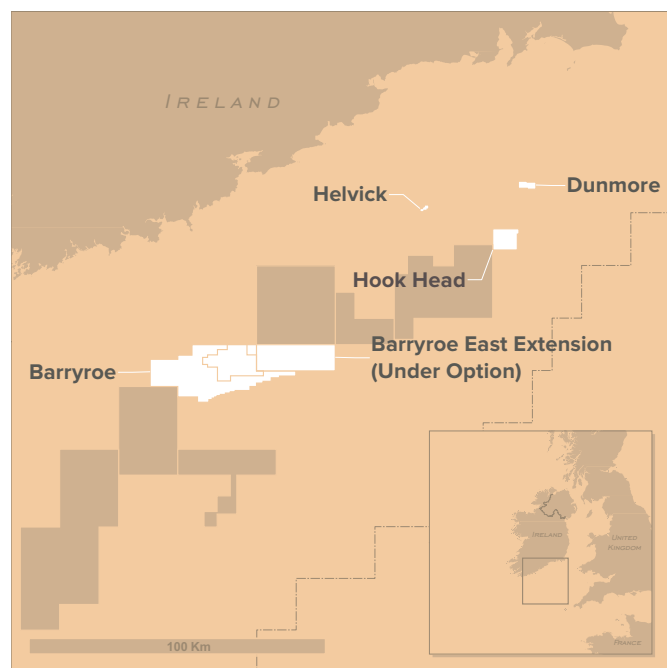
Ref	Licence	Issued	Asset	Operator	Providence Partners	PVR %	Type
NORTH CELTIC SEA BASIN							
1	SEL 1/11	2011	BARRYROE	Providence	Lansdowne	80.0	Oil discovery
2	SEL 2/07	2007	HOOK HEAD	Providence	Atlantic; Sosina	72.5	Oil and gas discovery
3	LU	2016	HELVICK	Providence	Atlantic; Sosina; Lansdowne; MFDevCo	62.5	Oil and gas discovery
4	LU	2016	DUNMORE	Providence	Atlantic; Sosina; MFDevCo	72.5	Oil discovery
NORTHERN PORCUPINE BASIN							
5	FEL 2/04	2004	SPANISH POINT	Cairn	Cairn; Sosina	58.0	Oil and gas discoveries
5	FEL 4/08	2008	SPANISH POINT NTH	Cairn	Cairn; Sosina	58.0	Oil and gas exploration
SOUTHERN PORCUPINE BASIN							
6	LO 16/27	2016	AVALON	Providence	Sosina	80.0	Oil and gas exploration
7	FEL 2/14	2014	DRUID	Providence	Cairn; Sosina	56.0*	Oil and gas exploration
7	FEL 2/14	2014	DROMBEG	Providence	Cairn; Sosina	56.0*	Oil and gas exploration
8	FEL 3/04	2004	DUNQUIN	Eni	Eni; Repsol; Sosina	26.8*	Oil exploration
GOBAN SPUR BASIN							
9	FEL 6/14	2014	NEWGRANGE	Providence	Sosina	80.0	Oil and gas exploration
KISH BANK BASIN							
10	SEL 2/11	2011	KISH BANK	Providence		100.0	Oil and gas exploration
ST GEORGE'S CHANNEL BASIN							
11	SEL 2/07	2007	DRAGON	Providence		100.0	Gas discovery

* Subject to ministerial approval



LIST OF ASSETS (CONTINUED)

Appraisal: North Celtic Sea Basin



SEL 1/11 – Barryroe Project

The Company currently holds an 80.0% working interest in SEL 1/11 which contains the Barryroe oil accumulation. The licence is located in the North Celtic Sea Basin, offshore southern Ireland and is adjacent to the giant PETRONAS operated Kinsale Head gas field. The Company currently acts as Operator with partner Lansdowne holding 20.0% working interest.

In the past, under different operators, five wells were successfully drilled on Barryroe. All of these wells successfully logged hydrocarbon-bearing reservoirs with three successfully flowing oil to surface. In 2011, having acquired new 3D seismic over the field, the Company and Lansdowne drilled a sixth well on this areally extensive field. In March 2012, the Barryroe partners announced the flow rates from this well, results which far exceeded pre-drill expectations with oil rates in excess of 3,500 BOPD from a 7-metre vertical section of reservoir.

Post-well analysis, in conjunction with the new 3D seismic data set, led to a substantial upgrade in the field size to over 1 billion barrels STOIIIP (2C). Subsequent work on multiple development concepts, together with detailed engineering studies on recovery factors, led to estimated 2C recoverable resources of over 300 million barrels of oil from the two main tested reservoir intervals.

In April 2013, a Competent Persons Report was issued by Netherland Sewell & Associates Inc. confirming the Company's previously published figures on the main basal sandstone reservoir. In conjunction with a previous audit carried out by RPS Energy on the overlying secondary Middle Wealden reservoir, the total upgraded resource base at Barryroe is listed in the table below.

Table: Total gross audited on-block Barryroe oil resources:

	1C (MMBO)	2C (MMBO)	3C (MMBO)
Basal Wealden STOIIIP (NSAI)	338	761	1,135
Basal Wealden Recoverable (NSAI)	85	266	511
Middle Wealden STOIIIP (RPS)	31	287	706
Middle Wealden Recoverable (RPS)	4	45	113
Total STOIIIP	369	1,048	1,841
Total Recoverable Oil Resources	89	311	624

Note: The table above excludes recoverable Basal Wealden solution gas (i.e. 207 BCF or 34.5 MMBOE in the 2C case)

Further incremental resource potential has also been identified in logged hydrocarbon bearing intervals within stacked Lower Wealden and Purbeckian sandstones, which the Company estimates contain total associated P90, P50 & P10 in place oil resources of 456 MMBO, 778 MMBO and 1,165 MMBO, respectively.

In 2016, the Company updated on the resource potential of the Upper C-Sand. The latest estimated GIIP within SEL 1/11 & OPL1 Option area is now estimated at c. 400 BSCF.

The Barryroe partners were granted a 2-year extension to the current phase of the Barryroe licence (SEL 1/11) to July 2017 as well as an extension to the term of the 2nd phase to July 2019.

Exclusive Option Agreement, southern portion of OPL 1

In December 2015 the Company announced that, through its wholly owned subsidiary, Exola, it had entered into an exclusive option agreement with KEL over the southern portion of the adjacent offshore authorisation OPL 1.

Under the terms of this Option, Exola has the right to earn a 60.0% working interest in the area relating to the Option through the 100.0% funding and drilling of an exploration well to the Base Wealden.

The Option is exercisable for a period of 3 years and is at the sole discretion of Exola, with any future assignment of equity in respect of the Option, being subject to the approval of the Irish government.

SEL 2/07 – Hook Head, Helvick and Dunmore Projects

SEL 2/07 was awarded to the Company and its partners in 2007. The licence is located in the North Celtic Sea Basin approximately mid-way between the Dragon gas discovery in the St George's Channel Basin and the giant PETRONAS operated Kinsale Head gas field.

There are 3 oil appraisal projects located within SEL 2/07 – Hook Head, Helvick & Dunmore.

Hook Head

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 for a Lease Undertaking for Hook Head to allow the partners to evaluate innovative methods to commercialise this discovery with third parties.

The current working interests in Hook Head are Providence (72.5%), Atlantic (18.3%), and Sosina (9.2%), with the Company acting as Operator.

Helvick & Dunmore

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. The working interests in Helvick are Providence (62.5%), Atlantic (18.3%), Lansdowne (10.0%) and Sosina (9.2%), with the Company acting as Operator. The current working interests in Dunmore are Providence (72.5%), Atlantic (18.3%), and Sosina (9.2%), with the Company acting as Operator.

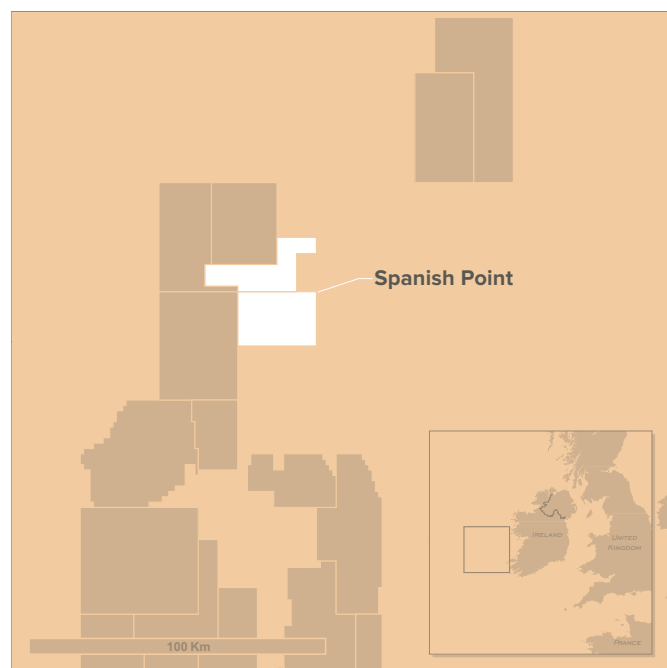
In November 2013, the Company agreed a phased farm-in in relation to the Helvick and Dunmore discoveries with MFDevCo, formerly known as ABT Oil and Gas, a UK based company who has proprietary technology for the deployment of low cost development solutions for marginal fields. As part of the farm-in, MFDevCo will 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

The MFDevCo work programme will determine whether the discoveries can be developed commercially, through the use of MFDevCo's innovative low cost development technologies. If the joint venture partners determine that the discoveries can be developed commercially, MFDevCo will carry out the necessary work required to prepare and submit, to the Minister, an outline plan of development and an application for a Petroleum Lease in respect of each discovery.

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 50.0% working interest in the Helvick and Dunmore discoveries.

LIST OF ASSETS (CONTINUED)

Appraisal: Northern Porcupine Basin



FEL 2/04 – Spanish Point Prospect

FEL 2/04 was originally licenced in 2004 and is located in the Northern Porcupine Basin, c. 170 km off the west coast of Ireland. The licence is situated in c. 400 metre water depth and contains the Spanish Point and Burren gas condensate and oil discoveries, respectively.

In 2008, the Company entered into a staged farm-in arrangement with Chrysaor E&P Ireland Limited (CEPIL) in relation to both FEL 2/04 and FEL 4/08, with CEPIL assuming an initial 30% working interest in return for carrying the costs of a 3D seismic programme, which was subsequently acquired in 2009.

In 2011, Senergy completed a Competent Persons Report on the licence which resulted in estimated recoverable contingent resources of 97 MMBOE (2C) for the Spanish Point field. At this point, 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 and agreed to drill an appraisal/exploration well on Spanish Point. As a result, the revised working interests for FEL 2/04 and FEL 4/08 then changed to Cairn (38.0%), Providence (32.0%), CEPIL (26.0%) and Sosina (4.0%).

In July 2014, the Company announced that the planned Spanish Point appraisal well was delayed due to rig refurbishment issues with the selected Blackford Dolphin rig.

In February 2015, the Company acquired 100.0% of the issued share capital of CEPIL, effective from November 2014, thereby increasing the Company's interest to 58.0% in both FEL 2/04 and FEL 4/08, and to 43% in FEL 1/14, for a nominal consideration of US\$1 and a contingent payment of US\$5 million, payable in the event that a Final Investment Decision (FID) is made for the Spanish Point gas condensate project.

In March 2015, drilling was again deferred due to changes to the make-up of the joint venture and the consequent delay to the securing of equipment and other necessary requirements.

In October 2015, the Company commenced a farm-out process for part of its interest in FEL 2/04 and FEL 4/08. To date, no farm out has been agreed or finalized.

As no partner sanction for drilling has been agreed, Cairn has requested (on behalf of the joint venture) an extension to the term of FEL 2/04 (and the alignment of the phasing of FEL 4/08 with that of FEL 2/04) to allow further time for evaluation of the Spanish Point project economics which will, in turn, decide the future course of action on the asset. Accordingly, the directors have taken a prudent decision to impair the carrying value of the Spanish Point assets in the year end accounts.

FEL 4/08 – Spanish Point North Prospects

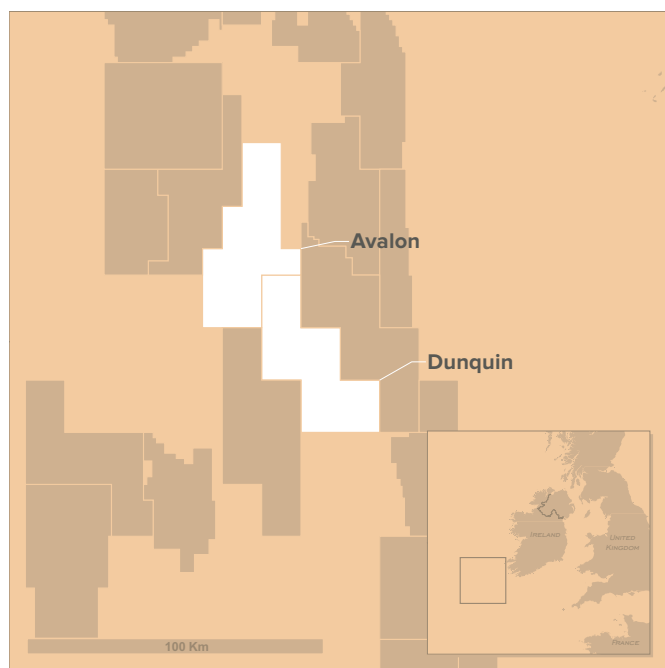
FEL 4/08 lies adjacent to and north of FEL 2/04 and was originally awarded to the Company (80.0%) and partner, Sosina (20.0%) in 2008. Additional resource potential has been highlighted in a possible stratigraphically controlled Spanish Point field extension to the north, together with an overlying Lower Cretaceous pinch-out play of the sands which successfully tested oil in the nearby 35/8-1 Burren well.

FEL 1/14 – Ruadhan Prospect

LO 11/2 was awarded to CEPIL, Providence and Sosina in October 2011 as part of the 2011 Irish Atlantic Margin Round and lies adjacent to and south of FEL 2/04. In May 2013, Cairn farmed into the Licensing Option, as part of the Cairn farm in agreement, and assumed Operatorship.

In January 2014, LO 11/2 was converted into FEL 1/14 and a c. 900 km² 3D seismic survey was acquired over the acreage. These new data highlighted the potential within the pre-Cretaceous ('Rudhan') and Paleocene intervals. However, further evaluation through 2016 downgraded the prospectivity of FEL 1/14 and so the joint venture partners agreed to relinquish the licence at the end of 2016.

Exploration: Southern Porcupine Basin



FEL 3/04 – Dunquin Project

FEL 3/04 was originally awarded to the Company (80.0%, Operator) and partner Sosina (20.0%) in 2004. The licence lies in the southern Porcupine Basin, c. 200 km off the south-west coast and in c. 1,500 metre water depth.

In 2006, the Company agreed a farm-in with ExxonMobil, whereby they assumed an 80.0% working interest in return for a pre-agreed investment programme. This transaction reduced the Company's working interest to 16.0% and Sosina's to 4.0%. In 2006, the partnership acquired c.1,500 line km of 2D seismic reflection profile data over FEL 3/04.

In 2009, ENI farmed into FEL 3/04 for a 40.0% working interest, resulting in revised working interests of Providence (16.0%), ExxonMobil (40.0%), ENI (40.0%) and Sosina (4.0%). 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% working interest, thereby changing the working interests to ExxonMobil (27.5%), ENI (27.5%), Repsol (25.0%), Providence (16.0%) and Sosina (4.0%). In 2013, Atlantic Petroleum farmed into the licence resulting in final pre-drill working interests of ExxonMobil (25.5%), ENI (27.5%), Repsol (25.0%), Providence (16.0%), Atlantic (4.0%) and Sosina (2.0%).

Drilling operations on the 44/23-1 Dunquin North exploration well, situated on the northern flank of a c. 700 km² intra-basinal ridge system, were completed in July 2013 reaching a final total depth of c. 5,000 metres 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 metres 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 metre residual oil column in a thick, over-pressured, high porosity carbonate reservoir system that was breached, with pre-breach oil STOIIIP volumetrics of c. 1.2 BBOE, and with a current residual oil STOIIIP of c. 600 MMBO.

ExxonMobil 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 (Pmean), with a recoverable estimate of 1.389 BBOE (Pmean).

In July 2015, the Company announced that it had agreed to acquire Atlantic 4% working interest.

In March 2016, the Company announced that Dunquin North post-well technical studies are continuing 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 km² Dunquin Ridge. A re-analysis of the 44/23-1 Dunquin North well data now suggests that the original hydrocarbon column was significantly greater than the previously reported 44 metres and may have covered the entire 250 metre drilled interval. This has significant 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 equity interests in the licence through a pro-rata distribution of ExxonMobil's equity interest with ENI assuming the role of Operator. Accordingly, the revised equity interests in FEL 3/04 are ENI (36.913%), Repsol (33.557%), Providence (26.846%) and Sosina (2.684%).

LIST OF ASSETS (CONTINUED)

LO 16/27 – Avalon Prospect

In June 2016, the Company (80.0%) and its partner Sosina (20.0%) were offered Licensing Option 16/27 over a 1,324 km² area, c. 150 km off the west coast of Ireland and situated in c. 1,300 metre water depth. The Licensing Option 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.

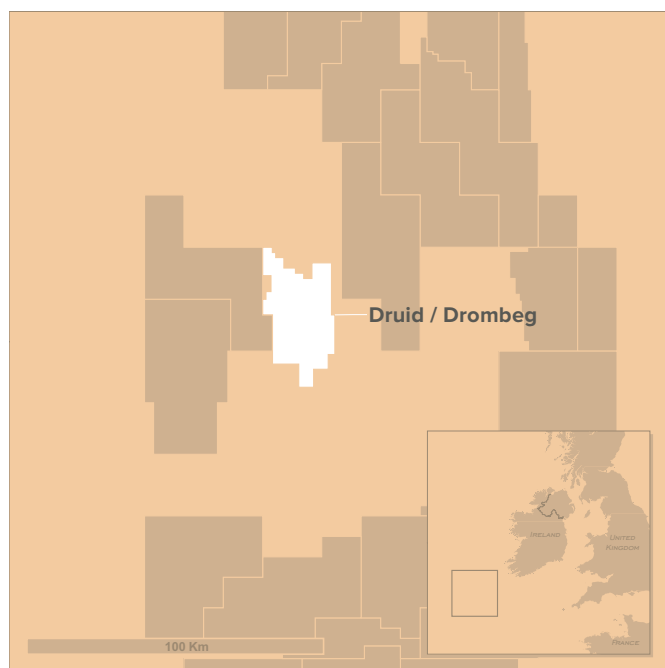
During regional interpretation and mapping of vintage 2D seismic reflection data, Providence identified an areally extensive (c. 550 km²) north-south orientated Paleocene basin-floor channel and fan system ('Avalon') within the axial part of the Porcupine Basin. The Avalon system, which is located c. 2,500 metres 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 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 suggest the potential for a depth-conformant amplitude versus offset (AVO) anomaly similar to the nearby Druid prospect in FEL 2/14.

The main element of the agreed work programme during the 2-year term of LO 16/27 is the purchase, reprocessing and interpretation of existing 2D seismic reflection data.

Recent Activity

In April 2017, the Company announced that the Dunquin JV partnership had agreed to licence 1,800 km² of 3D data over FEL 3/04 to be acquired as part of a multi-client seismic survey during summer 2017.

Exploration: Southern Porcupine Basin



FEL 2/14 – Druid & Drombeg Prospects

FEL 2/14, which is located in the southern Porcupine Basin off the south west coast of Ireland, was awarded to the Company (80.0%) and partner Sosina (20.0%) in October 2011 as part of the 2011 Irish Atlantic Margin Licensing Round. In April 2014, LO 11/9 was converted into FEL 2/14 with the same working interests.

During the initial pre FEL 2/14 authorisation phase (LO 11/9), the joint venture identified two large vertically stacked Paleocene (“Druid”) and Lower Cretaceous (“Drombeg”) fan systems with notable Class II amplitude versus offset (AVO) anomalies primarily from previously acquired 2D seismic data in 2008. The joint venture subsequently agreed to licence part of a multi-client 3D seismic survey over the area. This 3D survey was acquired by Polarcus in the summer of 2014 and was subsequently processed by ION Geophysical in 2014/15.

The Company entered into an exploration collaboration agreement with Schlumberger in respect of the southern Porcupine and Goban Spur Basins. Over a 6-month period, a multi-disciplinary team of 30 technical professionals from Providence/Sosina and Schlumberger worked on the FEL 2/14 3D seismic data focusing on the primary technical disciplines of Geology, Geophysics, Geomechanics and Petroleum Systems Modelling. With thousands of man-hours logged, this project was designed to confirm prospective resource potential as well as helping to mitigate risk at both the basin and prospect levels.

In April 2016, the results of the Collaborative Project confirmed the significant resource potential of Druid and Drombeg, with multi-domain analysis confirming that the 3D seismic responses

from the Druid and Drombeg prospects are consistent with the presence of 2 large vertically stacked stratigraphically trapped oil accumulations. The results confirmed total cumulative in-place un-risked prospective resources of c. 5.095 BBO (PMean) for Druid and Drombeg.

Druid

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

Drombeg

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

LIST OF ASSETS (CONTINUED)

Recent Activity

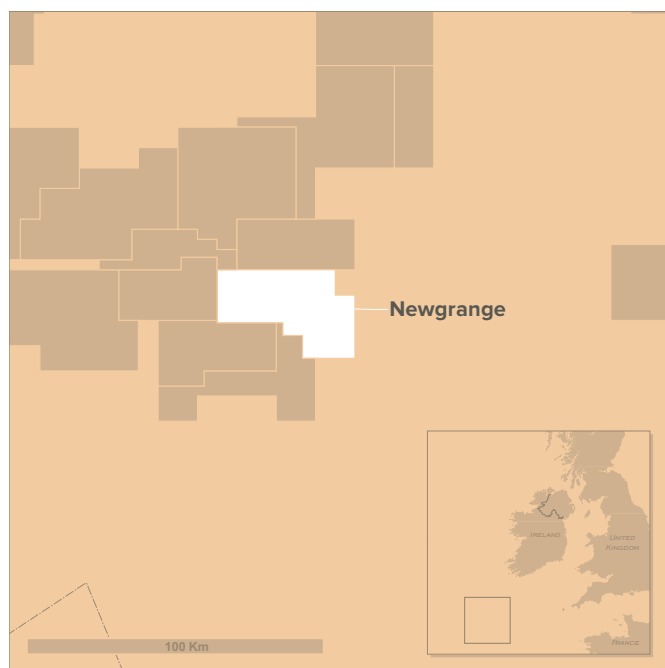
Following the capital raise in July 2016, the Company has accelerated plans to drill an exploration well on FEL 2/14 in 2017, (pre-spud designation 53/6-A) which will allow it to assess the cumulative in-place un-risked prospective resources of c. 5.095 BBO (Pmean).

Over the past 8 months, the Company has submitted the necessary regulatory applications to the relevant authorities, hired an experienced drilling team, appointed a leading well management company (LR Senergy), and tendered for all the other necessary work packages to facilitate the planned drilling operations. In November 2016, Providence signed a rig contract with Stena Drillmax Ice Limited, a wholly owned subsidiary of Stena International S.A., for the Stena IceMAX drill-ship.

Over this same period, the Company operated a data room process for interested co-venturers. This farm out process has resulted in the farm out of equity in FEL 2/14 to Cairn Energy, whereby Cairn will take a 30% interest in FEL 2/14 with Cairn being responsible for 45% of the drilling costs of Druid and Drombeg (up to a cap of \$42 million gross well cost), after which the parties pay their costs according to their equity share. If an appraisal well is drilled, Cairn would be responsible for 40% of the drilling costs (up to a cap of \$42 million gross well cost) and would have the option to take over Operatorship from Providence.

The provision of incremental funds from this farm-in (which is subject to Ministerial consent) allow for the 53/6-A well to be drilled to evaluate the originally planned Druid Paleocene as well as the deeper Lower Cretaceous Drombeg exploration prospect. Subject to the requisite regulatory approvals, the Company anticipates that drilling activities will commence in June 2017.

Exploration: Goban Spur Basin



FEL 6/14 – Newgrange Prospect

FEL 6/14, located in the Goban Spur Basin, some 260 km off the south-west coast of Ireland, was originally awarded to the Company (80.0%) and its partner Sosina (20.0%) 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 Cretaceous carbonate play-type to the recently drilled Dunquin North residual oil accumulation.

The Newgrange prospect is located in c. 1,000 metre water depth. However, it is notable that the crest of the Cretaceous closure is just c. 500 metres 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 these newly acquired 2D seismic data indicates 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 these newly acquired 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 km² with c. 1,000 km² within the Company's licenced area. The Irish government has recently offered new Licensing Options in the nearby southern Porcupine/Goban Spur area – notable licensees include ExxonMobil, Statoil, Nexen (CNOOC), Woodside & ENI (in conjunction with BP).

In July 2016, the second phase results from the Schlumberger exploration collaboration project were released. This project supports top seal and reservoir presence for Cretaceous Newgrange target. The estimated gross un-risked Prospective Resource potential for Newgrange is estimated to be c. 13.6 TSCF GIIP or c. 9.2 BBO STOIP. In addition, top seal capacity analysis indicates the potential for a hydrocarbon column of up to c. 350 metres. Adjacent third party Licensing Options were also awarded in 2015 Atlantic Margin Licensing Round.

LIST OF ASSETS (CONTINUED)

Exploration: Kish Bank, St George's Channel and South Celtic Sea Basins



LO 13/4 – Silverback Prospect

In December 2013, the Company (100.0%) was offered a new Licensing Option situated in c. 100 metres of water, c. 130 km off the south coast of Ireland and covers nine offshore blocks totaling a c. 1,530 km² area. Seismic interpretation and mapping of reprocessed 2D seismic reflection profile data has confirmed the presence of a large Mesozoic structural closure within LO 13/4. The closure as mapped at the top of the interpreted primary Lower Triassic Sherwood Sandstone Group extends over a c.170 km² area with the crest situated at a depth of c. 1,500 metres.

The Company was granted an 18-month extension to the term of LO 13/4 which expired in December 2016 and the Company elected not to convert it into a Standard Exploration Licence and so the Licensing Option was relinquished.

SEL 2/11 – Kish Bank Prospect

Licensing Option (LO) 08/2 was originally awarded to the Company (50.0%) and Star PETRONAS (50.0%) in 2008, with the Company as Operator. The area is located in the Kish Bank Basin, offshore Dublin, which is a Mesozoic basin bearing many geological similarities with the adjacent and prolific East Irish Sea Basin, offshore UK.

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. In January 2012, a Foreshore Licence application was made to carry out temporary seismic and exploration drilling works on the Kish Bank Oil Prospect located approximately c. 8 kilometres offshore. This Foreshore Licence was granted to the Company in October 2012.

In February 2013, the Company decided 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.

In January 2016, the Company assumed a 100.0% working interest in SEL 2/11 and subsequently, the Company has sought a further time extension from the Irish government so that the Company can advance the requisite permitting process for the drilling of an exploration well. The Lower Triassic Sherwood Sandstone Kish Bank Oil Prospect has estimated un-risked recoverable prospective resources of c. 210 MMBO.

SEL 1/07 – Dragon Prospect

SEL 1/07 was awarded to the Company in February 2007 (100.0%), 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 (P 1930) due to limited resource potential, based on newly reprocessed PSDM 3D seismic data, the Company is currently discussing the future status of the Irish licensing authorization with the Irish regulator.

BOARD OF DIRECTORS

Pat Plunkett B.A. Non-Executive Chairman

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 during which time Tullow grew from a small cap Oil & Gas plc to become Africa's leading independent oil company and a constituent of the UK's FTSE100. He is currently Executive Chairman of T5 Oil and Gas Ltd, a private company he founded in 2013 and which is focused on acquiring oil and gas assets in Africa and the Middle East. Pat has over 30 years' experience in the financial services 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. He is a former director of the Irish Stock Exchange.

Tony O'Reilly B.A. Chief Executive

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

Dr. John O'Sullivan CGeol Technical Director

John is a geology graduate of University College, Cork and holds a Masters in Applied Geophysics from the National University of Ireland, Galway. He also holds a Masters in Technology Management from the Smurfit Graduate School of Business at University College Dublin and a doctorate in Geology from Trinity College Dublin. John is a Chartered Geologist and a Fellow of the Geological Society of London. 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.

James S.D. McCarthy M.B.A. Non-Executive

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. Mr McCarthy holds a Bachelor Degree in Civil Law, an MBA from the University of Pittsburgh and is a qualified solicitor. He is Chief Executive of Nissan Ireland and a Director of Corporate Finance Ireland Limited, Windsor Motors and Rockall Technologies Limited and a number of other companies. Mr McCarthy is a former Director of Arcon International Resources P.l.c

Lex Gamble B.A., M.B.A. Non-Executive Director

Lex Gamble was appointed as a Non-Executive Director of the Company in August, 2005. Mr. Gamble holds a Bachelor of Arts Degree from the University of Washington, and a Master's Degree from Harvard Business School. He is a Director of Cardiac Insights Inc. and a former Director of Harris Private Bank NA, North-western Trust Co., Keystone Capital Corp., General Nutrition Corp. 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.

Philip O'Quigley B.Comm., FCA Non-Executive Director

Philip O'Quigley was Finance Director of Providence Resources from June 2008 until his appointment as Chief Executive Officer of Falcon Oil & Gas in May 2012. Philip continues to serve the Company in his capacity as Non-Executive Director. Philip has over 20 years' experience in finance positions in the oil and gas industry. His career spans a number of London and Dublin listed resources companies. He is the chairperson of the Onshore Petroleum Association of South Africa. Philip is a fellow of the Institute of Chartered Accountants in Ireland and qualified as a Chartered Accountant with Ernst & Young.

DIRECTORS' REPORT

The Directors submit their annual report together with the audited financial statements of the Company and its subsidiaries ("Providence" or the "Group") for the year ended 31 December 2016.

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 the Section 327 of the Companies Act 2014 is contained in the Chairman's and Chief Executive's Statement and the Business Review on pages 1 to 16.

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 2016

The Consolidated Income Statement for the year ended 31 December 2016 and the Consolidated Statement of Financial Position at that date are set out on pages 25 to 27. The loss for the year amounted to €20.546 million and net assets at 31 December 2016 were €111.318 million. No dividends or transfers to reserves are recommended by the Directors.

Important Events since the Year End

On 8 March 2017, the Company signed a Farm Out Agreement on FEL 2/14 (Druid & Drombeg) with Capricorn Ireland Limited, a subsidiary of Cairn Energy Plc. Under the terms of the Farm Out, Capricorn will take a 30% equity interest in return for paying 45% of the costs of the exploration well on Druid & Drombeg in 2017 (up to a gross cost cap of \$42 million) and will make a payment of \$2.8 million on a pro rata basis to the Company and to Sosina. In the event that a subsequent appraisal well is drilled on FEL 2/14, Capricorn will pay 40% of the costs of the proposed well (up to a gross cost cap of \$42 million) and will have the option to take over Operatorship. This transaction is subject to Ministerial consent.

On 3 April 2017, the Company announced that it and fellow JV partners in FEL 3/04 (Dunquin) agreed to licence 1,800km² of 3D from CGG which is being acquired in 2017 as part of multi-client 3D acquisition programme.

Directors

In October 2016, James McCarthy stepped down as non-Executive Chairman, Mr. Pat Plunkett was appointed non-Executive Chairman and Dr. Phil Nolan retired from the board.

Mr. Tony O'Reilly and Dr. John O'Sullivan both retire from the Board by rotation and, being eligible, offer themselves for re-election. Mr. Pat Plunkett, having been appointed in October 2016, offers himself for election.

Mr. Tony O'Reilly, Chief Executive, has a service contract, effective from 1 May 2015, 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 €366,390 for 2016 (see Note 8 and Note 25 (Related Party Transactions)). The above mentioned contract is of two years duration and is subject to one year's notice period. The contract was renewed on 1 April 2017.

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.

Secretary

Mr. Michael Graham retired as Company Secretary and Ms. Criona Ryan was appointed Company Secretary with effect from 1 March 2016.

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 2015	31 December 2016 Or date of appointment if later)	11 April 2017
Pat Plunkett	0	1,000,000	1,000,000
Tony O'Reilly	242,470	500,011	500,011
Dr. John O'Sullivan	61,154	226,154	226,154
Lex Gamble	200,000	400,000	400,000
Philip O'Quigley	6,136	167,531	167,531
James McCarthy	39,411	203,300	203,300
Company Secretary			
Criona Ryan	0	0	0

Details of the movement on outstanding options, and those exercised during the year are as follows (correct up until 11 April 2017):

Directors	At 31 December 2015	At 31 December 2016	Price (Euro)	Expiry Date
Pat Plunkett	0	0	0	N/A
Tony O'Reilly	70,000	0	2.95	December 2017
	100,000	0	6.13	July 2019
	0	12,000,000	0.45	August 2019
Dr. John O'Sullivan	70,000	0	2.95	December 2017
	100,000	0	6.13	July 2019
	0	9,000,000	0.45	August 2019
James SD McCarthy	35,000	0	6.13	July 2019
	0	400,000	0.45	August 2019
Lex Gamble	25,000	0	6.13	July 2019
	0	400,000	0.45	August 2019
Philip O'Quigley	150,000	0	3.80	June 2016
	70,000	0	2.95	December 2017
	25,000	0	6.13	July 2019
	0	400,000	0.45	August 2019
Secretary				
Criona Ryan	15,000	15,000	6.13	July 2019
	0	275,000	0.142	August 2023

Based on the closing share price on 31 December 2016, no options over shares were capable of being exercised, as the share price was below the exercise price. The closing market price of the ordinary shares at 31 December 2016 was €0.1747 and the range during the financial year was €0.1000 to €0.2325.

Special Business

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 10 April 2017),

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.

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.

DIRECTORS' REPORT

(CONTINUED)

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 of the Company 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 Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law and the Company financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS101'), issued by the Financial Reporting Council in the UK and promulgated by the Institute of Chartered Accountants in Ireland. Reporting Standard 101 'Reduced Disclosure Framework' ('FRS101'), issued by the Financial Reporting Council in the UK and promulgated by the Institute of Chartered Accountants in Ireland.

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 they have been prepared in accordance with IFRS as adopted by the EU and as regards the Company, comply with FRS101 together with the requirements of the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect 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 31 May 2018. As set out further in the Chairman's and Chief Executive's statement the Group expects to incur significant levels of capital expenditure in 2017 and 2018, consistent with its strategy as an exploration company. In this regard, the Directors have considered both current and future expenditure commitments and also the options available to fund such commitments, including further farm out arrangements, disposal of assets, and both equity and debt funding alternatives. Having regard to current levels of funding in place, the proceeds due to be received from the recently announced farm out of Druid and Drombeg, and the other options available, the Directors are satisfied that the Group will be in a position to fund this capital expenditure programme as well as other planned exploration and operating activities. On this basis, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Corporate Governance

The Company is committed to high standards of corporate governance. Although the Company, as an ESM and AIM quoted Company, is not required to comply with the UK Corporate Governance Code, the Directors support high standards of corporate governance and, in so far as is practical given the Company's size, have implemented the following corporate governance provisions for the year ended 31 December 2016.

The Board

The Board is made up of two executive and four Non-Executive Directors. Biographies of each of the Directors are set out on page 17.

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 17 occasions during 2016. 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, 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. Mr. Michael Graham retired as Company Secretary and Ms. Criona Ryan was appointed Company Secretary with effect from 1 March 2016.

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 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 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. The committees and their members are listed inside the back cover of this report. All committees of the Board have written terms of reference dealing with their authority and duties. Membership of the Audit and Remuneration 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.

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 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.

Details of Directors' remuneration for the current period are set out in Note 8 to the financial statements.

Share Option Scheme

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.

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.

The 2009 Scheme set out certain share growth performance criteria with the base price against which such criteria is assessed being established from the closing market price of the Ordinary Shares on the date preceding the date of grant. The 2009 Scheme operates as an equity-settled share option scheme and options can be granted subject to the following conditions (which can be varied at the Company's sole discretion):

- (i) 50% of the total number of options granted are exercisable after one year from the date of grant, provided that the market price of the Ordinary Shares has increased by a minimum of 25% and that such an increase is maintained over a period of three months prior to the exercise of any option;
- (ii) The remaining 50% of the total number of option granted are exercisable after a further year has elapsed, provided that the market price of the Ordinary Shares has increased by a minimum of 50% and that such an increase is maintained over a period of three months prior to the exercise of any option.

DIRECTORS' REPORT

(CONTINUED)

2016 LTIP 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 the total number of options granted are exercisable after one year from the date of grant provided that the market price of the Ordinary Shares exceeds a price of €0.45 per Ordinary Share;
- (ii) The remaining 50% of the total number of options granted are exercisable after a further year has elapsed, provided that the market price of the Ordinary Shares exceeds a price of €0.45 per Ordinary Share.

No options shall be exercisable more than three years after the grant date and all options which have not been exercised by that date shall lapse.

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.

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.

Having introduced the 2016 LTIP Scheme on the terms set out above, the Company granted 22.6 million options over 22.6 million ordinary shares of €0.10 each in the Company ("Ordinary Shares"), with effect from 8 August 2016, with a strike price set at €0.45 per Ordinary Share.

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.

Nomination Committee

The Nomination Committee comprises the 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.

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. 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 Articles of Association of the Company and details of the proxy votes for and against each resolution are announced after the result of the hand vote.

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. Following the publication of the Turnbull Report, the Board established a process of compliance which involved an expansion of 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, through the annual audit process. 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 Management

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.

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.

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 11 April 2017.

M&G Investment Management Limited	14.67%
The Capital Group Companies, Inc.	9.71%
Pageant Holdings Limited	7.45%
Merseyside Pension Fund	7.20%
Henderson Group Plc	5.99%
Marlborough Fund Managers Ltd	4.86%
BlackRock Inc.	3.51%
Goldman Sachs International	3.07%

Political Donations

There were no political donations during the year (2015 Nil).

Books and Accounting Records

The Directors are responsible for ensuring 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.

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.

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

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

Tony O'Reilly
Chief Executive

11 April 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROVIDENCE RESOURCES PLC

We have audited the Group and Company financial statements ("financial statements") of Providence Resources Plc for the year ended 31 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position and Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. 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 and as regards the Company financial statements, as applied in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101") and the provisions of the Companies Act 2014. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK and Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2016 and of its loss for the year then ended;
- the Company balance sheet gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2016;
- 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; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Acts 2014.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes 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 financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, 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.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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.

Conall O'Halloran

for and on behalf of
KPMG

Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green Dublin 2
D02 DE03

11 April 2017

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 €'000	2015 €'000
Continuing operations			
Administration and legal expenses	3	(3,688)	(6,437)
Pre-licence expenditure		(61)	(856)
Impairment of exploration and evaluation assets	11	(15,095)	(5,787)
Operating loss	2,9	(18,844)	(13,080)
Finance income	4	39	34
Finance expense	5	(1,741)	(11,091)
Loss before income tax		(20,546)	(24,137)
Income tax expense	6	—	—
Loss for the financial year		(20,546)	(24,137)
Loss per share (cent) – total			
Basic and diluted loss per share	10	(5.80)	(19.57)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 €'000	2015 €'000
Loss for the financial year		(20,546)	(24,137)
<i>OCI items that can be reclassified into profit or loss:</i>			
Foreign exchange translation differences	5	1,994	7,178
Total income recognised in other comprehensive income from continuing operations		1,994	7,178
Total comprehensive expense for the year		(18,552)	(16,959)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 €'000	2015 €'000
Assets			
Exploration and evaluation assets	11	89,276	98,211
Property, plant and equipment	12	102	168
Intangible assets	13	192	296
Total non-current assets		89,570	98,675
Trade and other receivables	14	255	2,174
Cash and cash equivalents	15	31,403	6,518
Total current assets		31,658	8,692
Total assets		121,228	107,367
Equity			
Share capital	16	71,452	25,694
Capital conversion reserve fund		623	623
Share premium	16	247,918	226,998
Foreign currency translation reserve		13,815	11,821
Share based payment reserve		1,398	3,586
Retained deficit		(223,888)	(199,780)
Total equity attributable to equity holders of the company		111,318	68,942
Liabilities			
Decommissioning provision	19	7,783	7,424
Total non-current liabilities		7,783	7,424
Loans and borrowings	18	—	18,289
Trade and other payables	21	2,127	12,712
Total current liabilities		2,127	31,001
Total liabilities		9,910	38,425
Total equity and liabilities		121,228	107,367

On behalf of the board

Pat Plunkett
Chairman

11 April 2017

Tony O'Reilly
Chief Executive

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital €'000	Capital reserve fund €'000	Share premium €'000	Foreign currency translation reserve €'000	Share based payment reserve €'000	Retained deficit €'000	Total €'000
At 1 January 2016	25,694	623	226,998	11,821	3,586	(199,780)	68,942
<i>Total comprehensive income</i>							
Loss for financial year	—	—	—	—	—	(20,546)	(20,546)
Currency translation	—	—	—	1,994	—	—	1,994
Total comprehensive income	—	—	—	1,994	—	(20,546)	(18,552)
<i>Transactions with owners, recorded directly in equity</i>							
Share based payments	—	—	—	—	142	—	142
Share options cancelled in year	—	—	—	—	(1,493)	1,493	—
Share options lapsed in year	—	—	—	—	(837)	837	—
Shares issued in year (note 16)	45,758	—	20,920	—	—	(5,892)	60,786
At 31 December 2016	71,452	623	247,918	13,815	1,398	(223,888)	111,318
<i>Total comprehensive income</i>							
Loss for financial year	—	—	—	—	—	(24,137)	(24,137)
Currency translation	—	—	—	7,178	—	—	7,178
Total comprehensive income	—	—	—	7,178	—	(24,137)	(16,959)
<i>Transactions with owners, recorded directly in equity</i>							
Share options lapsed in year	—	—	—	—	(696)	696	—
Shares issued in year (note 16)	7,543	—	16,768	—	—	—	24,311
At 31 December 2015	25,694	623	226,998	11,821	3,586	(199,780)	68,942

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 €'000	2015 €'000
Cash flows from operating activities		
Loss after tax for the year	(20,546)	(24,137)
<i>Adjustments for:</i>		
Depletion and depreciation	66	34
Amortisation of intangible assets	104	17
Impairment of exploration and evaluation assets	15,095	5,787
Finance income	(39)	(34)
Finance expense	1,741	11,091
Equity settled share payment charge	142	—
Foreign exchange	1,113	(2,684)
Change in trade and other receivables	1,919	(287)
Change in trade and other payables	(10,585)	(521)
Interest paid	(1,266)	(4,204)
<i>Net cash outflow from operating activities</i>	(12,256)	(14,938)
<i>Cash flows from investing activities:</i>		
Interest received	39	34
Acquisition of exploration and evaluation assets	(3,982)	(7,746)
Acquisition of property, plant and equipment	—	(484)
Movement in restricted cash	—	3,296
<i>Net cash used in investing activities</i>	(3,943)	(4,900)
<i>Cash flows from financing activities:</i>		
Proceeds from issue of share capital	61,202	25,754
Issued costs	(416)	(1,443)
Repayment of loans and borrowings	(19,633)	(3,671)
<i>Net cash from financing activities</i>	41,153	20,640
Net increase in cash and cash equivalent	24,954	802
Cash and cash equivalents at 1 January	6,518	5,256
Effect of exchange rate fluctuations on cash and cash equivalents	(69)	460
Cash and cash equivalents at 31 December	31,403	6,518

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies

Reporting entity

Providence Resources P.I.c. (the “company”) is a company domiciled in Ireland. The Consolidated Financial Statements of the company for the year ended 31 December 2016 are comprised of the financial statements of the company and its subsidiaries, together referred to as the “Group”.

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 the accounting policies.

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 €15,929,000 (2015: €60,744,000) for the financial year ended 31 December 2016 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 11 April 2017.

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 31 May 2018. As set out further in the Chairman's and Chief Executive's statement the Group expects to incur significant levels of capital expenditure in 2017 and 2018, consistent with its strategy as an exploration company. In this regard, the Directors have considered both current and future expenditure commitments and also the options available to fund such commitments, including further farm out arrangements, disposal of assets, and both equity and debt funding alternatives. Having regard to current levels of funding in place, the proceeds due to be received from the recently announced farm out of Druid and Drombeg, and the other options available, the Directors are satisfied that the Group will be in a position to fund this capital expenditure programme as well as other planned exploration and operating activities. On this basis, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Statement of compliance

The group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRS).

Recent accounting pronouncements

The following are amendments to existing standards and interpretations that are effective for the Group's financial year from 1 January 2016:

- Annual Improvements to IFRSs 2012-2014 cycle
- IFRS 11: Accounting for acquisitions of interests in Joint Operations
- IFRS 14: Regulatory Deferral Accounts
- IAS 16: Property, Plant and Equipment and IAS 41: Bearer Plants
- IAS 16 and 38: Acceptable methods of depreciation/amortisation
- IAS 27: Equity method in Separate Financial Statements
- IAS 1: Disclosure initiative
- IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the consolidation exception.

The adoption of the above and interpretations and amendments did not have a significant impact on the Group's Consolidated Financial Statements.

New IFRSs and amendments

- Annual Improvements to IFRSs 2014-2016 cycle*
- IFRS 15, 'Revenue from Contracts with Customers' (effective for the Group's 2018 Consolidated Financial Statements)
- IFRS 9, 'Financial Instruments' (effective for the Group's 2018 Consolidated Financial Statements)
- IFRS 16 'Leases' (effective for the Group's 2019 Consolidated Financial Statements)*
- IFRS 2: Classification and measurement of share based payments*
- IAS 7: Disclosure initiative*
- IAS 12: Recognition of deferred tax assets for unrealised losses.*

* Not yet EU Endorsed

The Directors do not believe that any of the above standards will have a significant impact on Group reporting.

Basis of consolidation

The consolidated financial statements include the financial statements of Providence Resources Plc 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 presently are exercisable 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.

Judgements and estimates

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.

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 the impact of valuation in some assumptions and estimates 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 €89.3 million (2015: €98.2 million) at 31 December 2016. 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.

Decommissioning

The decommissioning provision amounts to €7.8 million (2015: €7.4 million) 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.

Going concern

Refer to page 30 for further details

Employee benefits

(i) Defined contribution 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 "2005 Scheme", "2009 Scheme" and "2016 Scheme" 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

1 Accounting policies (continued)

Finance income and expenses

Finance income comprises interest income on funds invested. 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. Borrowing costs are recognised in profit or loss using the effective interest method.

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. Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of available-for-sale equity instruments, which are not deemed to be impaired, or a financial liability designated as a hedge of the net investment in a foreign operation (see (ii) below).

(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.

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. 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.

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 depletes 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, are amortised on a unit of production basis.

Amortisation is 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 are recognised prospectively.

(iv) 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, 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.

(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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

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.

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any estimated shortfall in receipt. An estimate of any shortfall in receipt is made when there is objective evidence that a loss has been incurred. Bad debts are written off when identified.

Trade and other payables

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

Financial instruments

(i) Non-derivative 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.

Ordinary shares

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

2 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. The Group has 2 principal reportable segments as follows:

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

Group assets and liabilities include cash resources held by the Group, and corporate expenses include interest income earned and other operational expenditure incurred by the Group. These areas are not within the definition of an operating segment.

Information regarding the results of each reportable segment is included below. 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. There are no significant inter segment transactions.

Segment revenue

The group generated no revenues during the period.

	2016 €'000	2015 €'000
Segment net loss for the year		
Republic of Ireland — exploration assets	(15,028)	(3,946)
UK — exploration assets	(67)	(1,841)
Corporate expenses	(3,749)	(7,293)
Operating loss	(18,844)	(13,080)
	2016 €'000	2015 €'000
Segment assets		
Republic of Ireland — exploration assets	89,659	100,710
UK — exploration assets	—	73
US assets	—	32
Group assets	31,569	6,552
Total assets	121,228	107,367
	2016 €'000	2015 €'000
Segment liabilities		
Republic of Ireland — exploration related liabilities	(9,598)	(19,634)
UK — exploration related liabilities	(64)	(14)
US — liabilities	(1)	—
Group liabilities*	(247)	(18,777)
Total liabilities	(9,910)	(38,425)

* Related primarily to the group's loan facility.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Operating segments (continued)

	2016 €'000	2015 €'000
Capital expenditure		
UK — exploration assets	67	103
	67	103
Republic of Ireland — exploration assets, net of cash calls	3,915	7,643
— property, plant and equipment and intangible assets	—	484
Total capital expenditure, net of cash calls	3,982	8,230
Impairment charge		
UK — exploration assets	67	1,841
Republic of Ireland — exploration assets	15,028	3,946
	15,095	5,787

3 Administration expenses

	2016 €'000	2015 €'000
Corporate, exploration and development expenses	4,271	3,783
Legal expenses	68	2,127
Foreign exchange loss	507	1,550
Total administration expenses for the year	4,846	7,460
Capitalised in Exploration and Evaluation assets (Note 11)	(1,158)	(1,023)
Total charged to the income statement	3,688	6,437

4 Finance income

	2016 €'000	2015 €'000
Bank deposit interest income	39	34

5 Finance expense

	2016 €'000	2015 €'000
Recognised in income statement:		
Amortisation of arrangement fees and other amounts	1,643	2,861
Unwind of discount on decommissioning provision (Note 19)	359	1,390
Interest charge	1,093	2,367
Foreign exchange (gain)/loss on revaluation of loan, net	(299)	2,332
Interest charge on legal settlement, net ¹	(1,055)	2,141
Total finance expense recognised in income statement	1,741	11,091
	€'000	€'000
Recognised in other comprehensive income:		
Foreign currency differences on foreign operations	1,994	7,178

¹ The interest credit arises on the resolution of the Transocean legal case.

6 Income tax result

	2016 €'000	2015 €'000
Current tax expense		
Current year	—	—
Adjustment for prior years	—	—
	—	—
Deferred tax result/charge		
Origination and reversal of temporary differences	—	—
Effect of change in tax rates	—	—
Adjustment in respect of prior year	—	—
Total income tax result for year	—	—

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:

	2016 €'000	2015 €'000
Loss before tax	(20,546)	(24,137)
Irish standard tax rate	12.5%	12.5%
Tax credit at the Irish standard rate	(2,568)	(3,017)
Expenses not deductible for tax purposes	2,288	2,396
Losses unutilised	(28)	—
Other timing differences	316	628
Effect of different tax rates in foreign jurisdictions	(8)	(7)
Tax result for the year	—	—

7 Employee expenses and numbers

	2016 €'000	2015 €'000
Wages and salaries	1,499	1,693
Social welfare costs	162	180
Defined contribution pension costs	171	196
Share-based payment expense (Note 22)	142	—
	1,974	2,069

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

	2016 €'000	2015 €'000
Wages and salaries	562	756
Share-based payment expense	—	—

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

	2016 Number	2015 Number
Exploration and evaluation	7	7
Corporate management and administration	6	7
	13	14

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 €171,000 (2015: €196,000).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 Directors' remuneration and transactions with key management personnel

Directors' emoluments are analysed as follows:

	Salaries and other emoluments		Fees		Total	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Executive						
Tony O'Reilly	412	494	–	–	412	494
John O'Sullivan ¹	358	373	–	–	358	373
Sub-total	770	867	–	–	770	867
Non-Executive						
Brian Hillery ²	–	–	–	31	–	31
Lex Gamble ³	–	–	34	102	34	102
James McCarthy ⁴	–	–	51	65	51	65
Philip Nolan ⁵	–	–	23	45	23	45
Philip O'Quigley	–	–	34	45	34	45
Pat Plunkett ⁶	–	–	25	–	25	–
Sub-total	–	–	167	288	167	288
Total	770	867	167	288	937	1,155

1 John O'Sullivan emoluments include pension contributions of €46,000 for 2016 (2015: €48,000).

2 Brian Hillery retired as Chairman on 26 May 2015.

3 Lex Gamble's standard Directors' fees for FY2015 were €45,000. His fee income disclosed for FY2015 above also includes travel expenses which were grossed up for Irish tax purposes

4 James McCarthy resigned as Chairman on 1 October 2016.

5 Philip Nolan resigned as a director on 1 October 2016.

6 Pat Plunkett was appointed to the board as non-Executive Chairman on 1 October 2016.

Directors' remuneration is fixed by the Remuneration Committee of the Board which is comprised solely of non-executive Directors of the company.

Details of share options granted to the Directors during the year are disclosed in the Directors' Report. In 2016, share based payments expense were €86,000 (2015: €nil). Other than the share option schemes (Note 22), the group did not have any long term incentive scheme in place for Directors. However, the remuneration committee is in the process of developing a long term incentive plan for the executive Directors.

The emoluments of Mr. Tony O'Reilly include payments made to Kildare Consulting Limited under the terms of his employment contract (Note 25).

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 pages 18 and 19.

Transactions with key management personnel comprising Directors and other senior management

Key management personnel compensation was as follows:

	2016 €'000	2015 €'000
Wages, salaries and fees:		
Executive Directors	723	819
Non-executive Directors	167	288
Other key management salaries	289	403
	1,179	1,510
Social welfare costs	69	86
Defined contribution pension costs	89	111
Share-based payment expense	99	–
	1,436	1,707

9 Statutory and other information

	2016 €'000	2015 €'000
Auditor's remuneration		
Audit	42	42
Other assurance services, being audit of subsidiary entities	21	21
Taxation services	8	10
Operating lease rentals on property	177	232
Depreciation on property, plant and equipment	66	34
Amortisation of intangible assets	104	17
Impairment of evaluation and exploration assets	15,095	5,787
Pre-licence exploration expenditure	61	856
Directors' emoluments		
Fees	167	288
Salaries and other emoluments	770	867

10 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 2016 €'000	Total 2015 €'000
Loss attributable to equity holders of the company	(20,546)	(24,137)

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

	2016	2015
In issue at beginning of year ('000s)	140,077	64,649
Adjustments for shares issued in year ('000's)	214,374	58,689
Weighted average number of ordinary shares ('000s)	354,451	123,338

	Total 2016 €cent	Total 2015 €cent
Basic and diluted loss Per Share (cent)	(5.80)	(19.57)

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 24,690,000 (2015: 1,198,000) anti-dilutive share options in issue at 31 December 2016.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Exploration and evaluation assets

	Republic of Ireland €'000	UK €'000	Total €'000
Cost and net book value			
At 1 January 2015	88,095	1,638	89,733
Additions	6,805	84	6,889
Cash calls received in year	(166)	—	(166)
Administration expenses	1,004	19	1,023
Impairment charge	(3,946)	(1,841)	(5,787)
Foreign exchange translation	6,419	100	6,519
At 31 December 2015	98,211	—	98,211
Additions	4,047	62	4,109
Cash calls received in year	(1,285)	—	(1,285)
Administration expenses (note 3)	1,153	5	1,158
Impairment charge	(15,028)	(67)	(15,095)
Foreign exchange translation	2,178	—	2,178
At 31 December 2016	89,276	—	89,276

The exploration and evaluation asset balance at 31 December 2016 primarily relates to the Barryroe (€64.5 million), Dunquin (€13.9 million), Druid/Drombeg (€8.1 million) and Newgrange (€1.7 million). The remaining €1.1 million relates to other licence areas held by the Group in the Republic of Ireland.

The Directors have assessed the current activities ongoing within exploration and evaluation assets and, noting the current forecast price curve, have determined that an impairment charge of €15.1 million is required at 31 December 2016 in relation to specific licences including Spanish Point, Silverback, Cuchulain and Helvick as it is unlikely that further exploration and evaluation work will be undertaken at this current time or that the licence has been relinquished.

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.

12 Property, plant and equipment

	Furniture and equipment €'000
Cost	
At 1 January 2015	493
Additions in year	171
At 31 December 2015	664
Additions in year	—
At 31 December 2016	664
Depreciation	
At 1 January 2015	462
Charge for year	34
At 31 December 2015	496
Charge for year	66
At 31 December 2016	562
Net book value	
At 31 December 2016	102
At 31 December 2015	168

13 Intangible assets

	Capitalised software €'000
Cost	
At 31 December 2015	313
Additions in year	—
At 31 December 2016	313
Amortisation	
At 31 December 2015	17
Charge for year	104
At 31 December 2016	121
Carrying value	
At 31 December 2016	192
At 31 December 2015	296

14 Trade and other receivables

	2016 €'000	2015 €'000
VAT recoverable	38	36
Prepayments	125	80
Amounts due from joint operation partners	92	2,058
	255	2,174

15 Cash and cash equivalents

	2016 €'000	2015 €'000
Cash held in bank accounts	31,403	6,518
Cash and cash equivalents	31,403	6,518

Included in the cash and cash equivalents balance are amounts totaling €Nil million (2015: €0.4million) held on behalf of partners in jointly controlled operations.

16 Share capital and share premium

	Number (‘000)	€'000
Authorised		
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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Share capital and share premium (continued)

On 14 July 2016 the company increased its authorised share capital by 100,000,000 ordinary shares of 0.10c each.

Issued	Total 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	64,649	6,464	204,539
At 1 January 2015	64,649	18,151	210,230
Shares issued during the year	75,427	7,543	16,768
At 1 January 2016	140,076	25,694	226,998
Shares issued during the year	457,582	45,758	20,920
At 31 December 2016	597,658	71,452	247,918

On 14 July 2016 the Company issued 457,582,000 ordinary shares of nominal value €0.10 cent at €0.152 per share. The Company raised gross proceeds of €66.7m. Share issue costs of €5.9m were recorded as a charge within retained reserves.

17 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:

- (b) 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.
- (c) 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.

18 Loans and borrowings

	Melody Bank loan facility €'000	Melody Bank loan fees €'000	Total €'000
At 1 January 2015	19,727	(379)	19,348
Drawn down in year	1,519	(4,125)	(2,606)
Charged to income statement	—	2,861	2,861
Repaid in year	(3,646)	—	(3,646)
Foreign exchange	2,332	—	2,332
At 31 December 2015	19,932	(1,643)	18,289
31 December 2015	19,932	(1,643)	18,289
Drawdown in year	—	—	—
Charged to income statement (note 5)	—	1,643	1,643
Repaid in year	(19,633)	—	(19,633)
Foreign exchange	(299)	—	(299)
At 31 December 2016	—	—	—

Under the Facility, Melody had security over all of the Group's assets by way of the floating charge. The charge has now been satisfied.

19 Decommissioning provisions

	2016 €'000	2015 €'000
At beginning of year	7,424	6,034
Unwind of discount – continuing operations (Note 5)	146	603
Foreign exchange differences	213	787
At end of year	7,783	7,424

Decommissioning costs are expected to be incurred over the remaining lives of the fields, which are estimated to be between 2016 and 2022. 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% per annum, reflecting the associated risk profile.

20 Deferred taxation

The group is not carrying a deferred tax asset of €24.9 million (2015: €24.5 million) which mainly relates 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:

	2016 €'000	2015 €'000
One year	375	1,977
Two years	193	375
Three years	157	193
Four years	197	157
Five years	491	197
More than five years	197,693	192,845
Total	199,106	195,744

Unutilised losses may be carried forward for 25 years from the date of the origination of the losses, but may only be offset against taxable profits earned from the same trade.

21 Trade and other payables

	2016 €'000	2015 €'000
Capital expenditure payable	—	6,220
Accruals	1,589	5,668
Other payables	538	824
	2,127	12,712

22 Share schemes

The Group operates employee share schemes as follows:

2005 Scheme

All remaining outstanding options under the 2005 scheme expired during the year.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Share schemes (continued)

2009 Scheme

In 2009, the Directors adopted a share option scheme which also 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 a further year has elapsed 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.

2,100,000 (2015: *nil*) options granted during 2016 under this scheme. The fair value of the options granted during the year was estimated at €0.08 per share using the Black-Scholes option pricing model. The following key input assumptions were applied:

Volatility	65%
Time period	7 years
Dividend yield	0%
Risk free interest rate	(0.53%)
Exercise price	€0.14

At 31 December 2016, options over 2.489 million (2015: *1.198 million*) shares remained outstanding at subscription prices ranging from €0.142 to €6.13. These options expire at varying dates up to August 2023.

2016 LTIP Scheme

The “2016 LTIP 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 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.

22,600,000 options granted during 2016 under this scheme. The fair value of the options granted during the year was estimated at €0.01 per share using the Black-Scholes option pricing model. The following key input assumptions were applied:

Volatility	61%
Time period	3 years
Dividend yield	0%
Risk free interest rate	(0.53%)
Exercise price	€0.45

Details of the movements of these share options outstanding during the year are as follows:

For the year ended 31 December 2016

	2016 scheme		2009 scheme	
	No of share options 000's	Weighted average exercise price €	No of share options 000's	Weighted average exercise price €
At 1 January	—	—	1,198	4.49
2016				
Granted during year	22,600	0.45	2,100	0.14
Expired during year	(400)	0.45	(288)	(3.80)
Cancelled during year	—	—	(520)	(4.85)
At 31 December 2016	22,200	0.45	2,490	0.84
Of which exercisable at year end	—	—	—	—

The total number of options outstanding at 31 December 2016 was 24,690,000 at exercise prices ranging from €0.142 to €6.13.

For the year ended 31 December 2015

	2005 scheme		2009 scheme	
	No of Share Options 000's	Weighted average exercise price €	No of share options 000's	Weighted average exercise price €
At 1 January 2015	70	8.15	1,358	4.06
Granted during year	—	—	—	—
Expired during year	(70)	(8.15)	(160)	(4.23)
At 31 December 2015	—	—	1,198	4.49
Of which exercisable at year end	—	—	—	—

The total number of options outstanding at 31 December 2015 were 1,198,750. These had exercise prices ranging from €1.27 to €9.79.

The fair value charge recorded in the income statement in respect of the Group's 2009 and 2016 share based schemes was €142,000 (2015: Nil):

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 which have been forfeited lapsed or exercised during the year, which are reclassified to retained earnings.

23 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Financial instruments

(a) Interest rate risk

The Group currently finances its operations through a mixture of shareholders' funds, bank deposits and bank debt. 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:

	2016 €'000	2015 €'000
Variable rate instruments		
Financial assets – cash and cash equivalents	31,403	6,518
Fixed rate instruments		
Financial liabilities – loans and borrowings	–	19,932

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ('bps') in interest rates at 31 December 2016 and 31 December 2015 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		OCI	
	100 bps increase €'000	100 bps decrease €'000	100 bps increase €'000	100 bps decrease €'000
31 December 2016				
Variable rate instruments	233	(109)	–	–
31 December 2015				
Variable rate instruments	25	(10)	–	–

(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 2016 and 2015 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 2016					31 December 2015				
	Euro €'000	GBP €'000	USD €'000	Not at risk EUR €'000	Total €'000	Euro €'000	GBP €'000	USD €'000	Not at risk EUR €'000	Total €'000
VAT recoverable	–	–	–	38	38	–	–	–	36	36
Other debtors	–	64	9	144	217	–	4	1	2,133	2,138
Cash and cash equivalents	53	16,754	12,652	1,944	31,403	44	1,266	3,438	1,770	6,518
Loans and borrowings	–	–	–	–	–	–	–	(19,932)	–	(19,932)
Trade and other payables	–	(230)	(45)	(1,852)	(2,127)	–	(53)	(10,628)	(2,031)	(12,712)
Total exposure	53	16,588	12,616	274	29,531	44	1,217	(27,121)	1,908	(23,952)

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

	Average rate		Spot rate	
	2016	2015	2016	2015
1 GBP	0.8226	0.7242	0.8562	0.7340
1 USD	1.1030	1.1046	1.0541	1.0887

Sensitivity analysis

A 10% strengthening and weakening of the euro against the following currencies, based on outstanding financial assets and liabilities at 31 December 2016 and 31 December 2015 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
31 December 2016				
GBP	(1,652)	1,652	721	(881)
USD	(1,261)	1,261	(137)	168
31 December 2015				
GBP	(395)	395	516	(631)
USD	2,986	(2,986)	(120)	147

(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.

Contractual maturities of financial liabilities as at 31 December 2016 were as follows:

Item	Carrying amount €'000	Contractual				
		cash flows €'000	6 months or less €'000	6 – 12 months €'000	1 – 2 years €'000	2 – 5 years €'000
Trade and other payables	2,127	2,127	2,127	—	—	—
Total	2,127	2,127	2,127	—	—	—

Contractual maturities of financial liabilities as at 31 December 2015 were as follows:

Item	Carrying amount €'000	Contractual				
		cash flows €'000	6 months or less €'000	6 – 12 months €'000	1 – 2 years €'000	2 – 5 years €'000
Loan	19,932	20,723	20,723	—	—	—
Trade and other payables	12,712	12,712	12,712	—	—	—
Total	32,644	33,435	33,435	—	—	—

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Financial instruments (continued)

(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. The maximum exposure to credit risk at 31 December was:

	2016 €'000	2015 €'000
Cash and cash equivalents	31,403	6,518
VAT recoverable	38	36
Other receivables	217	2,138
Maximum exposure to credit risk	31,658	8,692

(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 2016, 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.

24 Commitments and contingencies

(a) Exploration and evaluation activities

The Group has capital commitments of approximately €26.1 million to contribute to its share of costs of exploration and, evaluation activities during 2017.

(b) Operating leases

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

	€'000
Payable:	
Within one year	230
Between two and five years	362
After five years	—
Total operating lease commitments	592

(c) Contingencies

From time to time, the Group is involved in other claims and legal actions which arise in the normal course of business. Based on information currently available to the Group, and legal advice, the Directors believe such litigation will not, individually or in aggregate, have a material adverse effect on the financial statements and that the Group is adequately positioned to deal with the outcome of any such litigation.

Under the terms of the CEPIL acquisition agreement the group is required to make a payment of US\$5m 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.

25 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 May 2015. The amount paid under the contract in the year ended 31 December 2016 was €366,390 (2015: €448,500). The contract is of two years duration and is subject to one year's notice period. It was renewed 1 April 2017.

26 Post balance sheet events

On 8 March 2017, the Company signed a Farm Out Agreement on FEL 2/14 (Druid & Drombeg) with Capricorn Ireland Limited, a subsidiary of Cairn Energy Plc. Under the terms of the Farm Out, Capricorn will take a 30% equity interest in return for paying 45% of the costs of the exploration well on Druid & Drombeg in 2017 (up to a gross cost cap of \$42 million) and will make a payment of \$2.8 million on a pro rata basis to the Company and to Sosina. In the event that a subsequent appraisal well is drilled on FEL 2/14, Capricorn will pay 40% of the costs of the proposed well (up to a gross cost cap of \$42 million) and will have the option to take over Operatorship. This transaction is subject to Ministerial consent and as a result of this transaction, the equity stakes in FEL 2/14 would be Providence (56%), Cairn (30%) and Sosina (14%).

On 3 April 2017, the Company announced that it and fellow JV partners in FEL 3/04 (Dunquin) agreed to licence 1,800km² of 3D from CGG which is being acquired in 2017 as part of a multi-client 3D acquisition programme.

27 Approval of financial statements

The financial statements were approved by the Board of Directors on 11 April 2017.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	2016 €'000	2015 €'000
Fixed assets			
Oil and gas interests	2	24,758	34,722
Tangible assets	3	102	168
Financial assets	4	2	2
Intangible assets	5	192	296
		25,054	35,188
Current assets			
Debtors	6	66,212	63,732
Cash at bank and in hand		31,273	6,413
		97,485	70,145
Creditors: amounts falling due within one year	7	(2,415)	(30,389)
Net current assets		95,070	39,756
Total assets less current liabilities		120,124	74,944
Provision for liabilities	8	(6,265)	(6,084)
Net assets		113,859	68,860
Capital and reserves			
Called up share capital	9	71,452	25,694
Share premium	9	247,918	226,998
Capital conversion reserve	10	623	623
Share based payment reserve	10	1,398	3,586
Profit and loss account	10	(207,532)	(188,041)
Shareholders' funds – equity		113,859	68,860

There are no recognised gains or losses other than those included in the profit and loss account.

On behalf of the board

Pat Plunkett
Chairman

Tony O'Reilly
Chief Executive

11 April 2017

STATEMENT OF CHANGES IN COMPANY EQUITY

AS AT 31 DECEMBER 2016

	Share capital €'000	Capital reserve fund €'000	Share premium €'000	Share based payment reserve €'000	Retained deficit €'000	Total €'000
At 1 January 2016	25,694	623	226,998	3,586	(188,041)	68,860
<i>Total comprehensive income</i>						
Loss for financial year	—	—	—	—	(15,929)	(15,929)
	—	—	—	—	(15,929)	(15,929)
<i>Total comprehensive income</i>						
Transactions with owners, recorded directly in equity	—	—	—	142	—	142
<i>Share based payments</i>						
Share option cancelled	—	—	—	(1,493)	1,493	—
Share options lapsed in year	—	—	—	(837)	837	—
Shares issued in year (note 9)	45,758	—	20,920	—	(5,892)	60,786
At 31 December 2016	71,452	623	247,918	1,398	(207,532)	113,859

	Share capital €'000	Capital reserve fund €'000	Share premium €'000	Share based payment reserve €'000	Retained deficit €'000	Total €'000
At 1 January 2015	18,151	623	210,230	4,282	(127,993)	105,293
<i>Total comprehensive income</i>						
Loss for financial year	—	—	—	—	(60,744)	(60,744)
	—	—	—	—	(60,744)	(60,744)
<i>Total comprehensive income</i>						
Transactions with owners, recorded directly in equity	—	—	—	(696)	696	—
Share options lapsed in year	—	—	—	(696)	696	—
Shares issued in year (note 9)	7,543	—	16,768	—	—	24,311
At 31 December 2015	25,694	623	226,998	3,586	(188,041)	68,860

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”).

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“EU 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;
- certain comparative information;
- the effects of new but not yet effective IFRSs; and
- an additional balance sheet for the beginning of the earliest comparative period following transition.

As the consolidated financial statements of Providence Resources Plc 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 30 to 34.

Going concern

Refer to basis of preparation of Consolidated Financial Statements information on the going concern on the Group and Company on page 30.

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. There are no significant judgements in these financial statements.

2 Oil and gas interests – exploration expenditure

The movement on expenditures, pending further evaluation are analysed as follows:

	Ireland 2016
Cost	
At 1 January 2016	34,722
Exploration and appraisal expenditure	3,181
Cash call received in year	—
Impairment charge	(14,196)
Administration expenses	1,051
At 31 December 2016	24,758

The exploration and evaluation asset balance at 31 December 2016 primarily relates to Dunquin (€13.9 million), and Druid/Drombeg (€8.1 million) and Newgrange (€1.7 million) license areas. The remaining €1.1 million relates to other license areas held by the Company in the Republic of Ireland.

The Directors have assessed the current activities ongoing within exploration and evaluation assets and have determined that an impairment charge of €14.2 million is required at 31 December 2016 in relation to specific licenses including Spanish Point as it is unlikely that further exploration and evaluation work will be undertaken.

Net spend including internal capitalised costs, on exploration and evaluation assets during the year amounted to €4.2 million, with the majority of spend relating to the Druid/Drombeg (€2.4 million), Dunquin €0.3m (€0.5 million), Celtic Sea/Kish Bank Assets (€0.7 million) and the Spanish Point license areas in the Porcupine basin (€0.6 million), Newgrange €0.2m.

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 2016. 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
Cost	
At 1 January 2016	619
Additions in year	—
At 31 December 2016	619
Depreciation	
At 1 January 2016	451
Charge for year	66
At 31 December 2016	517
Net book value	
At 31 December 2016	102
At 31 December 2015	168

NOTES TO THE COMPANY FINANCIAL STATEMENTS

(CONTINUED)

4 Financial fixed assets

	2016 €'000
Investments in subsidiaries at start and end of year	2

At 31 December 2016, 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	Oil and gas exploration and production	100%
Providence Resources (NI) Limited	C/O Geo.I.Maclain Solicitors, Imperial Buildings, 72 High Street, Belfast, BT1 2BE	Oil and gas exploration and production	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	Oil and gas exploration and production	100%
Providence Resources (Holdings USA) LLC	Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware, USA	Holding company	100%
Providence Resources (Gulf) Limited	Airfield House, Airfield Park, Donnybrook, Dublin D04 CP49, Republic of Ireland	Holding company	100%
Exola Limited	Airfield House, Airfield Park, Donnybrook, Dublin D04 CP49, Republic of Ireland	Oil and Gas exploration	100%
Providence Resources (US) Holdings Limited	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands	Holding company	100%
Eirgas Limited	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands	Holding company	100%
Chrysaor E&P Ireland Limited	Airfield House, Airfield Park, Donnybrook, Dublin D04 CP49, Republic of Ireland	Oil and Gas exploration	100%

5 Intangible assets

	Software
Cost	
At 31 December 2015	313
Additions in year	—
At 31 December 2016	313
Amortisation	
At 31 December 2015	17
Charge for year	104
At 31 December 2016	121
Carrying value	
At 31 December 2016	192
At 31 December 2015	296

6 Debtors

	2016 €'000	2015 €'000
VAT	37	28
Prepayments	134	80
Amounts due from subsidiaries	65,954	62,812
Amounts due from joint operation partners	87	812
	66,212	63,732

All of the above amounts fall due within one year.

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. During the prior year the Directors recorded an impairment provision of c.€49 million against the carrying value of intercompany receivables. The Directors are satisfied that the subsidiaries will generate sufficient cashflows from these assets to repay the amounts due, net of the impairment provision to the parent company.

7 Creditors: amounts falling due within one year

	2016 €'000	2015 €'000
Trade creditors	422	6,592
Accruals	1,473	5,484
Other creditors	—	24
Amounts owed to subsidiaries (a)	520	—
Bank loan	—	18,289
	2,415	30,389

Refer to Note 21 of consolidated financial statements for further details on amounts included within trade creditors.

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

8 Provision for liabilities – Decommissioning

	2016 €'000	2015 €'000
At 1 January	6,084	4,945
Unwind of discount	—	495
Disposal to subsidiary	—	—
Foreign exchange differences	181	644
Balance at 31 December	6,265	6,084

Decommissioning costs are expected to be incurred over the remaining lives of the fields, which are estimated to be between 2017 and 2022. 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% per annum, reflecting the associated risk profile.

9 Share capital and share premium

See note 16 to the Group financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

(CONTINUED)

10 Commitments and contingencies

Exploration and evaluation activities

The company has capital commitments of approximately €25.6 million to contribute to its share of costs of exploration and, evaluation activities during 2017.

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

	2016 €'000	2015 €'000
Within one year	193	79
Between two and five years	235	—
Total	428	79

Contingencies

From time to time, the company is involved in other claims and legal actions which arise in the normal course of business. Based on information currently available to the company, and legal advice, the Directors believe such litigation will not, individually or in aggregate, have a material adverse effect on the financial statements and that the company is adequately positioned to deal with the outcome of any such litigation.

Under the terms of the CEPIL acquisition agreement the company is required to make a payment of US\$5 million to 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 exploration and evaluation stage and the final investment decision has not yet been taken.

11 Statutory information

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 €15,929,000 (2015: €60,744,000) for the financial year ended 31 December 2016 has been dealt with in the separate profit and loss account of the company.

	2016 €'000	2015 €'000
Auditor's remuneration	42	42

During the year the company employed 13 people (2015: 14 people) and incurred payroll costs of €1.6 million (2015: €1.9 million).

The Group contributes to an externally administered defined contribution pension scheme to satisfy the pension arrangements in respect of certain management personnel. The pension cost charged for the year was €171,000 (2015: €196,000).

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 May 2016. The amount paid under the contract in the year ended 31 December 2016 was €366,390. It is of two years duration and is subject to one year's notice period. The contract was renewed on 1 April 2017.

13 Post balance sheet events

Refer to Note 26 of the Consolidated Financial Statements for information on post balance sheet events.

14 Approval of financial statements

The financial statements were approved by the Board of Directors on 11 April 2017.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Providence Resources P.l.c. will be held at Hilton Dublin, Charlemont Place Dublin 2, D02 A893, Ireland, on Wednesday, 24 May 2017 at 10.00am 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 Resolution numbered (4), will be proposed as a Special Resolution.

Ordinary Resolutions

- (1) To receive and consider the Directors' Report and Financial Statements for the year ended 31 December 2016.
- (2) (a) To elect Mr. Pat Plunkett as a Director.
(b) To re-elect Mr. Tony O' Reilly as a Director.
(c) To re-elect Dr. John O'Sullivan as a Director.
- (3) To authorise the Directors to fix the remuneration of the Auditors.

Special Resolution

- (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 10 April 2017),

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.

Dated 11 April 2017 By order of the Board

C. Ryan, Secretary, 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 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, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland, or returned by post to Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, 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 initialled 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, 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

“**1C**” Low estimate scenario of contingent resource

“**2C**” Best estimate scenario of contingent resource

“**3C**” High estimate scenario of contingent resource

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

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

“**AGM**” the annual general meeting of the Company to be held at Hilton Dublin, Charlemont Place, Dublin 2, D02 A893, Ireland at 10.00 a.m., on Wednesday, 24 May 2017, including any adjournment thereof, and notice of which is set out herein

“**AIM**” AIM, a market operated by the London Stock Exchange

“**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

“**AVO**” amplitude variation with offset

“**BBO**” billion barrels of oil

“**BBOE**” billions of barrels of oil equivalent

“**BCF**” billion cubic feet of gas

“**BML**” below mud line

“**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

“**Cenkos**” Cenkos Securities Plc

“**CEPIL**” Chrysaor Exploration and Production Ireland Limited

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

“**CPR**” Competent Person’s Report

“**E&P**” exploration and production

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

“**FEL**” Frontier Exploration Licence

“**FID**” final investment decision

“**GIIP**” gas initially in place

“**HIIP**” hydrocarbons initially in place

“**LU**” Lease Undertaking

“**Licensing Option**” or “**LO**” an undertaking to grant an Exploration Licence issued under Section 7(1) of the Petroleum and Other Minerals Development Act, 1960

“**London Stock Exchange**” or “**LSE**” London Stock Exchange plc

“**Melody**” Melody Business Finance LLP

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

“**MMBC**” million barrels of condensate

“**MMBO**” million barrels of oil

GLOSSARY OF TERMS

(CONTINUED)

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

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

“**Pmean**” the Pmean 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

“**SEL**” Standard Exploration Licence

“**STOIIP**” stock tank oil initially in place

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

CORPORATE INFORMATION

Board of Directors

Pat Plunkett
(Non-Executive Chairman), appointed 2016^{1,2,3,4}

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^{1,2,3,4}

Lex Gamble
(Non-Executive Director), appointed 2005^{1,2,3,4}

Philip O'Quigley
(Non-Executive Director), appointed 2012^{1,3,4}
(Executive Director), appointed 2008

¹ Non-Executive

² Member Audit Committee

³ Member Remuneration Committee

⁴ Member Nomination Committee

Secretary and Registered Office

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

Registrar

Computershare Investor Services (Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin
D18 Y2X6
Ireland

Nominated Adviser

Cenkos Securities Limited
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 Limited
6-7-8 Tokenhouse Yard
London
EC2R 7AS
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



Providence Resources P.L.C.

Airfield House
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D04 CP49
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T: +353 1 2194074
F: +353 1 2194006

Floor 3
5 Jubilee Place
London
SW3 3TD
United Kingdom

info@providenceresources.com
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 Hilton Dublin, Charlemont Place, Dublin 2, DO2 A893 which has been convened for 10 a.m. on 24 May 2017.

Shareholder Reference Number

Form of Proxy – Annual General Meeting ('AGM') of Providence Resources P.l.c. to be held on 24 May 2017 at 10 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: 914358

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, P. O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 by 22 May 2017 at 10 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 notarially 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) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, 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. 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 10 a.m. on 22 May 2017 (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 to use the online Investor Centre service.

S R N :

Kindly 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.

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 2016.
2. (a) To elect Mr. Pat Plunkett as a Director.
(b) To re-elect Mr. Tony O'Reilly as a Director.
(c) To re-elect Dr. John O'Sullivan 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"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Resolution

4. To authorise the Directors to allot equity securities for cash.

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.l.c. and any adjournment thereof to be held at Hilton Dublin, Charlemont Place, Dublin 2, DO2 A893 which has been convened for 10 a.m. on 24 May 2017. 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 2016.
2. (a) To elect Mr. Pat Plunkett as a Director.
(b) To re-elect Mr. Tony O'Reilly as a Director.
(c) To re-elect Dr. John O'Sullivan 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"/>
<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.

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).

