PROVIDENCE RESOURCES P.l.c.

Barryroe: Ireland's energy on our doorstep

Annual Report
for the year ended
31 December 2021

Stock Codes:
LSE AIM: PVR
Euronext Growth: PZQA

WELCOME TO THE PROVIDENCE RESOURCES P.L.C.
ANNUAL REPORT 2021

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* Inside Back Cover.

Information on the Company and its oil and gas portfolio is available at **www.providenceresources.com**

2021 OPERATIONAL HIGHLIGHTS

2021 Operations

Appraisal / Development Projects (carrying value €66.983m)

- **Barryroe, North Celtic Sea (SEL 1/11)**
  - The exclusivity deal with SpotOn energy was terminated in April 2021.
  - The new Board undertook a strategic review of the Barryroe field.
  - The K Site survey took place in Q3 2021 and was completed on time and under budget.
  - In December 2021, the Board announced its preliminary outcome of the strategic review.

Exploration Prospects (carrying value €nil)

- **Dunquin South, Southern Porcupine (FEL 3/04)**
  - The relinquishment documentation is in process with the regulator.
- **Avalon, Southern Porcupine (FEL 2/19)**
  - The relinquishment documentation is in process with the regulator.

Other Licence Activity (carrying value €nil)

- **Dragon, St. George's Channel (SEL 1/07)**
  - Under discussion with the regulator.
- **Hook Head, North Celtic Sea (SEL 2/07)**
  - Subject of Lease Undertaking application.
- **Helvick/Dunmore, Celtic Sea (Lease Undertaking)**
  - Subject to MFDevCO work programme.
- **Kish Bank, Kish Bank Basin (SEL 2/11)**
  - This license expired during the period.

2021 Financial Highlights

- Operating loss for the period of €2.369 million versus €2.440 million in 2020.
- Profit for the year €3.442 million versus loss of €10.358 million in 2020. The profit figure for the year was impacted by the fair value gain in warrants of €5.643m. (2020: €7.581m loss)
- Basic profit per share of 0.36 cents versus loss of 1.31 cents in 2020.
- Diluted profit per share of 0.30 cents versus loss of 1.31 in 2020.
- At 31 December 2021, total cash and cash equivalents were €1.923 million versus €2.110 million in 2020.
- The Company has no bank or bond debt as at 31 December 2021.
- As part of the fundraising in May 2020, the company issued one share, one £0.03 warrant and one £0.09 warrant. There were 86,061,529 £0.03 warrants exercised in 2021 raising c. €2.9m. The remaing £0.03 warrants expired on the 6 May 2021. No £0.09 warrants were exercised and they expired on the 6 May 2022.
  - The total issued and voting share capital comprises 1,071,863,412 ordinary shares of €0.001 each as at 22 June 2022.

Post Year End

- In June 2022, the Company raised gross proceeds of $1.8 million (equivalent to approximately STG£1.5 million) through the subscription for 45,312,316 Placing Securities and 51,686,693 Subscription Securities (each of which shall comprise one New Ordinary Share and one STG1.5p Warrant)
- The total of 96,999,009 New Ordinary Shares have been issued pursuant to the Fundraising, representing less than 10 per cent of the Company's issued Ordinary Share Capital.
- In addition 96,999,009 warrants ("the STG 1.5p Warrants") will be issued to Placees and Subscribers. The allotment and issue of the Warrants is subject to and conditional upon the passing of certain resolutions in relation to the Warrants (the "Warrant Resolutions") at the AGM by the requisite number of shareholders as required pursuant to the Companies Act (the "Warrant Condition"). If the Warrant Condition is not satisfied, the Warrants will not be issued to the Placees and Subscribers. The issue of the Placing Shares and Subscription Shares is not conditional on the passing of the Warrant Resolutions.
- On issue, the Warrants will entitle holders to subscribe for one new Ordinary Share for each Warrant held at an exercise price of STG£0.015 per Ordinary Share at any time for a period of 12 months following the date of satisfaction of the Warrant Condition.

CHAIRMAN'S REVIEW

Dear Shareholder,

I am pleased to present the Annual Report for the year ended 31 December 2021, and provide an update on our activities for the first six months of 2022.

During 2021, there were a number of changes at Board level. The Chairman, Pat Plunkett, resigned his position in July, at which time I was appointed Chairman. In October, our Chief Executive, Alan Linn, resigned his position and, pending the recruitment of a successor, I temporarily took on some executive responsibilities. I would like to thank Pat Plunkett and Alan Linn for their significant contributions to the organisation during their tenures. Ann-Marie O'Sullivan and Peter Newman joined the Board on 23 July 2021. I was pleased to welcome them both, as they bring a wealth of industry and strategic communications experience to the Board.

This Annual Report provides shareholders with a comprehensive update on our key objectives. Since July 2021, we have made progress across a number of these. Key to this activity has been engaging with stakeholders, developing our technical and financial strategies, and pressing the Department of the Environment, Climate and Communications in seeking ministerial approval of our Barryroe Lease Undertaking application.

Strategy

Since the formation of the new Board in July 2021, we have adopted a realistic and pragmatic approach to the formulation of our Barryroe Strategy. We have had careful regard to the dynamics of the current regulatory environment and the energy transition issues of security of supply, growing energy demand and the continuing need to attract foreign direct investment as the country moves towards carbon neutrality by 2050.

From early August 2021, the refreshed Board immediately reassessed our key objectives and priorities, which can be summarised as follows:

1. Securing the award of the Lease Undertaking in relation to the Barryroe Field to allow us to continue with our appraisal programme.
2. Developing an effective technical strategy for the Barryroe Field through an appraisal well in 2023 leading to a phased development scheme from 2024.
3. Considering and developing an appropriate funding strategy.
4. Positioning PVR to play a key role in providing an important supply contribution during the energy transition phase to 2050.

Consequent upon these objectives, our initial and continuing priorities are as follows:

- Follow-up and engagement with the GeoScience Regulation Office (GSRO) in relation to our application for the Lease Undertaking.
- Ensuring that we have the breadth and depth of experience, competency and skills within our technical team to support the Board in the formulation and delivery of our Barryroe Strategy.
- Enhancing the understanding of the Barryroe Project and the opportunities it presents for shareholders and all other key stakeholders to facilitate the achievement of the Board's objectives.

The Lease Undertaking – Status

The granting of the Lease Undertaking by Minister Eamon Ryan is fundamental to the execution of the Board's strategy. As a Board, securing the Lease Undertaking has been, and continues to be, our main focus.

Since August 2021, we have engaged proactively with the GeoScience Regulation Office (GSRO) and have written on a number of occasions to Minister Eamon Ryan, asking him to grant the Lease Undertaking as a matter of urgency. We have also engaged with a number of other key stakeholders, including public representatives, in order to move the process forward. Despite a number of attempts to engage directly with Minister Ryan, we are still waiting on a decision on the Lease Undertaking.

In our view, there is no justification for this ongoing delay, as we believe that all the required technical and financial information in relation to the Barryroe Lease Undertaking has been submitted to the GSRO.

We believe that Minister Ryan's delay in progressing our application represents a clear missed opportunity to help to ensure Ireland's energy security. We are confident that the Barryroe Field offers a highly valuable resource that, at no cost to the State, could contribute to:

- Ireland's energy security over the next decade.
- Ireland's energy transition to a carbon neutral economy.
- carbon reduction through import substitution.
- significant job creation and tax contributions.

Irish Government Policy and Barryroe

In September 2019, the Irish government introduced a ban on issuing any new licences for oil and gas exploration, in response to a call for direct action to reduce the impacts of climate change. As a Board, we fully support Irish Government and European Union policy in relation to tackling climate change. At the same time, the Government affirmed that all existing licences, which included Barryroe, would be allowed to run their full term.

We note the recent comments by Minister Eamon Ryan in the Seanad on 19 May 2022 that "*oil and gas exploration has no place in Ireland's energy future*". However, it should be firmly understood that Barryroe is a discovered oil and gas field, not a wildcat prospect, in relatively shallow waters not far off the coast of Cork. It requires an appraisal well to be drilled to confirm the reservoir and hydrocarbon characteristics before a phased development can be initiated. That well can be progressed only once the Lease Undertaking is issued. It is our view that the potential offered by the successful exploitation of the Barryroe Field would be an important element in the execution of Government policy, as enunciated by the Department of the Environment, Climate and Communications' "Policy Statement on Security of Electricity Supply" (November 2021) and Section 3.7 of the "National Risk Assessment 2021/2022 – Overview of Strategic Risk".

As a bloc, the EU is desperately scrambling for options to move away from its dependence on Russian oil and gas and maintain future energy security. Leaders are reacting by reassessing their national energy policies. In the UK, the British Energy Security Strategy published in April 2022 outlines plans for another licensing round for new North Sea oil and gas projects in the autumn of 2022. Norway's Deputy Petroleum and Energy Minister, Amund Vik, believes that the country can play a key role in securing Europe's energy future by finding and developing new gas fields and providing an alternative to replace Russian gas.

In Ireland, we don't need to go through the process of locating further oil and gas fields that the UK and Norway are now planning to undertake. We already have a discovery in Barryroe, however, until the Minister approves the Lease Undertaking, our near-term energy security is substantially in the hands of other countries.

Current Government policy does not restrict Ireland's use of hydrocarbon fuels; it merely precludes new searches for more of them in our own waters. We believe that the Irish Government's delay in allowing progress on its existing oil and gas licences, given the current energy security pressures, adds unnecessarily to the risk of energy shortages.

The Case for Barryroe

Geopolitical Challenges

The war in Ukraine has re-emphasised the value of national self-sufficiency across the whole range of primary energy sources. For the next twenty years, as Ireland moves towards a much bigger share of renewable sources through the Transition to 2050, there will be an ongoing, albeit diminishing, level of residual demand for oil and gas to meet Ireland's energy consumption needs. The impact of rising imported energy prices and the growing potential for significant interruption to imported energy supplies is currently a key focus for all governments throughout Europe.

The EU is committed to reducing its reliance on Russian fuel imports by two thirds by the end of 2022. In the meantime, there is real potential for Russia to simply 'turn off' the tap at any time. Such a development would certainly result in serious medium to long term societal and economic hardship for people right across Europe.

Energy Security and Vulnerability

The Economic and Social Research Institute (ESRI) recently ranked Ireland as the fourth-most energy insecure country in Europe. Currently, we import 70% of our gas needs through two interconnectors running from Scotland to Ireland. The remaining 30% comes from the Corrib Field, which will be depleted by the end of the decade.

Our reliance on the UK for our energy needs puts us in an extremely vulnerable position and is totally unsustainable. Following Brexit, Ireland is no longer compliant with the EU's requirements for energy security according to the Commission for Regulation of Utilities (CRU). Ireland's gas import infrastructure currently runs through a "third country", and there is no legal obligation on the UK to consider Ireland's energy needs in the event of significant disruption.

The irony is that we have a unique opportunity to harness our own supply of oil and gas by optimising the Barryroe Field. Not to do so would, in our view, have a detrimental impact on Ireland's energy transition and would represent a very significant missed opportunity from a strategic, fiscal and energy security perspective.

Energy Transition – The Need For Barryroe

Ireland has a clear goal of being carbon neutral by 2050 and we acknowledge that expanding renewable sources of energy must be the main focus in the years ahead. However, most of our transport options, including cars, vans and airplanes, run on oil and transitioning completely away from oil will not happen overnight.

From a climate perspective, the recently published report from the UN-backed Intergovernmental Panel on Climate Change (IPCC), says that "*fossil fuels will have to be phased down at unprecedented scale and speed. Pursuing 1.5ºC will require coal use to drop by 95%, oil by 60% and gas by 45% by 2050*".

By its own reckoning, the IPCC is not advocating zero oil and gas by 2050, recognising that global demand, including Irish demand, will not be wholly eliminated by then; just hugely reduced. With that in mind, successful exploitation of the Barryroe Field could be a substantive contributor to energy demand, at lower carbon emission levels than imported alternatives, due to much shorter transportation routes.

In reality, Ireland's commitment to achieving net-zero carbon emissions by 2050 cannot be achieved without realistic transition planning. Successful exploitation of the Barryroe Field, in conjunction with industry and government, can contribute significantly to meeting Ireland's energy demand during the transition over the coming decades without prejudicing achievement of a carbon neutral economy in Ireland.

Environmental Benefits – Carbon Reduction Through Import Substitution

We fully acknowledge that development and production activities at the Barryroe Field will need to be carried out in an environmentally responsible manner. We are committed to achieving this throughout the lifetime of our project.

Furthermore, the benefits of indigenous sources of energy are significant. For example, gas produced in Ireland and in Europe results in up to 30% less carbon emissions than gas from outside Europe. This is due to a combination of more efficient production technologies and less energy expended due to shorter pipeline transport (given that long distance pipeline transport requires pumping booster stations).

Technical Strategy

As a Board, we recognised the need to engage a team of experts to lead our technical strategy. In the wake of the failed "Spot On" farm out, and the resumption of our direct management of the Barryroe project, we evaluated both our technical approach and expertise.

Consequently, we appointed NRG Well Management International Ltd (NRG) to lead the recruitment and organisation of an expanded technical team. Our team completed four major studies to underpin our strategy:

- A static and dynamic modelling study of the Basal Wealden A sands to assess the reservoir performance and the recovery factor likely to be achieved.
- A Development Options study, exploring various facility options for an optimal oil and gas development case, using the reservoir modelling to inform this work.
- Appraisal well conceptional planning which evaluated the value of the information that might arise from various appraisal scenarios – assessing the optimal target location, data acquisition and flow testing programmes.

- Finally, having regard to the fact that the last independent petroleum engineer's report on the Barryroe Field was in 2013, the team fed all this analysis into an updated Competent Persons Report (CPR), commissioned from RPS Energy Consultants (RPS), which was completed at the beginning of February 2022.

The new report confirms 81.2 MMstb of Gross 2C oil resources that can be accessed through an initial two-phase development project, addressing one reservoir in the central segments of the Field only, those closest to the 2012 oil discovery well. The CPR, which remains consistent with the 2013 whole field assessment, confirmed a Net Present Value (NPV) of $401m to Providence Resources' interest in this initial project only, based on a 10% discount factor and a $70 Brent oil price. The phased project is predicated on an initial appraisal well to confirm the reservoir and hydrocarbon phase characteristics in the key Basal Wealden A Sands. The initial project is also anticipated to advance the potential for further development of other Barryroe reservoirs, including those holding its discovered gas resources.

Our technical strategy for the Barryroe Field is ready to be implemented within a short timeframe. Subject to Ministerial consent for the Lease Undertaking, we have decided to proceed with an appraisal well in 2023. In expectation of a satisfactory outcome, we intend to proceed to a phased development leading to first production in 2026. We urgently require a positive decision on the Lease Undertaking by Minister Eamon Ryan in order to ensure that the Barryroe Field can play a key role in Ireland's energy future.

Finance

In June 2022, the Company raised gross proceeds of $1.8 million (equivalent to approximately STG£1.5 million) through the subscription for 45,312,316 Placing Securities and 51,686,693 Subscription Securities (each of which shall comprise one New Ordinary Share and one STG1.5p Warrant).

The allotment and issue of the Warrants is subject to and conditional upon the passing of certain resolutions in relation to the Warrants (the "Warrant Resolutions") at the AGM by the requisite number of shareholders as required pursuant to the Companies Act (the "Warrant Condition").

On issue, the Warrants will entitle holders to subscribe for one new Ordinary Share for each Warrant held at an exercise price of STG£0.015 per Ordinary Share at any time for a period of 12 months following the date of satisfaction of the Warrant Condition.

Together with existing resources, this additional funding is sufficient to meet the anticipated working capital requirements of the Group for at least the next 12 months.

As with previous projects, appraisal drilling by the Company has typically been funded entirely through equity. This planned appraisal programme will be no exception. Our share of the cost of the envisaged appraisal well, and associated pre-development technical studies, is currently estimated at $65m, which will be sufficient to carry forward the Barryroe Project until a Final Investment Decision (FID) in 2024. Subject to the granting of the Lease Undertaking, we expect to finalise proposals to fund our share of these costs through 2023.

Additionally, we have had preliminary discussions with a number of potential industry partners, one or more of which may be attracted to participate in the Barryroe licence at either the appraisal or development stage, subject to the grant of the Ministerial consent of the Lease Undertaking.

Name Change

We are proposing to change our name to Barryroe Offshore Energy, which will be subject to a shareholder's resolution at the AGM. The new name reflects the Board's ongoing and continuing focus on the Barryroe Field, as we look forward to a positive outcome from the appraisal campaign.

Conclusion

We are keenly aware of the global climate crisis, which has been exacerbated by an energy crisis as a result of the war in Ukraine. The impact of rising energy prices, and the potential for significant interruption to energy supplies, is a focus for governments throughout Europe. The challenges we face are stark and any disruption to energy supplies will lead to catastrophic economic and social impacts. The prospect of rolling blackouts and/or energy rationing would also threaten Ireland's ability to attract ongoing foreign direct investment.

It is a strategic imperative that Irish Government policy allows for a balance between ideology and pragmatism with regard to energy policy. We are now at a critical juncture in planning for Ireland's energy future and we know that we will require oil and gas to supplement available renewable sources for decades to come.

Successful optimisation of the Barryroe Field presents a unique opportunity to develop a critically important indigenous source of oil and gas to substitute part of the imports that will be needed to meet ongoing demand during the energy transition. Additionally, the Barryroe Field has the potential to create significant employment opportunities and provide strategic and fiscal value to the Irish economy, at no cost to the Irish taxpayer. The key remaining barrier to progressing the project is the delay in Ministerial consent for the Lease Undertaking.

We acknowledge that the window for oil and gas development is a narrow one and that fossil fuels are not part of the long-term solution. However, we are confident that our development plans can be enacted rapidly and can have a significant impact on Ireland's energy security. It's an opportunity we cannot afford to squander, as ideology alone will not keep the lights on.

Finally, I would like to take this opportunity to thank all of our shareholders for their continuing support, particularly given the extremely challenging regulatory landscape and geopolitical environment. Your support is fully appreciated by the Board and the executive team, as we progress to drilling the appraisal well with the ultimate goal of optimising stakeholder value.

James Menton

James Menton
Chairman

23 June 2022

BOARD OF DIRECTORS

	Peter Newman	Ann-Marie O'Sullivan
	Senior Independent Non-Executive Director **Joined Board:** 07/2021	**Non-Executive Director** **Joined Board:** 07/2021
Background	Peter Newman was appointed Senior Independent Non-Executive Director on 23 July 2021. Peter is an experienced financial and business strategist, providing counsel to some of the world's major energy companies for over 30 years. He led Deloitte's Oil & Gas sector practice globally for 7 years, following a similar period as Arthur Andersen's Head of Oil & Gas for the EMEIA region. Peter has significant Board experience in the energy sector, as non-executive director and audit committee chair for the Addax & Oryx Group and Forza Petroleum. Peter was central to the establishment of the Energy Institute in the UK, through a merger between the Institute for Energy and the Institute of Petroleum. He has also served as Hon Treasurer and Trustee at WaterAid and on the Finance Committee of the Royal Geographical Society.	Ann-Marie O'Sullivan was appointed to the Board as a Non-Executive Director on 23 July 2021. Ann-Marie is one of the best known and highly regarded communications professionals in the Republic of Ireland. She is founder and Chief Executive of AM O'Sullivan PR Ltd, a leading strategic communications consultancy headquartered in Cork. Ann-Marie has held a number of senior Board positions with leading organisations including Dublin Airport Authority (DAA Plc), Cork Chamber and the Public Relations Consultants Associations of Ireland. She has also served on the Boards of several leading 'not for profit' organisations in the Cork region.
Qualifications	MA Geography (Oxon), Fellow of the Institute of Chartered Accountants in England and Wales and Chartered Environmentalist with the Society for the Environment.	BComm (UCC) and member of the Institute of Directors. Life Fellow of the Public Relations Institute of Ireland.
Training/Upskilling	As a director, he is kept informed on relevant regulatory compliance and statutory matters through briefings by external advisors and has access to the Group's external advisors as required.	As a director, she is kept informed on relevant regulatory compliance and statutory matters through briefings by external advisors and has access to the Group's external advisors as required.
Independent	Yes	Yes
Skills	Peter brings over 40 years financial, business strategy and risk management experience to leading oil and gas companies, including 13 years as a non-executive director and audit committee chair.	Ann-Marie brings over 30 years of strategic communications experience to the Board.
Length of time on Board	11 months	11 months
Committees	R A N	R N
Key External Appointments	The Addax & Oryx Group Plc CD&R Tiger Jersey Holdco Limited Eclipse Shipping Limited Forza Petroleum Limited	AM O'Sullivan PR Limited Mercy University Hospital Cork Chair, UCC Alumni Board Cork Airport Development Council

C Chairman R Remuneration A Audit N Nomination

BOARD OF DIRECTORS (CONTINUED)

	Andrew Mackay	James Menton
	Non-Executive Director **Joined Board:** 07/2020	**Executive Chairman** **Joined Board:** 05/2021
Background	Andrew Mackay joined the board as a Non-Executive Director in July 2020. Andrew has over 40 years' industry experience in the upstream oil and gas business working for service companies. He joined Halliburton in 1975. This was followed by two years working in Norway and then three working in Saudi Aramco in numerous drilling engineering roles. After returning to the UK, he worked with the government until 1990. Andrew then joined Ranger Oil before moving back to the UK Government in 1993 where he assisted in the development and implementation of safety case regulations. He joined Amoco in December 1993 as well operations advisor and continued until 1999 as he concentrated on NRG. Andrew founded NRG Group of Companies in 1988 and has served as CEO and currently as Chairman.	James Menton was appointed Senior Independent Non-Executive Director on 7 May 2021 and Chairman on 22 July 2021. James is a highly experienced advisor to some of Ireland's and the world's leading companies with over two decades in professional advisory services. He was a partner with KPMG Ireland, following its merger with Andersen in 2002 where he had been a partner since 1986. During this time, he provided advice to many of Ireland's listed oil and gas companies among other Public Limited Companies clients. James Menton temporarily assumed additional executive responsibilities following the departure of the CEO in October 2021.
Qualifications	Higher National Diploma in Mechanical Engineering.	BComm (UCD) and Fellow of Chartered Accountants Ireland.
Training/Upskilling	As a director, he is kept informed on relevant regulatory compliance and statutory matters through briefings by external advisors and has access to the Group's external advisors as required.	As a director, he is kept informed on relevant regulatory compliance and statutory matters through briefings by external advisors and has access to the Group's external advisors as required.
Independent	Yes	No
Skills	Andrew brings a strong technical understanding to the Board.	James brings a wealth of experience gained from his years working in professional advisory services.
Length of time on Board	1 Year 11 months	1 Year 2 months
Committees	R A N	C
Key External Appointments	Chairman of the NRG Group	St. Vincent's Healthcare Group Lisney CWSI Security

C Chairman R Remuneration A Audit N Nomination

DIRECTORS' REPORT

The directors submit their annual report together with the audited financial statements of Providence Resources Plc ("the Company") and its subsidiaries (together, "Providence" or "the Group") for the year ended 31 December 2021.

Principal activities, business review and future developments

Information with respect to the Group's principal activities and the review of the business and future developments as required by Section 327 of the Companies Act 2014 is contained in the Chairman's Review on pages 2 to 4 and is included in this report by cross reference.

During the year the principal focus of management has been on the Group's Barryroe prospect, offshore Ireland.

Results for the year and state of affairs at 31 December 2021

The consolidated income statement for the year ended 31 December 2021 and the consolidated statement of financial position at that date are set out on pages 19 and 21 respectively. The profit for the year amounted to €3.442 million and net assets at 31 December 2021 amounted to €61.737 million. No dividend is recommended.

Important events since the year end

In June 2022, the Company raised gross proceeds of $1.8 million (equivalent to approximately STG£1.5 million) through the subscription for 45,312,316 Placing Securities and 51,686,693 Subscription Securities (each of which shall comprise one New Ordinary Share and one STG1.5p Warrant).

The total of 96,999,009 New Ordinary Shares have been issued pursuant to the Fundraising, representing less than 10 per cent of the Company's issued Ordinary Share Capital.

In addition 96,999,009 warrants ("the STG 1.5p Warrants") will be issued to Placees and Subscribers. The allotment and issue of the Warrants is subject to and conditional upon the passing of certain resolutions in relation to the Warrants (the "Warrant Resolutions") at the AGM by the requisite number of shareholders as required pursuant to the Companies Act (the "Warrant Condition"). If the Warrant Condition is not satisfied, the Warrants will not be issued to the Placees and Subscribers. The issue of the Placing Shares and Subscription Shares is not conditional on the passing of the Warrant Resolutions.

On issue, the Warrants will entitle holders to subscribe for one new Ordinary Share for each Warrant held at an exercise price of STG£0.015 per Ordinary Share at any time for a period of 12 months following the date of satisfaction of the Warrant Condition.

The Group is monitoring the ongoing impact of Covid-19 on its business and notes that it has had a negative impact on global demand, which is now recovering strongly, with attendant pressures on supply chains, exacerbated by the conflict in the Ukraine. These factors could have an impact on the timelines for progressing our Barryroe appraisal project, once consent has been granted for our Lease Undertaking.

There have been no other significant events since the balance sheet date which would require disclosure in or amendment of these financial statements apart from the above.

Directors

The names of the persons who were directors at any stage during the year and the subsequent period to date are set out below. Except where indicated they served as directors for the entire year.

James Menton (appointed 7 May 2021)
Andrew Mackay
Ann-Marie O'Sullivan (appointed 23 July 2021)
Peter Newman (appointed 23 July 2021)
Pat Plunkett (resigned 22 July 2021)
Alan Linn (resigned 18 October 2021)

Additionally, Ann-Marie O'Sullivan and Andrew Mackay are each connected to firms with whom separate contracts for services were entered into during the financial year. Each of those Directors was materially interested in one of those service contracts, which were let on an arm's length basis and which were significant in relation to the Group's business.

Directors' shareholdings and other interests

The interests of the directors and their spouses and minor children who held office at 31 December 2021 or were subsequently appointed in the share capital of the Company, all of which were beneficially held, were as follows:

Directors	31 December 2020 Ordinary Shares of €0.001 each	31 December 2021 Ordinary Shares of €0.001 each	22 June 2022 Ordinary Shares of €0.001 each
Directors			
James Menton	–	–	–
Andrew Mackay	13,833,333	13,833,333	13,833,333
Ann-Marie O'Sullivan	–	–	–
Peter Newman	–	–	–
Company secretary			
Simon Brett	706,368	706,368	706,368

Details of outstanding options granted are as follows:

Directors	At 31 December 2020	At 31 December 2021	At 22 June 2022	Expiry Price	Date
Directors					
James Menton	–	4,500,000	4,500,000	0.038 (Euro)	May 2028
Andrew Mackay	–	4,500,000	4,500,000	0.038 (Euro)	May 2028
Ann-Marie O'Sullivan	–	4,500,000	4,500,000	0.046 (Euro)	August 2028
Peter Newman	–	4,500,000	4,500,000	0.046 (Euro)	August 2028
Alan Linn	15,000,000	5,000,000	5,000,000	0.040 (GBP)	January 2027
	4,500,000	1,500,000	1,500,000	0.030 (GBP)	April 2027
Pat Plunkett	1,750,000	1,750,000	1,750,000	0.170 (Euro)	June 2024
	9,500,000	6,333,333	6,333,333	0.030 (GBP)	April 2027
Secretary					
Simon Brett	275,000	275,000	275,000	0.142 (Euro)	August 2023
	5,000,000	5,000,000	5,000,000	0.03 (GBP)	April 2027

Based on the closing share price on 31 December 2021, 9,500,000 options over shares were capable of being exercised, as the targets for vesting of the options had been met. The closing market price of the ordinary shares at 31 December 2021 was €0.0376 while the range during the financial year was €0.026 to €0.086.

Special business to be transacted at the Annual General Meeting

1) That, subject to and conditional upon Resolution 5 of the Notice of AGM being passed, and without prejudice to and in addition to the power and authority conferred on the Directors by Resolution 7, 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 pursuant to the authority to allot relevant securities conferred on the Directors by Resolution 5 of this Notice of AGM 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 one or more offer of equity securities open for a period or periods fixed by the Directors, by way of rights issue, open offer other invitation and/or otherwise to or in favour collectively of the holders of ordinary shares and/or any persons having a right to subscribe for equity securities in the capital of the Company (including, without limitation, any persons entitled or who may become entitled to acquire equity securities under any of the Company's share option scheme, share incentive plans) at such record date or dates as the Directors may determine where the equity securities respectively attributable to the interests of such holders are proportional (as nearly as may be reasonably be) to the respective number of ordinary shares held by them, and subject thereto the allotment in any case by way of placing or otherwise of any securities not taken up in such issue or offer to such persons as the Directors may determine; and; generally, subject but, without limitation to any of the foregoing, to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to legal or practical problems (including dealing with any fractional entitlements and/or arising in respect of any overseas shareholders) under the laws of, or the requirements of any regulatory body or stock exchange in, any territory;

    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 €107,186 (representing approximately 10% of the issued share capital of the Company as at 5pm on 22 June 2022),

    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.

2) That, subject to and conditional upon Resolution 5 of the Notice of AGM being passed, and without prejudice to and in addition to the power and authority conferred on the Directors by Resolution 6 of this Notice of AGM, the Directors be and are hereby further empowered pursuant to Sections 1022 and 1023(3) of the Companies Act 2014 to allot equity securities (within the meaning of Section 1023 of the Companies Act 2014) for cash pursuant to the authority to allot relevant securities conferred on the Directors by Resolution 5 of this Notice of AGM as if the said Section 1022(1) of the Companies Act 2014 did not apply to any such allotment, such power being limited to the allotment of 96,999,009 ordinary shares in the capital of the Company having an aggregate nominal value of €96,999.009 to the holders (or any nominee thereof) of the 1.5p Warrants (as described in the market announcement issued by the Company on 17 June 2022 entitled "*Proposed fundraising*")

constituted by the Company on 17 June 2022 and to be issued by the Company to the relevant holders or around the date of passing of this Resolution 6, in each case in accordance with and pursuant to the terms of a warrant instrument agreed by the Company, such power to be effective from the time of passing of this Resolution and shall expire at midnight on the date which is 12 calendar months after the date of passing this Resolution unless and to the extent that such power is renewed, revoked, or extended prior to such date but in each case, prior to its expiry the Company may make offers and/or enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) pursuant to this Resolution after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

3) Subject to the approval of the Registrar of Companies, the name of the Company shall be changed to Barryroe Offshore Energy Public Limited Company.

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

Compliance policy statement

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

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

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

Going concern

The Directors have prepared the financial statements on a going concern basis which assumes that the Group and Company will continue in operational existence for at least twelve months from the date of the approval of these financial statements.

At 31 December 2021 the Group had net assets of €61.737m, including cash on hand of €1.923m, having recorded a net cash outflow of €0.228m during the year. Having no source of operating revenues, in June 2022, the Company raised gross proceeds of $1.8 million (equivalent to approximately STG£1.5 million) through the subscription for 45,312,316 Placing Securities and 51,686,693 Subscription Securities (each of which shall comprise one New Ordinary Share and one STG1.5p Warrant), (note 24), demonstrating again the ongoing support of shareholders. Together with existing resources, this additional funding is sufficient to meet the anticipated working capital requirements of the Group for at least the next 12 months.

In April 2021 the Group applied for a Lease Undertaking for the Barryroe Joint Venture, as the follow-on permit from the Standard Exploration Licence, SEL 1/11, which expired in July 2021. The proposed work programme centres on drilling an appraisal well, targeted for completion in 2023. The Directors note that the Irish Government has stated that all existing licences will be allowed to run their full life cycle. The Group has fulfilled all obligations relating to SEL 1/11 and the Directors believe the Barryroe Joint Venture has complied with all the requirements for Government approval of the Lease Undertaking, which would be backdated to run for up to four years from July 2021. Notwithstanding the delay thus far in securing Government consent, the Directors continue to expect that this next phase of the Barryroe Licence, and the associated proposed work programme, will finally receive approval in the coming months.

The work programme proposed under the Lease Undertaking, if granted, entails significant capital expenditure by the Barryroe Joint Venture. Consequently, prior to the letting of major commercial contracts for the appraisal well and related studies, the Directors have considered the Group's options available to fund its expenditure commitments, both current and contingent upon securing the Lease Undertaking. In particular, upon confirmation of approval of the Lease Undertaking, the Directors expect to raise substantial additional equity funding to meet the Group's share of the related obligations.

The Directors have carefully considered the current financial position of the Group and have prepared cash flow forecasts for the period to 30 June 2023, being the 12-month period from the date of approval of these financial statements. They note that the main risk factors in these forecasts are the granting of the Barryroe Lease Undertaking on acceptable terms and conditions and the completion of an appropriate further equity funding round during the period. Based on their consideration of the Group's cash flow forecasts and the underlying assumptions the Directors are satisfied that the Group will have access to sufficient funds to cover its working capital and capital expenditure expected over this 12-month period.

The Directors have considered the matters set out above and determined that the outstanding Government consent to the Barryroe Lease Undertaking and the requirement, contingent thereon, to secure additional funding to pursue the related Barryroe appraisal work programme in the next 12 months, constitute material uncertainties that may cast significant doubt upon the Group's and Company's ability to continue as a going concern. Should the Lease Undertaking not be approved, or appropriate additional funding not then be secured, the Directors note that the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for the foreseeable future. The Directors expect that the Barryroe Lease Undertaking will be approved and, noting that the Group and Company has continued to have ongoing support from shareholders, that an appropriate further fundraising will be successful. For these reasons, the Directors have adopted the going concern basis in preparing these annual financial statements, which do not include any adjustments that would be necessary if this basis were inappropriate.

Corporate governance

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

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

Providence Resources Plc is an Irish upstream oil and gas company with exploration interests, offshore Ireland. Operating for over 30 years, the Group has a well-established background in the Irish oil and gas sector, having worked closely with many major international companies including ExxonMobil, Repsol, Total, Eni, Petronas and Cairn Energy.

The Company's core strategy is to complete the appraisal of the Barryroe Field, with a view to its subsequent development.

A phased Barryroe development is expected to optimise field development returns by accelerating cash flow and progressively increasing reserves.

The Group's objectives are:

- Create value for stakeholders by completing the appraisal of Barryroe, transforming 2C resources into 2P reserves and thus facilitating a firm Development project
- Progress a phased Barryroe development designed to generate early cashflow and manage development capex and risk
- Make investment decisions designed to maximise overall return and minimise overall risk
- Design and operate production facilities so as to minimise carbon emissions and comply with all relevant ESG requirements and guidelines.

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

Providence has over 10,000 shareholders. There is regular communication with shareholders via announcements, and the Group's website. The Group also receives regular market feedback from its brokers and advisors. Formal presentations are made at the time of the release of the annual results, half-year results and at the Annual General Meeting (AGM). The Group encourages communication with shareholders throughout the year and welcomes their participation at General Meetings. The Group's website is www.providenceresources.com. This website is regularly updated and provides an option for shareholders to subscribe for email alerts to ensure that they receive direct notice of all announcements from the Group. All Board members attend the AGM and are available to answer questions. The agenda of business to be conducted at the AGM includes a resolution to receive and consider the Annual Report and Accounts. The board regards the AGM as a particularly important opportunity for shareholders, directors and management to meet and exchange views. Notice of the AGM together with the Annual Report & Accounts is sent to shareholders in accordance with the Constitution of the Company and details of the proxy votes for and against each resolution are announced after the result of the hand vote. The formal and informal engagement with shareholders as outlined above has proven to be a useful source of information and feedback in helping the directors understand shareholders' views and, in turn, has played a key part in helping the Company in its long-term strategic planning. The primary point of contact for shareholders is the Chairman.

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

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

Sustainable development

Providence Resources supports the Irish Government's commitment to deliver a Carbon Neutral Ireland by 2050 and is assessing technology which, when integrated with Barryroe field development, supports a seamless energy transition process by:

- Actively working to improve Ireland's energy security by developing indigenous sources of energy
- Supporting the use of domestically produced gas as the preferred transition fuel
- Reducing the carbon footprint associated with development activities
- Using Irish resources in project development and implementation

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

Our management systems, organisational structures, processes, standards, code of conduct and behaviours together form a system of internal control that governs how we conduct the business of Providence and manage all associated risks. This is reviewed periodically to ensure that they are fit for purpose.

Internal control:

The directors have overall responsibility for the Group's system of internal control to safeguard shareholders' investments and the Group assets and have delegated responsibility for the implementation of this system to executive management. This system includes financial controls which enable the board to meet its responsibilities for the integrity and accuracy of the Group's accounting records. The board has established a process of compliance involving the board's responsibility to maintain, review and report on all internal controls, including financial, operational and compliance risk management. Among the processes applied in reviewing the effectiveness of the system of internal controls are the following: budgets are prepared for approval by executive management and inclusion in a Group budget approved by the board. Expenditure is regularly compared to previously approved budgets. The board establishes 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 reviewed by the board of directors. The directors, through the Audit Committee, monitor the effectiveness of the Group's system of internal financial control. A review of the effectiveness of the system of internal control is carried out annually. The board has considered the requirement for an internal audit function. Based on the scale of the Group's operations and close involvement of the board, the directors have concluded that an internal audit function is not currently required.

Risk management: currency risk

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

Risk management: general industry risk

The Group's business may be affected by the general risks associated with all companies in the oil and gas industry. These risks (the list of which is not exhaustive) include: general economic activity, the world oil and gas prices, the marketability of 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 may arise which render it uneconomical to produce such oil and natural gas. Estimates of oil and gas resources include volumes that are undeveloped. These resources 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 an interest.

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

The board is currently made up of one Executive and three Non-Executive Directors. The board formation is reviewed periodically to ensure that it is fit for purpose. Biographies of each of the directors can be found on pages 5 to 6. All 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 relevant to the Group and the oil industry. The board agrees a schedule of regular meetings to be held in each calendar year and meets on other occasions as necessary. Meetings are held in Dublin and/or via Microsoft Teams. Board meetings were held on 38 occasions during 2021. An agenda and supporting documentation is circulated in advance of each meeting.

The table below shows the attendance at Board and Committee meetings during 2021.

Director	Resignation date	Board meetings attended/ eligible	Audit Committee	Remuneration Committee	Nomination Committee
Total in year		**38**	**2**	**0**	**3**
James Menton	N/a	21/21	2/2	0/0	2/2
Andrew Mackay	N/a	37/38	2/2	0/0	3/3
Ann-Marie O'Sullivan	N/a	15/15	N/a	0/0	0/0
Peter Newman	N/a	15/15	1/1	0/0	0/0
Pat Plunkett	22 July 2021	22/24	2/2	0/0	3/3
Alan Linn	18 October 2021	30/30	N/a	N/a	N/a

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

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

Full biographies for each individual director can be found on pages 5 to 6.

At it's current stage of development, the Board is satisfied that collectively it has a sufficiently broad range of technical, financial, communications and risk management experience to ensure that the company is equipped to deliver its strategy. The Board keeps under review its composition to ensure that it has the skill and depth appropriate to the opportunities and challenges it faces.

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

The directors also have access to the Company's Nomad, legal advisors, tax advisors and auditors and seek advice from other technical professionals as appropriate.

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

Evaluation of the Board, the committees and individual Directors is undertaken annually by way of discussions, both individually and collectively, between the chair and each of the other directors to assess the effectiveness and performance of the Board and the contributions made by each director. All issues highlighted in board evaluations are considered by the board and form an integral part of the broad spectrum of feedback the board considers in the evolution of the Company's strategy and long-term planning.

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

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

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

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

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

The Chairman (Mr. James Menton) temporarily assumed Executive responsibilities only upon the resignation of the Chief Executive in October 2021. The Non-Executive Directors are independent of management.

Board Committees

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

Audit Committee

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

Remuneration Committee

The Remuneration Committee comprises the Non-Executive Directors and is chaired by Mr. Andrew Mackay. 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.

Nomination Committee

The Nomination Committee comprises the Non-Executive Directors. The Nomination Committee, which is chaired by Ms. Ann-Marie O'Sullivan, formally agrees criteria for new Non-Executive Director appointments, including experience of the industry in which the Group operates and professional background.

Related party contracts

Each of Ann-Marie O'Sullivan and Andrew Mackay has an interest in one of two related party contracts for services to the Group, details of which are disclosed (note 22). There are no other related party relationships with the Group.

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

Shareholders

There is regular communication 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.

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 22 June 2022.

Kite Lake Capital Management (UK) LLC	10.18%
Pageant Holdings Limited	9.35%
Vevan Unlimited	8.80%
Merseyside Pension Fund	8.47%
M&G Investment Management Limited	8.20%
Roaring Water Capital	4.40%
Nick Furlong	3.31%

Political contributions

There were no political contributions during the year (*2020: Nil*).

Books and accounting records

The directors are responsible for ensuring that adequate accounting records, as outlined in Section 281 of the Companies Act 2014, are kept by the Company. The directors, through the use of appropriate procedures and systems and the employment of competent persons, have ensured that measures are in place to secure compliance with these requirements. These books and accounting records are maintained at the Company's registered address is Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18, D18 R9C7, Republic of Ireland.

Relevant audit information

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

Auditors

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

On behalf of the board

James Menton
Chairman

Peter Newman
Director

23 June 2022

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 the Company financial statements in accordance with FRS 101 *Reduced Disclosure Framework* and applicable law.

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 the Group and Company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements are prepared in accordance with the applicable accounting framework and comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group 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.

On behalf of the directors

James Menton
Chairman

Peter Newman
Director

23 June 2022

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PROVIDENCE RESOURCES P.L.C.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Providence Resources Plc ("the Company") and its consolidated undertakings ("the Group") for the year ended 31 December 2021 set out on pages 19 to 52, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, Irish Law and FRS 101 *Reduced Disclosure Framework* issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework* issued by the UK's Financial Reporting Council; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that, in order to fund current and future expenditure commitments, the Group and Company is dependent upon the outstanding Government consent to the Barryroe Lease Undertaking and the requirement, contingent thereon, to secure additional funding to pursue the related Barryroe appraisal work. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The risk

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

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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

How the risk was addressed in our audit

Our evaluation of the director's assessment of the Group and the Company's ability to continue to adopt the going concern basis of accounting included:

- Inspecting management's going concern paper, which outlines the status of the various factors impacting on going concern, the risks attaching to the various potential outcomes and the likely future developments;
- Inspecting management's assessment of the cash flow projections prepared by Group management for the 18-month period from 1 June 2022 to 31 December 2023 and the related key underlying assumptions;
- Inspecting and challenging the key assumptions made and corroborating these assumptions with supporting evidence where possible;
- Performing a sensitivity analysis on management's cash flow projections;

Report on the audit of the financial statements (continued)

Material uncertainty related to going concern (continued)

- Inspecting documentation which was submitted by the consortium partners during the year to the Department of the Environment, Climate and Communications ('DECC') for an application for a Lease Undertaking and subsequent correspondence with DECC to gain an understanding of the status and timing of the granting of the Lease Undertaking;
- Performing inquiries of management and the Audit Committee;
- Inspecting Board minutes up to the date of approval of the financial statements; and
- Considering the adequacy of the Group's disclosures in note 1 on page 24 to 25 in respect of going concern, and whether the disclosures properly reflect, the risks that the Group faces in respect of its ability to continue as a going concern.

Arising from our procedures, we noted that:

- Assumptions used by management regarding the Group's and Company's funding requirements were within a reasonable range; and
- A further planned fundraising, likely to occur upon award of a lease undertaking for Barryroe, are consistent with the Group's and Company's funding requirements.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters: our assessment of risks of material misstatement

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

In addition to the matter described in the material uncertainty related to going concern section, in arriving at our audit opinion above, the additional key audit matter for the Group is outlined below (unchanged from 2020).

Group Carrying value of Exploration and Evaluation ("E&E") assets

Refer to page 26 (accounting policy) and page 33 (financial disclosures)

The key audit matter

The carrying value of E&E assets at 31 December 2021 is €66.98m.

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

The Exploration and Evaluation ("E&E") assets within the Company were fully impaired in the prior year and therefore we do not consider the carrying value of E&E assets to be a key audit matter for the Company in our current year audit (unchanged from 2020).

How the matter was addressed in our audit

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

The audit procedures we performed included, but were not limited to, obtaining a understanding of the Group's ongoing E&E activity by interviewing executive and finance staff in relation to all key licences, and gathering audit evidence to assess the value of E&E assets carried forward. Such evidence included the issued strategic report on the Barryroe well appraisal, approved budgeted forecasts, and communications with joint venture partners and shareholders.

Inspected documentation which was submitted by the consortium partners during the year to the Department of the Environment, Climate and Communications ('DECC') for an application for a Lease Undertaking and subsequent correspondence with DECC to gain an understanding of the status and timing of the granting of the Lease Undertaking.

We gathered evidence to assess the status of current and future appraisal activity, the allocation of budgeted expenditure and any conclusion on commerciality.

Report on the audit of the financial statements (continued)

How the matter was addressed in our audit (continued)

Obtained management's IFRS 6 impairment review and assessed the design and implementation of key controls which management performs in relation thereto.

Considered the appropriateness of the criteria for the capitalisation of exploration an appraisal expenditure in accordance with relevant accounting standards and whether there was any inappropriate capitalisation of costs.

Considered the adequacy of the related disclosures in the financial statements.

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

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

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

We determined materiality for the Group to be €0.35 million (*2020: €0.32 million*), which is 0.5% of total assets. We determined materiality for the Company to be €0.26 million (*2020: €0.23 million*), which is 0.5% of total assets. We considered total assets to be the appropriate benchmark for determining materiality due to the relative stability of this measure in recent years. We considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the Group and reliability of the control environment.

We agreed with the Audit Committee that we would report to it all audit differences in excess of €0.02 million (*2020: €0.016 million*) for the Group and in excess of €0.01 million (*2020: €0.011 million*) for the Company, as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements. Our audit scope included a full audit of Providence Resources Plc and Exola Designated Activity Company, accounting for 99 per cent of the Group's total profit before tax and net assets. Our audit of the Group and the Company was undertaken to the materiality levels specified above and was performed by a single engagement team in Dublin.

Other information

The directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report and the non-financial statement included on the Company's website at https://www.providenceresources.com/and the Chairman's Review and Corporate Governance Section of the Annual Report.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

Based solely on our work on the other information undertaken during the course of the audit, we report that:

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

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

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

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

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

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for.

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

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

Keith Watt
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

23 June 2022

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 €'000	2020 €'000
Continuing operations			
Administrative expenses	2	**(2,369)**	(2,163)
Pre-licence expenditure	8	**–**	(5)
Impairment of exploration and evaluation assets	10	**–**	(272)
Operating loss	8	**(2,369)**	(2,440)
Finance income	3	**6,699**	361
Finance expense	4	**(888)**	(8,279)
Profit/(loss) before income tax		**3,442**	(10,358)
Income tax expense	5	**–**	–
Profit/(loss) for the financial year		**3,442**	(10,358)
Profit/(loss) per share (cent)			
Basic profit/(loss) per share	9	**0.36**	(1.31)
Profit/(loss) per share (cent)			
Diluted profit/(loss) per share	9	**0.30**	(1.31)

The total profit/(loss) for the year is entirely attributable to equity holders of the Company.

The notes on pages 24 to 43 to the financial statements form an integral part of the statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 €'000	2020 €'000
Profit/(loss) for the financial year	3,442	(10,358)
Other comprehensive income		
Items that may be reclassified into profit or loss:		
Foreign exchange translation gains/(losses)	4,982	(5,453)
Total comprehensive income/(expense) for the year	8,424	(15,811)

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

The notes on pages 24 to 43 to the financial statements form an integral part of the statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 €'000	2020 €'000
Assets			
Exploration and evaluation assets	10	**66,983**	60,425
Property, plant and equipment	11	**1**	13
Total non-current assets		**66,984**	60,438
Trade and other receivables	12	**388**	223
Cash and cash equivalents	13	**1,923**	2,110
Total current assets		**2,311**	2,333
Total assets		**69,295**	62,771
Equity			
Share capital	14	**71,829**	71,743
Share premium	14	**260,272**	256,773
Undenominated capital		**623**	623
Foreign currency translation reserve	15	**9,616**	4,634
Share based payment reserve	15	**767**	806
Accumulated losses		**(281,370)**	(285,189)
Total equity attributable to equity holders of the Group		**61,737**	49,390
Liabilities			
Decommissioning provision	16	**6,056**	5,853
Warrant liabilities	19	**–**	3,555
Total non-current liabilities		**6,056**	9,408
Trade and other payables	18	**1,042**	815
Warrant liabilities	19	**460**	3,158
Total current liabilities		**1,502**	3,973
Total liabilities		**7,558**	13,381
Total equity and liabilities		**69,295**	62,771

On behalf of the board

James Menton
Chairman

Peter Newman
Director

The notes on pages 24 to 43 to the financial statements form an integral part of the statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital €'000	Undenominated capital €'000	Share premium €'000	Foreign currency translation reserve €'000	Share based payment reserve €'000	Accumulated losses €'000	Total €'000
At 1 January 2021	71,743	623	256,773	4,634	806	(285,189)	49,390
Total comprehensive income							
Profit for financial year	–	–	–	–	–	3,442	3,442
Foreign currency translation	–	–	–	4,982	–	–	4,982
Total comprehensive income	–	–	–	4,982	–	3,442	8,424
Transactions with owners, recorded directly in equity							
Share based payment expense	–	–	–	–	338	–	338
Share options lapsed in year	–	–	–	–	(377)	377	–
Shares issued in year (note 19)	86	–	3,499	–	–	–	3,585
Total transactions with owners, recorded directly in equity	**86**	**–**	**3,499**	**–**	**(39)**	**377**	**3,923**
At 31 December 2021	**71,829**	**623**	**260,272**	**9,616**	**767**	**(281,370)**	**61,737**

	Share capital €'000	Undenominated capital €'000	Share premium €'000	Foreign currency translation reserve €'000	Share based payment reserve €'000	Accumulated losses €'000	Total €'000
At 1 January 2020	71,512	623	251,300	10,087	642	(274,898)	59,266
Total comprehensive expense							
Loss for financial year	–	–	–	–	–	(10,358)	(10,358)
Foreign currency translation	–	–	–	(5,453)	–	–	(5,453)
Total comprehensive expense	–	–	–	(5,453)	–	(10,358)	(15,811)
Transactions with owners, recorded directly in equity							
Share based payment expense	–	–	–	–	448	–	448
Share options lapsed in year	–	–	–	–	(284)	284	–
Shares issued in year (note 19)	231	–	5,473	–	–	(217)	5,487
Total transactions with owners, recorded directly in equity	**231**	**–**	**5,473**	**–**	**164**	**67**	**5,935**
At 31 December 2020	**71,743**	**623**	**256,773**	**4,634**	**806**	**(285,189)**	**49,390**

The notes on pages 24 to 43 to the financial statements form an integral part of the statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 €'000	2020 €'000
Cash flows from operating activities		
Profit/(loss) after tax for the year	**3,442**	(10,358)
Adjustments for:		
Depreciation	**15**	24
Impairment of exploration and evaluation assets	**–**	272
Finance income	**(6,699)**	(361)
Finance expense	**888**	8,279
Share based payment charge	**338**	448
Foreign exchange	**(16)**	21
Change in trade and other receivables	**(165)**	175
Change in trade and other payables	**227**	(700)
Net cash outflow from operating activities	**(1,970)**	(2,200)
Cash flows from investing activities:		
Interest received	**–**	1
Acquisition of exploration and evaluation assets	**(1,492)**	(902)
Cash calls in respect of exploration and evaluation assets	**262**	57
Acquisition of property, plant and equipment	**(2)**	(1)
Net cash used in investing activities	**(1,232)**	(845)
Cash flows from financing activities		
Proceeds from issue of security instruments	**2,974**	4,836
Issue costs	**–**	(349)
Net cash from financing activities	**2,974**	4,487
Net (decrease)/increase in cash and cash equivalents	**(228)**	1,442
Cash and cash equivalents at beginning of year	**2,110**	710
Effect of exchange rate fluctuations on cash and cash equivalents	**41**	(42)
Cash and cash equivalents at end of year	**1,923**	2,110

The notes on pages 24 to 43 to the financial statements form an integral part of the statements.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies

Reporting entity

Providence Resources Plc ("the Company") is a company domiciled in Ireland. The registered number of the Company is 268662 and the address of its registered office is Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18, D18 R9C7.

The consolidated financial statements of the Group for the year ended 31 December 2021 are comprised of the financial statements of the Company and its subsidiaries, together referred to as "the Group".

Statement of compliance

As required by AIM and ESM rules and permitted by Company Law, the Group financial statements have been prepared in accordance with IFRS as adopted by the EU. The individual financial statements of the Company (Company financial statements) have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") in accordance with the Companies Act 2014 which permits a Company, that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 304 of the Companies Act 2014, from presenting to its members its Company income statement and related notes that form part of the approved Company financial statements. The IFRS's adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective for accounting periods commencing on or before 1 January 2020 or were early adopted as indicated below.

Basis of preparation

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

The preparation of financial statements requires management to use judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Details of critical judgements are disclosed in 'judgements and estimates' below on page 26.

Under the provisions of Section 304 of the Companies Act 2014, the Company is not presenting a separate profit and loss account. A profit of €2,694,000 (*2020: loss €19,787,000*) for the financial year ended 31 December 2021 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 23 June 2022.

Going concern

The Directors have prepared the financial statements on a going concern basis which assumes that Group and Company will continue in operational existence for at least twelve months from the date of the approval of these financial statements.

At 31 December 2021 the Group had net assets of €61.737m, including cash on hand of €1.923m, having recorded a net cash outflow of €0.228m during the year. Having no source of operating revenues, in June 2022, the Company raised gross proceeds of $1.8 million (equivalent to approximately STG£1.5 million) through the subscription for 45,312,316 Placing Securities and 51,686,693 Subscription Securities (each of which shall comprise one New Ordinary Share and one STG1.5p Warrant) (note 24), demonstrating again the ongoing support of shareholders. Together with existing resources, this additional funding is sufficient to meet the anticipated working capital requirements of the Group for at least the next 12 months.

In April 2021 the Group applied for a Lease Undertaking for the Barryroe Joint Venture, as the follow-on permit from the Standard Exploration Licence, SEL 1/11, which expired in July 2021. The proposed work programme centres on drilling an appraisal well, targeted for completion in 2023. The Directors note that the Irish Government has stated that all existing licences will be allowed to run their full life cycle. The Group has fulfilled all obligations relating to SEL 1/11 and the Directors believe the Barryroe Joint Venture has complied with all the requirements for Government approval of the Lease Undertaking, which would be backdated to run for upto four years from July 2021. Notwithstanding the delay thus far in securing Government consent, the Directors continue to expect that this next phase of the Barryroe Licence, and the associated proposed work programme, will finally receive approval in the coming months.

The work programme proposed under the Lease Undertaking, if granted, entails significant capital expenditure by the Barryroe Joint Venture. Consequently, prior to the letting of major commercial contracts for the appraisal well and related studies, the Directors have considered the Group's options available to fund its expenditure commitments, both current and contingent upon securing the Lease Undertaking. In particular, upon confirmation of approval of the Lease Undertaking, the Directors expect to raise substantial additional equity funding to meet the Group's share of the related obligations.

The Directors have carefully considered the current financial position of the Group and have prepared cash flow forecasts for the period to 30 June 2023, being the 12-month period from the date of approval of these financial statements. They note that the main risk factors in these forecasts are the granting of the Barryroe Lease Undertaking on acceptable terms and conditions and the completion of an appropriate further equity funding round during the period. Based on their consideration of the Group's cash flow forecasts and the underlying assumptions the Directors are satisfied that the Group will have access to sufficient funds to cover its working capital and capital expenditure expected over this 12-month period.

1 Accounting policies (continued)

Going concern (continued)

The Directors have considered the matters set out above and determined that the outstanding Government consent to the Barryroe Lease Undertaking and the requirement, contingent thereon, to secure additional funding to pursue the related Barryroe appraisal work programme in the next 12 months, constitute material uncertainties that may cast significant doubt upon the Group's and Company's ability to continue as a going concern. Should the Lease Undertaking not be approved, or appropriate additional funding not then be secured, the Directors note that the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for the foreseeable future. The Directors expect that the Barryroe Lease Undertaking will be approved and, noting that the Group and Company has continued to have ongoing support from shareholders, that an appropriate further fundraising will be successful. For these reasons, the Directors have adopted the going concern basis in preparing these annual financial statements, which do not include any adjustments that would be necessary if this basis were inappropriate.

Recent accounting pronouncements

New and Amended Standards and Interpretations effective during 2021

The following new standards and amendments were adopted by the Group for the first time in the current financial reporting period with no resulting impact to the consolidated financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2;
- Amendments to IFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021;
- Amendments to IFRS 4 Insurance Contracts – deferral of effective date of IFRS 9;

Forthcoming requirements

A number of new standards, amendments to standards and interpretations issued are not yet effective and have not been applied in preparing these financial statements. These new standards, amendments to standards and interpretations are not expected to have a material impact on the Group's financial statements as the Group has no transactions that would be affected by these new standards and amendments.

The principal new standards, amendments to standards and interpretations are as follows:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 17, Insurance contracts: Initial application of IFRS 17 and IFRS 9;
- Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies;
- Amendments to IAS 8, Definition of Accounting Estimates;
- Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a single transaction;
- Amendments to IFRS 10 and IAS 28, Sale of contribution of Assets between an investor and its Associate or Joint Venture.

New and Amended Standards and Interpretations Issued but not yet Effective or Early Adopted

A number of new standards and interpretations have been issued but are not yet effective for the Group. These standards are either not expected to have a material effect on the Consolidated Financial Statements or they are not currently relevant for the Group.

Basis of consolidation

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

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

Jointly controlled operations

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Judgements and estimates

Preparation of financial statements pursuant to EU IFRS requires a significant number of judgemental assumptions and estimates to be made. These impact on the income and expenses recognised both within the income statement and the statement of comprehensive income together with the valuation of the assets and liabilities in the statement of financial position. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. It should be noted that some assumptions and estimates used in valuations 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:

(i) Exploration and evaluation assets

The carrying value of exploration and evaluation assets was €66.9 million at 31 December 2021 (*2020: €60.4 million*). The key judgement for exploration and evaluation assets is that there is no impairment indicators identified under IFRS 6. If an impairment indicator had been identified the carrying value of the assets would be significantly impacted. 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 and granting of lease undertaking which is subject to Government approval; see note 10.

(ii) Decommissioning

The decommissioning provision amounts to €6.06 million at 31 December 2021 (*2020: €5.9 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, timing of activity, inflation rates and discount rates; see note 16. The key assumption is the period of time at which the decommissioning obligation will be discharged. If discharge of the obligation was made over a different time period than 25 years a different discount rate would be applied by management as based on Irish government bonds over the appropriate time period.

(iii) Warrants

The warrants liability amounts to €0.460 million. at 31 December 2021 (2020: €6.713 million). The warrant liability is due to the warrants being issued in GBP while the functional currency of the Parent Company was EUR.

The warrants were issued as part of the share placing in May 2020. There were two sets of warrants attached to each share. The duration for the £0.03 was one year and for the £0.09 was two years. The £0.03 warrants expired on 6 May 2021. At 31 December 2021, the warrants valuation amount to €0.46m and represents management's best estimates of the liability for the £0.09 warrants. The key estimate in the valuation of warrants is the volatility rate applied. The period of 18 months was used for the volatility calculation for the £0.09 warrants which expired on 6 May 2022. The 4 month period for the £0.09 warrants was determined by management as too short and would distort the volatility calculation as it is a key component when calculating the fair value using Black Scholes; see note 19. The fair value movement of the warrants is recognised in the income statement as either finance income or finance expense, depending on the movement.

Employee benefits

(i) Defined contribution pension plans

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

(ii) Share based payment transactions

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

Finance income and expenses

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

Finance expenses comprise interest on leased assets, unwinding of any discount on provisions, fair value movement in warrants, and foreign exchange movements in the retranslation of non-euro denominated liabilities.

1 Accounting policies (continued)

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.

(i) 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 attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares.

Exploration and evaluation assets and development and production assets

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

(i) Exploration and evaluation assets

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

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

(ii) Development and production oil and gas assets

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

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

(iii) Depletion

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

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

(iv) Joint arrangements and cash calls

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

(v) Impairment

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

(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.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. The Group presents right-of-use assets in 'property, plant and equipment', in the same line item as it presents underlying assets of the same nature that it owns.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised. Right-of-use assets are subject to impairment testing

The Group has elected to apply the recognition exemptions for short-term and low-value leases and recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

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.

1 Accounting policies (continued)

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

- Furniture and equipment 3 years

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of less than 90 days.

Trade and other receivables

Trade and other receivables are initially measured at fair value and are thereafter measured at amortised cost using the effective interest method less any provision for impairment. A provision for impairment of trade and other receivables is recognised based on the expected credit losses ('ECL') for those trade and other receivables. Loss allowances are based on lifetime ECLs, except for the following which are measured as 12 month ECLs:

- Other receivables which have been determined to be low risk at the reporting date.

Trade and other payables

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

Financial instruments

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

Warrants

The Group classifies instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The warrants issued (as outlined in note 19) are derivative in nature and are liability classified. They do not qualify for equity classification as any cash settlement on exercise of these warrants will be received in a foreign currency (to the Group's functional currency), £ sterling. The warrant liabilities are recognised at their fair value on initial recognition and subsequently are measured at fair value through profit or loss. Any incremental direct costs associated with the issuance of warrants is taken as an immediate charge to finance costs through the income statement.

Ordinary shares

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

Operating segments

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

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

2 Administrative expenses

	2021 €'000	2020 €'000
Corporate, exploration and development expenses	**2,385**	2,142
Foreign exchange gain	**(16)**	21
Total administration expenses for the year	**2,369**	2,163
Capitalised in exploration and evaluation assets (note 10)	**–**	–
Total charged to the income statement	**2,369**	2,163

3 Finance income

	2021 €'000	2020 €'000
Bank deposit interest income	–	1
Gain in fair value of warrants (note 19)	5,643	–
Redetermination of decommissioning provision (note 16)	1,056	–
Foreign exchange on decommissioning provision (note 16)	–	360
Total finance income	**6,699**	361

4 Finance expense

	2021 €'000	2020 €'000
Unwind of discount on decommissioning provision (note 16)	593	565
Foreign exchange loss on decommissioning provision	294	–
Interest on right to use of asset	1	1
Issue costs associated with the warrants	–	132
Loss in fair value of warrants (note 19)	–	7,581
Total finance expense recognised in income statement	**888**	8,279

5 Income tax expense

	2021 €'000	2020 €'000
Current tax expense		
Current year	–	–
Deferred tax expense		
Origination and reversal of temporary differences	–	–
Total income tax charge 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:

	2021 €'000	2020 €'000
Profit/(loss) before tax	3,442	(10,358)
Irish standard tax rate	12.5%	12.5%
Tax credit at the Irish standard rate	430	(1,295)
Expenses not deductible for tax purposes	(450)	201
Losses carried forward	20	1,094
Other	–	–
Tax result for the year	**–**	–

6 Employee expenses and numbers

	2021 €'000	2020 €'000
Wages and salaries	668	493
Social welfare costs	95	79
Defined contribution pension costs	65	34
Share-based payment expense (note 19)	338	448
	1,166	1,054

6 Employee expenses and numbers (continued)

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

	2021 €'000	2020 €'000
Wages and salaries	–	–

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

	2021 Number	2020 Number
Corporate management and administration	2	2
Total number of employees	**2**	2

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 €65,000 (*2020: €34,000*).

7 Directors' remuneration and transactions with key management personnel

Directors' emoluments are analysed as follows:

		Salaries and other emoluments		Fees		Total	
	Resignation date (if applicable)	2021 €'000	2020 €'000	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Executive							
Alan Linn[1]	18 October 2021	**475**	295	**–**	–	**475**	295
Sub-total		**475**	295	**–**	–	**475**	295
Non-executive							
James Menton[2]		**–**	–	**68**	–	**68**	–
Andrew Mackay		**–**	–	**52**	22	**52**	22
Ann-Marie O'Sullivan		**–**	–	**26**	–	**26**	–
Peter Newman		**–**	–	**33**	–	**33**	–
Pat Plunkett	22 July 2021	**–**	–	**106**	100	**106**	100
Angus McCoss	20 July 2020	**–**	–	**–**	25	**–**	25
Sub-total		**–**	–	**285**	147	**285**	147
Total		**475**	295	**285**	147	**760**	442

1 Alan Linn's emoluments include pension contributions of €34,633 (*2020: €Nil*)

2 Although Mr Menton temporarily assumed certain additional responsibilities following the departure of the CEO in October 2021, there was no adjustment to his compensation.

The share-based payments expense in relation to directors amounted to €320,000 (*2020: €431,000*). Included within this share-based payment expense for directors was an expense amount of €157,000 (*2020: €400,000*) for Alan Linn.

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

	2021 €'000	2020 €'000
Wages, salaries and fees:		
Executive director	**440**	295
Non-executive directors	**285**	147
Other key management salaries	**198**	198
	923	640
Social welfare costs	**83**	79
Defined contribution pension costs	**65**	34
Share-based payment expense	**338**	448
	1,409	1,201

8 Statutory and other information

	2021 €'000	2020 €'000
Auditor's remuneration		
– Audit	**59**	54
– Audit of subsidiary entities	**9**	9
– Taxation and legal services	**23**	8
Operating lease rentals on property	**93**	68
Depreciation on property, plant and equipment	**15**	24
Impairment of evaluation and exploration assets	**–**	272
Pre-licence exploration expenditure	**–**	5
Directors' emoluments		
– Fees	**285**	147
– Salaries and other emoluments	**475**	295

9 Earnings per share

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

	Total 2021 €'000	Total 2020 €'000
Profit/(loss) attributable to equity holders of the Company	**3,442**	(10,358)

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

	2021	2020
In issue at beginning of year ('000s)	**888,803**	657,425
Adjustment for shares issued in year	**58,520**	130,519
Weighted average number of ordinary shares ('000s)	**947,323**	787,944

	cent	cent
Basic profit/(loss) per share (cent)	**0.36**	(1.31)

The weighted average number of ordinary shares for diluted earnings per share calculated as follows:		
Dilutive share options	**39,683**	37,850
Dilutive warrants	**177,973**	308,657
Basic weighted average number of shares in issue during the year	**947,323**	787,944
Weighted average number of ordinary share	**1,164,979**	1,134,451
Diluted profit/(loss) per share (cent)	**0.30**	(0.91)

There is a difference between the basic profit per ordinary share and the diluted profit per ordinary share for the current year. However, for the prior year all potentially dilutive ordinary shares outstanding are anti-dilutive in relation to continuing operations. There were 39,683,000 (*2020: 37,850,000*) anti-dilutive share options in issue at 31 December 2021. There were 177,973,004 (*2020: 308,657,194*) anti-dilutive warrants.

10 Exploration and evaluation assets

	Republic of Ireland €'000
Cost and net book value	
At 1 January 2020	65,377
Additions	902
Cash call amounts received in the year	(57)
Impairment charge	(272)
Foreign exchange translation	(5,525)
At 31 December 2020	60,425
Additions	1,492
Cash call amounts received in the year	(262)
Decommissioning redetermination	287
Foreign exchange translation	5,041
At 31 December 2021	**66,983**

The exploration and evaluation asset balance at 31 December 2021 relates to the Barryroe asset.

The directors assessed all activities ongoing within exploration and evaluation assets and determined that no impairment charge (*2020: €0.27 million charge*) was required at 31 December 2021.

The directors recognise that the future realisation of the Barryroe asset is dependent on the granting of the lease undertaking which is subject to government approval, future successful appraisal activities and the subsequent economic production of hydrocarbons.

11 Property, plant and equipment

	Right of use assets €'000	Furniture and equipment €'000	Total €'000
Cost			
At 1 January 2020	46	132	178
Additions in year	–	1	1
Foreign exchange translation	(3)	–	(3)
At 31 December 2020	43	133	176
Additions in year	–	2	2
Foreign exchange translation	3	–	3
At 31 December 2021	**46**	**135**	**181**
Depreciation			
At 1 January 2020	19	121	140
Charge for year	17	7	24
Foreign exchange translation	(1)	–	(1)
At 31 December 2020	35	128	163
Charge for year	9	6	15
Foreign exchange translation	2	–	2
At 31 December 2021	**46**	**134**	**180**
Net book value			
At 31 December 2021	**–**	**1**	**1**
At 31 December 2020	8	5	13

12 Trade and other receivables

	2021 €'000	2020 €'000
VAT recoverable	**48**	28
Prepayments	**89**	162
Amounts due from joint operation partner	**251**	33
	388	223

Amounts due from joint operation partners are normal billings or cash calls, due on presentation.

13 Cash and cash equivalents

	2021 €'000	2020 €'000
Held in bank accounts	**1,923**	2,110
Cash and cash equivalents	**1,923**	2,110

14 Share capital and share premium

Authorised	Number ('000)	€'000
Deferred shares of €0.011 each (a) at beginning of year	**9,944,066**	**109,385**
Deferred shares of €0.011 each (a) each at end of year	**9,944,066**	**109,385**
Ordinary shares of €0.001 each at beginning of year	**1,800,000**	**1,800**
Ordinary shares of €0.001 each at end of year	**1,800,000**	**1,800**

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

Issued	Number 000's	Share capital €'000	Share premium €'000
Deferred Shares of €0.011 each			
At 31 December 2020	6,441,373	70,854	5,691
At 31 December 2021	**6,441,373**	**70,854**	**5,691**
Ordinary Shares of €0.001 each			
At 31 December 2020	888,803	889	251,082
Shares issued during the year	–	–	–
Warrants exercised in year	86,061	86	3,499
At 31 December 2021 (Ordinary shares of €0.001)	**974,864**	**975**	**254,581**
At 31 December 2021 (Total deferred and ordinary shares)	**7,416,237**	**71,829**	**260,272**

On 5 May 2020, the Company issued 177,973,004 ordinary shares as part of a placing and subscription agreement which raised c. €3.1m before expenses. Each security instrument comprised one ordinary share of €0.001, one £0.03 warrant and one £0.09 warrant.

On issuance, a fair value of €1.9m was attributed to the ordinary shares (share capital/share premium outlined above) and €1.2m to the Warrant instruments based on the effective share price at that date. In line with the Group's accounting policies these Warrants are presented as financial liabilities. The holder of each warrant could exercise its rights under the instrument which allowed that holder to convert the warrant into one ordinary share, with a par amount of €0.001, by payment of the exercise price of £0.03 or £0.09, as applicable. The warrants are non-transferrable.

On 28 May 2020, the company issued 6,116,208 Ordinary shares through a subscription agreement which raised approx. €0.2m.

During 2020, 47,288,814 £0.03 warrants were exercised. The fair value of these exercised warrants was €2.021m.

The share capital and share premium total increase of €5.7m in 2020 comprised:

- €1.9m on 5 May from the placing of shares;
- €0.2m on the 28 May 2020 from the additional subscription;
- €1.557m being cash received upon the exercise of warrants; and
- €2.021m being the fair value of the warrants exercised.

During 2021, there were 86,061,529 £0.03 warrants exercised which raised approx. €2.974m. The remaining 44,622,661 £0.03 warrants expired on the 6 May 2021. No £0.09 warrants have been exercised and the £0.09 warrants expired on 6 May 2022.

The fair value of the £0.03 warrants that were exercised was recalculated at the time exercise. The fair value of 86,061,529 warrants of £0.03 exercised was calculated as €0.610m. This fair value is added to the actual cash raised of €2.974m to give a total increase in share capital and share premium of €3.585m.

15 Reserves

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

a) The currency translation reserve comprises all foreign exchange differences from 1 January 2006, arising from the translation of the net assets of the Group's non-euro denominated operations, including translation of the profits of such operations from the average exchange rate to the rate at the reporting date.

b) The share-based payment reserve comprises the fair value of all share options which have been charged over the vesting period, net of amounts relating to share options forfeited, exercised or lapsed during the year, which are reclassified to retained earnings.

c) The Undominated capital is the Company capital which is in excess of the nominal value of its issued shares.

16 Decommissioning provisions

	2021 €'000	2020 €'000
At beginning of year	**5,853**	5,733
Unwinding of discount	**593**	565
Foreign exchange (gain)/loss	**294**	(360)
Redetermination of decommissioning provision	**(769)**	–
Translation adjustment	**85**	(85)
At end of year	**6,056**	5,853

During 2021, the Board undertook a strategic review of Barryroe. The outcome of this is that an appraisal well is planned to be drilled in 2023 preparatory to a phased development, with first oil production expected by the end of 2026 subject to Ministerial approval.

The Group anticipates that a decommissioning programme for other licence areas (since relinquished) will be undertaken at the same time as the Group's Barryroe wells, subject to regulatory consent and approval. Accordingly all, decommissioning is projected to take place in 2047.

The decommissioning provision is made up of a total of six wells. Five of the wells are held in the Parent Company, Providence Resources Plc, making up €4.633m of the decommissioning provision while the remaining well is held in Exola DAC for which the decommissioning provision is €1.423m.

The decommissioning provision has been calculated assuming industry established oilfield decommissioning techniques and technology at current prices, based on external expert reports where available and is discounted at 1.3% (*2020: 10%*) per annum, reflecting the associated risk profile.

The Group undertook a review of the discount rate applied to the projected costs to derive the net present value. The Board used the 20 year Irish Government Bond rates of 1.30% as an appropriate discount rate.

In relation to cost inflation, experience over the last decade indicates that advances in technology and operations in the decommissioning of wells, suggests that cost inflation may reasonably be expected to be offset by gains in efficiency so the net effective cost inflation rate used was zero.

As a result of the updated calculation, there was a net €0.769 million adjustment to the decommissioning provision at the end of 2021.

€1.056 million credit was adjusted through the Parent Company. The offset to this figure was registered in the income statement as finance income. The remaining sum of €0.287 million charge related to the Barryroe well and was capitalised in the Exploration and Evaluation assets.

17 Deferred taxation

The Group has not recognised a potential deferred tax asset of €27.1million (*2020: €26.4 million*) which mainly relates principally to unutilised tax losses available to carry forward, all of which arose in Ireland, on the basis that it is not probable that the Group will have taxable profits available in future periods against which this asset could be utilised.

Substantially all of the unutilised losses may be carried forward, indefinitely, as long as oil production commences within 25 years from the date of the losses originating.

18 Trade and other payables

	2021 €'000	2020 €'000
Accruals	**836**	361
Other payables	**206**	445
Leases	**–**	9
	1,042	815

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Share and warrant schemes

The Group operates employee share schemes as follows:

2009 Scheme

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

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

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

At 31 December 2021, options over 3,850,000 (*2020: 3,850,000*) shares remained outstanding at subscription prices ranging from €0.14 to €0.17, with a weighted average price of €0.152 (*2020: €0.152*). These options expire at varying dates up to June 2024, with none exercisable at year end.

2020 Scheme

In 2020, the directors adopted a share option scheme which contains certain performance criteria. No options can be issued after 10 years of the scheme. The option price is the market price immediately preceding the date of the grant. The "2020 scheme" operates as an equity-settled share option scheme and the options granted are subject to certain conditions. No option is exercisable more than seven years after grant date and no option is exercisable within one year of grant.

During 2021, 18,000,000 share options were granted under the 2020 Share options scheme to directors.

The applicable criteria for the exercise of the options are;

(i) 33% of the total number of options granted are exercisable after one year of grant.

(ii) 33% of the total number of options granted are exercisable after two years of grant.

(iii) The remaining 33% of the total number of options granted are exercisable after a further year has elapsed.

Grant Date	21 May 2021	18 August 2021
Number of options granted	**9,000,000**	**9,000,000**
Volatility	**150%**	**98%**
Time period	**7 years**	**7 years**
Dividend yield	**0%**	**0%**
Risk free interest rate	**0%**	**0%**
Exercise price	**€0.038**	**€0.046**

During the prior period, 36,500,000 share options were granted under the 2020 Share option scheme. Of that total, 31,500,000 options were granted to the then directors and 5,000,000 options were granted to employees.

The applicable criteria for the exercise of the options are;

(i) 33% of the total number of options granted are exercisable after one year of grant provided that the criteria agreed by the Remuneration committee have been met.

(ii) 33% of the total number of options granted are exercisable after two years of grant provided that the criteria agreed by the Remuneration committee have been met.

(iii) The remaining 33% of the total number of options granted are exercisable after a further year has elapsed provided that the criteria agreed by the Remuneration committee have been met.

Grant Date	13 January 2020	6 April 2020
Number of options granted	15,000,000	21,500,000
Volatility	103%	108%
Time period	7 years	7 years
Dividend yield	0%	0%
Risk free interest rate	(0.01%)	(0.01%)
Exercise price	£0.04	£0.03

At 31 December 2021, the closing share price was €0.0376 resulting in 9,500,000 options being exercisable.

19 Share and warrant schemes (continued)

Charge

The share-based payment charge for the year was €338,000 (*2020: €448,000*).

Warrants

On 5 May 2020, the Company raised €3.1m by the issue of security instruments with each security instrument comprising one ordinary share, with a par amount of €0.001, one £0.03 warrant (expires in May 2021) and one £0.09 warrant (expires in May 2022). The fair value of the warrants was calculated using Black Scholes model. The following key input assumptions were applied to the initial valuation on issuance of these instruments:

	£0.03 Warrants	£0.09 Warrants
Number of warrants	177,973,004	177,973,004
Volatility	148%	148%
Time period	1 year	2 years
Dividend yield	0%	0%
Risk free interest rate	(0.01%)	(0.01%)
Exercise price	£0.03	£0.09
Placing effective share price	0.01068	0.01068
Initial value of security	0.00299	0.00349
Fair value	€531,444	€621,982

The €3.1m raised before expenses, from previous and new shareholder investors, for the security instruments in May 2020 was considered the transaction price fair value. The split of this fair value on issuance of these security instruments, based on a placing effective share price of €0.01068, was €0.531m for the £0.03 Warrants, €0.622m for the £0.09 Warrants and €1.901m for the Ordinary Shares (split between share capital and share premium account (note 14)).

During 2021, 86,061,529 of the £0.03 warrants were exercised. There were a number of warrant transactions exercised in each of the months before they expired on 6 May 2021. The key assumptions used in the calculation of their fair value at the exercise date are included in the table below. The weighted average closing price was used to reflect the number of transactions in each month.

	January 21	February 21	March 21	April 21	May 21
Number of warrants	287,372	1,666,666	1,000,000	65,975,822	17,131,669
Volatility	135%	135%	135%	206%	208%
Time period	0.30 year	0.18 year	0.10 year	0.016 year	0.003 year
Dividend yield	0%	0%	0%	0%	0%
Risk free interest rate	(0.61%)	(0.61%)	(0.61%)	(0.61%)	(0.61%)
Exercise price	£0.03	£0.03	£0.03	£0.03	£0.03
Weighted average closing share price	€0.075	€0.075	€0.054	€0.0392	€0.038
Fair value	€12,685	€71,219	€23,419	€439,557	€62,804

The fair value of the warrants exercised during the year is recognised in the movement of the warrant liability with a corresponding increase in share premium.

On 31 December 2021, the £0.09 warrants were fair valued using appropriate inputs including the closing share price on that day of €0.0376. The period of 18 months has been used for the volatility calculation for the £0.09 warrants which expired on 6 May 2022. The 4-month period for the £0.09 warrants was too short and would distort the volatility calculation as it a key component when calculating the fair value using Black Scholes. The fair value movement being the difference between 31 December 2020 and 31 December 2021 valuation in the amount of €6.253m is recorded as finance income in the Income statement. No £0.09 options were exercised and all have now expired.

	£0.03 Warrants	£0.09 Warrants
Number of warrants	0	177,973,004
Volatility	0%	144%
Time period	Expired	0.35 years
Dividend yield	0%	0%
Risk free interest rate	0%	(0.071%)
Exercise price	£0.00	£0.09
Closing share price 31 December 2021	€0.0376	€0.0376
Fair value as at 31 December 2021	–	€460,271

19 Share and warrant schemes (continued)

During 2020, 47,288,814 of the £0.03 warrants were exercised. There were a number of warrant of transactions exercised in each of the months. The key assumptions used in the calculation of their fair value at the exercise date are included in the table below. The weighted average closing price was used to reflect the number of transactions in each month.

	September 20	October 20	December 20
Number of warrants	24,648,335	10,966,667	11,673,812
Volatility	125%	125%	125%
Time period	0.58 year	0.50 year	0.33 year
Dividend yield	0%	0%	0%
Risk free interest rate	(0.6%)	(0.6%)	(0.6%)
Exercise price	£0.3	£0.03	£0.03
Weighted average closing share price	€0.07	€0.08	€0.06
Fair value	€1,138,828	€557,901	€324,687

The fair value of the warrants exercised during the year is recognised as a finance expense of €2.021m in the income statement with a corresponding increase in share premium.

On 31 December 2020, the warrants were fair valued using appropriate inputs including the closing share price on that day of €0.055. The period of 18 months has been used for the volatility calculation for the £0.09 warrants which expired on 6 May 2022 and the £0.03 which expired on 6 May 2021. The 4-month period for the £0.03 warrants was too short and would distort the volatility calculation as it a key component when calculating the fair value using Black Scholes. The fair value movement being the difference between initial valuation and 31 December 2020 valuation in the amount of €5.56m is recorded as a finance expense in the Income statement.

	£0.03 Warrants	£0.09 Warrants
Number of warrants	130,684,190	177,973,004
Volatility	125%	125%
Time period	0.33 year	1.33 years
Dividend yield	0%	0%
Risk free interest rate	(0.06%)	(0.06%)
Exercise price	£0.03	£0.09
Closing share price 31 December 2020	€0.055	€0.055
Fair value as at 31 December 2020	3,157,748	3,555,240

The following table shows the fair value movement:

	Number of Warrants	£0.03 Warrants €'000	Number of Warrants	£0.09 Warrants €'000	Total €,000
Initial valuation	**177,973,004**	**€531**	**177,973,004**	**€622**	**€1,153**
September 20 Exercised	24,648,335	€1,139	–	–	€1,139
October 20 Exercised	10,966,667	€558	–	–	€558
December 20 Exercised	11,673,812	€324	–	–	€324
Exercised fair value	**47,288,814**	**€2,021**	**–**	**–**	**€2,021**
Fair value as at 31 December 2020	**130,684,190**	**€3,158**	**177,973,004**	**€3,555**	**€6,713**
Total 2020 fair value loss recognised in the income statement (see note 4)		**€4,648**		**€2,933**	**€7,581**
January 21 Exercised	287,372	€13	–	–	€13
February 21 Exercised	1,666,666	€71	–	–	€71
March 21 Exercised	1,000,000	€23	–	–	€23
April 21 Exercised	65,975,822	€440	–	–	€440
May 21 Exercised	17,131,669	€63	–	–	€63
Exercised fair value movement recognised in the income statement	**86,061,529**	**€610**	**–**	**–**	**€610**
Fair value as at 31 December 2021	**–**	**–**	**177,973,004**	**€460**	**€460**
Total fair value gain recognised in the income statement for the period to 31 December 2021		**(€2,548)**		**(€3,095)**	**(€5,643)**

20 Financial instruments

Financial risk management objectives, policies and processes

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

(a) Interest rate risk

(b) Foreign currency risk

(c) Liquidity risk

(d) Credit risk

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

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

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

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

(a) Interest rate risk

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

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

	2021 €'000	2020 €'000
Variable rate instruments		
Financial assets – cash and cash equivalents	**1,923**	2,110

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ('bps') in interest rates at 31 December 2021 and 31 December 2020 would have increased/(decreased) the reported loss by the amounts shown below. The interest rate received by the Group was 0.01% on cash deposits. There has been no change in the interest received since 2020. The decrease assumes that we will not pay negative interest rates on cash deposits but will receive no interest. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit	
	100 bps increase €'000	**100 bps decrease €'000**
31 December 2021		
Variable rate instruments	**17**	**–**
31 December 2020		
Variable rate instruments	16	(1)

(b) Foreign currency risk

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

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 2021 and 2020 the Group did not utilise either foreign currency forward contracts or derivatives to manage foreign currency risk on future net cash flows.

20 Financial instruments (continued)

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

	31 December 2021				31 December 2020			
	GBP €'000	USD €'000	Not at risk EUR €'000	Total €'000	GBP €'000	USD €'000	EUR €'000	Not at risk Total €'000
VAT recoverable	–	–	48	48	–	–	28	28
Other debtors	–	–	340	340	–	33	162	195
Cash and cash equivalents	509	8	1,406	1,923	534	40	1,536	2,110
Trade and other payables	(23)	–	(1,019)	(1,042)	(10)	(33)	(772)	(815)
Total exposure	486	8	775	1,269	524	40	954	1,518

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

	Average rate		Spot rate at 31 December	
	2021	2020	2021	2020
1 GBP	**0.8584**	0.8893	**0.8403**	0.8990
1 USD	**1.1816**	1.1470	**1.1326**	1.2271

Sensitivity analysis

A 10% strengthening and weakening of the euro against the following currencies, based on outstanding financial assets and liabilities at 31 December 2021 and 31 December 2020 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 2021				
GBP	**(51)**	**51**	**(51)**	**51**
USD	**24**	**(24)**	**24**	**(24)**
31 December 2020				
GBP	(52)	52	143	(174)
USD	(1)	1	(86)	105

(c) Liquidity risk

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

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

The contractual maturities of financial liabilities as at 31 December 2021 and 2020 are repayable on demand with the exception of warrant liabilities and therefore are the same as the carrying amounts.

The Group's liquidity risk exposure in respect of principal obligations are as follows.

Liquidity risk for 2021

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	More than 5 Years €'000
Trade and other payables	**1,042**	**1,042**	**1,042**	–	–	–	–
Total	**1,042**	**1,042**	**1,042**	–	–	–	–

20 Financial instruments (continued)

Liquidity risk for 2020

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	More than 5 Years €'000
Trade and other payables	815	815	815	–	–	–	–
Total	815	815	815	–	–	–	–

(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. Other receivables, which generally have 30-day terms, are initially recorded at fair value and, at subsequent reporting dates, amortised cost. The other receivables comprise amounts due from JV partners and a small element of prepayments. An assessment of whether an asset is impaired is made at least at each reporting date. The maximum exposure to credit risk at 31 December was:

	2021 €'000	2020 €'000
Cash and cash equivalents	**1,923**	2,110
Other receivables	**340**	195
Maximum exposure to credit risk	**2,263**	2,305

(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 2021, 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 issues and warrants. 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.

The warrants are carried at fair valued through the profit and loss. The warrants were value at level 3 in the current and prior period. The reconciliation of the fair value movement in warrants has been disclosed in note 19. The key estimate in the fair value of warrants is the volatility rate. Based on sensitivity analysis if the volatility rate was over a 15 month period instead of an 18 month period the change in the fair value of the liability for the £0.09 warrants would be €3.526 million versus the €3.095 million for 18 months.

21 Commitments and contingencies

(a) Exploration and evaluation activities

The Group has capital commitments of approximately €0.183 million in respect of its share of costs of exploration and evaluation and appraisal activities to be incurred in 2022. However and subject to the timing of the Barryroe Lease Undertaking grant then the Group could have additional commitments of €1.3m for 2022 which comprise two years of Lease Undertaking fees (backdated to July 2021).

(b) Leases

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

	2021 €'000	2020 €'000
Payable:		
Less than one year	**6**	10
Total operating lease commitments	**6**	10

(c) Contingencies

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Related party transactions

The Group contracted NRG Well Management International Limited to carry out technical studies relating to Barryroe in 2021. The value of the work undertaken was €198,893 (2020: €14,305) and was procured on an arm's length basis. The balance outstanding as at 31 December 2021 was €177,564.

Andrew Mackay who is a non-executive Director of Providence Resources Plc, is Chairman and part owner of NRG.

AM O'Sullivan PR was engaged by the Group in 2021 to develop and coordinate a stakeholder management and communication strategy to improve the understanding of the Barryroe project. The amount paid under the contract in 2021 was €27,972 (2020: €nil) procured on an arm's length basis. There was no balance outstanding as at 31 December 2021.

Ann-Marie O'Sullivan who is a non-executive Director of Providence Resources Plc is the owner of AM O'Sullivan PR Limited.

23 Group transparency disclosures

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

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

2021

Licence	Licence number	Licence fees €'000	PIP fees €'000	CRU fees €'000	Total €'000
Barryroe	SEL 1/11	–	–	–	–
Corporate**		8	–	–	8
Total Ireland		8	–	–	8

2020

Licence	Licence number	Licence fees €'000	PIP fees €'000	CRU fees €'000	Total €'000
Barryroe	SEL 1/11	179	–	–	179
Corporate**		42	–	–	42
Total Ireland		221	–	–	221

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

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

The payments type covered by this disclosure are

a) Licence fees

b) PIP fees

c) CRU fees

Licence fees

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

PIP (Petroleum Infrastructure Programme) fees

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

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

The overall aim of PIP is to promote hydrocarbon exploration and development in Ireland and it undertakes research programmes around Ireland. The research under the programme goes beyond normal licence specific work and is designed not to duplicate work carried out by other Groups or commercial entities.

CRU (Commission for Regulation of Utilities)

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

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

24 Post balance sheet events

On 6 May 2022, the 177,973,004 remaining £0.09 warrants expired. These warrants were issued as part of the fund raising in May 2020. No £0.09 warrants were exercised.

In June 2022, the Company raised gross proceeds of $1.8 million (equivalent to approximately STG£1.5 million) through the subscription for 45,312,316 Placing Securities and 51,686,693 Subscription Securities (each of which shall comprise one New Ordinary Share and one STG1.5p Warrant)

The total of 96,999,009 New Ordinary Shares have been issued pursuant to the Fundraising, representing less than 10 per cent of the Company's issued Ordinary Share Capital.

In addition 96,999,009 warrants ("the STG 1.5p Warrants") will be issued to Placees and Subscribers. The allotment and issue of the Warrants is subject to and conditional upon the passing of certain resolutions in relation to the Warrants (the "Warrant Resolutions") at the AGM by the requisite number of shareholders as required pursuant to the Companies Act (the "Warrant Condition"). If the Warrant Condition is not satisfied, the Warrants will not be issued to the Placees and Subscribers. The issue of the Placing Shares and Subscription Shares is not conditional on the passing of the Warrant Resolutions.

On issue, the Warrants will entitle holders to subscribe for one new Ordinary Share for each Warrant held at an exercise price of STG£0.015 per Ordinary Share at any time for a period of 12 months following the date of satisfaction of the Warrant Condition.

25 Approval of financial statements

The financial statements were approved by the board of directors on 23 June 2022.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 €'000	2020 €'000
Fixed assets			
Oil and gas interests	2	**–**	–
Tangible assets	3	**1**	5
Financial assets	4	**2**	2
Total non-current assets		**3**	7
Current assets			
Debtors	5	**44,113**	43,644
Cash at bank and in hand		**1,904**	2,102
Total current assets		**46,017**	45,746
Creditors: amounts falling due within one year	6	**(1,153)**	(3,702)
Net current assets		**44,864**	42,044
Total assets less current liabilities		**44,867**	42,051
Non current liabilities			
Provision for liabilities	7	**(4,633)**	(4,879)
Creditors: amounts falling due over one year	8	**–**	(3,555)
Total non current liabilities		**(4,633)**	(8,434)
Net assets		**40,234**	33,617
Capital and reserves			
Called up share capital	9	**71,829**	71,743
Share premium	9	**260,272**	256,773
Undenominated capital	9	**623**	623
Share based payment reserve	9	**767**	806
Accumulated losses	9	**(293,257)**	(296,328)
Shareholders' funds – equity		**40,234**	33,617

On behalf of the board

James Menton

James Menton
Chairman

Peter J. Newman

Peter Newman
Director

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital €'000	Undenominated capital €'000	Share premium €'000	Share based payment reserve €'000	Accumulated losses €'000	Total €'000
At 1 January 2021	71,743	623	256,773	806	(296,328)	33,617
Profit for financial year	–	–	–	–	2,694	2,694
Total comprehensive income	–	–	–	–	2,694	2,694
Transactions with owners, recorded directly in equity						
Share based payment expense	–	–	–	338	–	338
Share options lapsed	–	–	–	(377)	377	–
Shares issued in year	86	–	3,499	–	–	3,585
Transactions with owners, recorded directly in equity	**86**	**–**	**3,499**	**(39)**	**377**	**3,923**
At 31 December 2021	**71,829**	**623**	**260,272**	**767**	**(293,257)**	**40,234**

	Called up share capital €'000	Undenominated capital €'000	Share premium €'000	Share based payment reserve €'000	Accumulated losses €'000	Total €'000
At 1 January 2020	71,512	623	251,300	642	(276,608)	47,469
Loss for financial year	–	–	–	–	(19,787)	(19,787)
Total comprehensive loss	–	–	–	–	(19,787)	(19,787)
Transactions with owners, recorded directly in equity						
Share based payment expense	–	–	–	448	–	448
Share options lapsed	–	–	–	(284)	284	–
Shares issued in year	231	–	5,473	–	(217)	5,487
Transactions with owners, recorded directly in equity	231	–	5,473	164	67	5,935
At 31 December 2020	**71,743**	**623**	**256,773**	**806**	**(296,328)**	**33,617**

NOTES FORMING PART OF THE COMPANY FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

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

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

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

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

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

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

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

The accounting policies applied in the Company only financial statements are consistent with the Group accounting policies as set out on pages 24 to 29.

Investments

The company has direct investments in it's subsidiaries which are stated at cost. Investments are tested for impairment when circumstances indicate that the carrying value may be impaired.

Going concern

Refer to basis of preparation of consolidated financial statements information on the going concern on the Group and Company on pages 24 to 25.

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.

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

1 Accounting policies (continued)

Exploration and evaluation assets

The carrying value of exploration and evaluation assets was €nil at 31 December 2021 (2020: €nil). The key judgement for exploration and evaluation assets is that there is no impairment indicators identified under IFRS 6. If an impairment indicator had been identified the carrying value of the assets would be not impacted. 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 with the company valuation.

(i) Decommissioning

The decommissioning provision amounts to €4.633 million at 31 December 2021 (2020: €4.879 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, timing of activity, inflation rates and discount rates; see note 7. The key assumption is the period of time at which the decommissioning obligation will be discharged. If discharge of the obligation was made over a different time period than 25 years a different discount rate would be applied by management as based on Irish government bonds over the appropriate time period.

(ii) Warrants

The warrants liability amounts to €0.460 million at 31 December 2021 (2020: €6.713 million). The warrant liability is due to the warrants being issued in GBP while the functional currency of the Company is EUR. The warrants were issued as part of the share placing in May 2020. There were two sets of warrants attached to each share. The duration for the £0.03 was one year and for the £0.09 was two years. The £0.03 warrants expired on 6 May 2021. At 31 December 2021, the warrants valuation amount to €0.46m and represents management's best estimate of the liability for the £0.09 warrants. The key estimate in the valuation of warrants is the volatility rate applied. The period of 18 months was used for the volatility calculation for the £0.09 warrants which expire on 6 May 2022. The 4-month period for the £0.09 warrants was determined by management as too short and would distort the volatility calculation as it is a key component when calculating the fair value using Black Scholes; see note 8. The fair value movement of the warrants is recognised in the income statement as either finance income or finance expense, depending on the movement.

Employee benefits

Defined contribution pension plans

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

(iii) Share based payment transactions

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

2 Oil and gas interests – exploration expenditure

	Ireland 2021 €'000
Cost	
At beginning of year	–
Exploration and appraisal expenditure	–
Administration expenses capitalised	–
Impairment charge	–
At end of year	**–**

The directors have assessed the current activities ongoing within exploration and evaluation assets and have determined that no impairment charge (2020: €0.27 million charge) is required at 31 December 2021.

NOTES FORMING PART OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

3 Tangible assets

	Furniture and equipment €'000
Cost	
At 1 January 2021	88
Additions in year	1
At 31 December 2021	**89**
Depreciation	
At 1 January 2021	83
Charge for year	5
At 31 December 2021	**88**
Net book value	
At 31 December 2021	**1**
At 31 December 2020	5

4 Financial fixed assets

	2021 €'000
Investments in subsidiaries at start and end of year	2

At 31 December 2021, the Company had the following principal subsidiaries, all of which are wholly owned:

Name	Registered office/ Country of incorporation	Activity	Interest in Ordinary share capital
Providence Resources UK Limited	5th Floor, 6 St. Andrews Street, London, EC4A 3AE, UK	Dormant	100%
Providence Renewables DAC	Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18, D18 R9C7	Holding company	100%
Exola DAC	Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18, D18 R9C7	Oil and Gas exploration	100%
Chrysaor E&P Ireland DAC	Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18, D18 R9C7	Dormant	100%

5 Debtors

	2021 €'000	2020 €'000
VAT	**46**	23
Prepayments	**89**	129
Amounts due from subsidiaries, net of provision	**43,978**	43,492
	44,113	43,644

All of the above amounts fall due within one year.

Amounts owed from subsidiaries are interest free and fall due on demand. The carrying value and the fair value are equal.

The recoverability of amounts due from Exola DAC is largely dependent on the future cash flows generated from the exploration and evaluation assets owned by that entity. A provision for receivables is made where there is objective evidence that the Company may not be able to collect all amounts due. The provision for Exola DAC receivables is €21.6m (*2020: €16.8m*).

The provision is linked to the Exploration and Evaluation assets in Exola DAC. The recoverability of the monies due is dependent upon the granting of the Lease Undertaking by the Government with acceptable terms and conditions and a successful outcome of any future drilling.

5 Debtors (continued)

Credit risk

The expected credit loss model requires the company to account for expected credit losses ("ECL") and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The company provision for expected credit losses is linked to the exploration and evaluation assets in Exola DAC. The recoverability of the monies due is dependent upon the granting of the Lease Undertaking by the Government with acceptable terms and conditions and a successful outcome of any future drilling. The annual rate applied as an ECL is 10% of the net outstanding amount due from subsidiaries. This figure is estimated as the increase in credit risk relating to the intercompany receivables, as time passes and increases the uncertainty regarding recoverability.

Foreign currency risk

The Company is exposed to currency risk with amounts due from subsidiaries that are denominated in a currency other than the functional currency of the entity. In 2021, the gain in the company on foreign currency movements on amounts due from subsidiaries was €4.1 million.

During the years ended 31 December 2021 and 2020 the Company did not utilise either foreign currency forward contracts or derivatives to manage foreign currency risk on future net cash flows.

The Company's foreign currency risk exposure in respect amounts due from subsidiaries was as follows:

	31 December 2021			31 December 2020		
	GBP €'000	USD €'000	Total EUR €'000	GBP €'000	USD €'000	Total EUR €'000
Amounts due from subsidiaries	**2,573**	**53,610**	**65,663**	2,083	49,472	60,291
Provision			**(21,685)**			(16,799)
	2,573	**53,610**	**43,978**	2,083	49,472	43,492

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

	Spot rate at 31 December	
	2021	2020
1 GBP	**0.8403**	0.8990
1 USD	**1.1326**	1.2271

Sensitivity analysis

A 10% strengthening and weakening of the euro against the following currencies, based on outstanding financial assets and liabilities at 31 December 2021 and 31 December 2020 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 2021				
GBP	**(257)**	**257**	**(257)**	**257**
USD	**5,361**	**(5,361)**	**5,361**	**(5,361)**
31 December 2020				
GBP	(208)	208	(208)	208
USD	(4,947)	4,947	(4,947)	4,947

6 Creditors: amounts falling due within one year

	2021 €'000	2020 €'000
Trade creditors	**174**	219
Accruals	**311**	325
Amounts due to joint operating partners	**208**	–
Warrant liabilities (note 8)	**460**	3,158
	1,153	3,702

Amounts owed to joint operating partners are interest free and fall due on demand.

7 Provision for liabilities – decommissioning

	2021 €'000	2020 €'000
At beginning of year	**4,879**	4,779
Unwind of discount	**516**	444
Redetermination of decommissioning provision	**(1,056)**	–
Foreign exchange differences	**294**	(344)
Balance at end of year	**4,633**	4,879

Subject to regulatory consent for planned appraisal and anticipated subsequent development of the Barryroe field, the Company projects that decommissioning for all wells would occur in 2047. The Company projects that the decommissioning will be undertaken in conjunction with that for Barryroe.

Based on the above assumption, the Company has reviewed the decommissioning liabilities. It has updated the costs for the work program and used the 20 year Irish Bond rate as the basis for discounting the figure. The effective inflation rate used is zero, as improvements in technology are expected to offset any cost increase from inflation. 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 1.3% (*2020: 10%*) per annum.

8 Warrants

See note 19 on pages 36 to 38 to the Group financial statements.

9 Share capital

See note 14 on page 34 to the Group financial statements.

10 Commitments

Exploration and evaluation activities

The Company has capital commitment of €0.045 million for 2022.

11 Statutory information

Under the provisions of Section 304 of the Companies Act 2014, the Company is not presenting a separate profit and loss account. A profit of €2,694,000 (*2020: loss of €19,787,000*) for the financial year ended 31 December 2021 has been dealt with in the separate profit and loss account of the Company.

	2021 €'000	2020 €'000
Auditor's remuneration	**59**	54

During the year the Company employed 2 (*2020: 2 people*) and incurred payroll costs of €0.76 million (*2020: €0.57 million*), which includes social welfare costs of €0.09 m (*2020: €0.08m*).

The Company contributes to an externally administered defined contribution retirement benefit scheme to satisfy the retirement benefit arrangements in respect of certain management personnel. The retirement benefit cost charged for the year was €0.065m (*2020: €0.034m*).

The Company capitalised €Nil (*2020: €Nil*) of the €0.76m gross payroll cost within the Company's carrying value of its exploration and evaluation assets.

12 Related party transactions

The Company contracted NRG Well Management International Limited to carry out technical studies on behalf of Exola DAC in 2021. The value of the work undertaken was €198,893 (2020: €14,305) and was procured on an arm's length basis. The balance outstanding as at 31 December 2021 was €177,564.

Andrew Mackay who is a non-executive Director of Providence Resources Plc, is Chairman and part owner of NRG.

AM O'Sullivan PR was engaged by Company in 2021 to develop and coordinate a stakeholder management and communication strategy to improve the understanding of the Barryroe project. The amount paid under the contract in 2021 was €27,972 (2020: €nil), procured on an arm's length basis There was no balance outstanding as at 31 December 2021.

Ann-Marie O'Sullivan who is a non-executive Director of Providence Resources Plc, is the owner of AM O'Sullivan PR Limited.

13 Company transparency disclosures

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

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

2021

Licence	Licence number	Licence fees €'000	PIP fees €'000	CRU fees €'000	Total €'000
Corporate**		8	–	–	8
Total Ireland		**8**	**–**	**–**	**8**

2020

Licence	Licence number	Licence fees €'000	PIP fees €'000	CRU fees €'000	Total €'000
Corporate**		42	–	–	42
Total Ireland		42	–	–	42

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

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

The payments type covered by this disclosure are

a) Licence fees

b) PIP fees

c) CRU fees

Licence fees

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

PIP (Petroleum Infrastructure Programme) fees

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

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

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

Commission for Regulation of Utilities (CRU)

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

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

14 Post balance sheet events

See note 24 on page 43 to the Group notes, this same post balance sheet events note is relevant for both Group and Company.

15 Approval of financial statements

The financial statements were approved by the board of directors on 23 June 2022.

NOTICE OF ANNUAL GENERAL MEETING

A Notice is hereby given that the Annual General Meeting of Providence Resources P.l.c. will be held at The Clayton Hotel Cork City, Lapp's Quay, Cork, T12 RD6E , Ireland, on 27 July 2022 at 12.00pm for the purpose of considering, and if thought fit, passing the following Resolutions, of which Resolutions numbered (1) to (5) will be proposed as Ordinary Resolutions, and Resolution numbered (5) to (8) will be proposed as Special Resolutions.

Ordinary Resolutions

(1) To receive and consider the Directors' Report and Financial Statements for the year ended 31 December 2021.

(2) To elect Mr. Peter Newman as a Director.

(3) To elect Ms. Ann-Marie O'Sullivan as a Director.

(4) To authorise the Directors to fix the remuneration of the Auditors.

(5) That the Directors be and are hereby generally and unconditionally authorised, pursuant to Section 1021 of the Companies Act 2014, to exercise all of the powers of the Company to allot and issue all relevant securities of the Company (within the meaning of Section 1021 of the Companies Act 2014) up to an aggregate nominal amount of €353,714 representing approximately 33% of the aggregate nominal value of the issued ordinary share capital of the Company (excluding treasury shares) as at 5 pm on 22 June 2022. The authority hereby conferred shall commence at the time of the passing of this Resolution and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this Resolution or at midnight (Irish time) on the date which is 15 calendar months after the date of passing this Resolution (whichever is earlier) unless and to the extent that such power is renewed, revoked, or extended prior to such date; provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the power conferred by this Resolution had not expired.

Special Resolutions

(6) That, subject to and conditional upon Resolution 5 of the Notice of AGM being passed, and without prejudice to and in addition to the power and authority conferred on the Directors by Resolution 7, 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 pursuant to the authority to allot relevant securities conferred on the Directors by Resolution 5 of this Notice of AGM 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 one or more offer of equity securities open for a period or periods fixed by the Directors, by way of rights issue, open offer other invitation and/or otherwise to or in favour collectively of the holders of ordinary shares and/or any persons having a right to subscribe for equity securities in the capital of the Company (including, without limitation, any persons entitled or who may become entitled to acquire equity securities under any of the Company's share option scheme, share incentive plans) at such record date or dates as the Directors may determine where the equity securities respectively attributable to the interests of such holders are proportional (as nearly as may be reasonably be) to the respective number of ordinary shares held by them, and subject thereto the allotment in any case by way of placing or otherwise of any securities not taken up in such issue or offer to such persons as the Directors may determine; and; generally, subject but, without limitation to any of the foregoing, to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to legal or practical problems (including dealing with any fractional entitlements and/or arising in respect of any overseas shareholders) under the laws of, or the requirements of any regulatory body or stock exchange in, any territory;

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 €107,186 (representing approximately 10% of the issued share capital of the Company as at 5pm on 22 June 2022),

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.

(7) That, subject to and conditional upon Resolution 5 of the Notice of AGM being passed, and without prejudice to and in addition to the power and authority conferred on the Directors by Resolution 6 of this Notice of AGM, the Directors be and are hereby further empowered pursuant to Sections 1022 and 1023(3) of the Companies Act 2014 to allot equity securities (within the meaning of Section 1023 of the Companies Act 2014) for cash pursuant to the authority to allot relevant securities conferred on the Directors by Resolution 5 of this Notice of AGM as if the said Section 1022(1) of the Companies Act 2014 did not apply to any such allotment, such power being limited to the allotment of 96,999,009 ordinary shares in the capital of the Company having an aggregate nominal value of €96,999.009 to the holders (or any nominee thereof) of the 1.5p Warrants (as described in the market announcement issued by the Company on 17 June 2022 entitled "*Proposed fundraising*") constituted by the Company on 17 June 2022 and to be issued by the Company to the relevant holders or around the date of passing of this Resolution 6, in each case

in accordance with and pursuant to the terms of a warrant instrument agreed by the Company, such power to be effective from the time of passing of this Resolution and shall expire at midnight on the date which is 12 calendar months after the date of passing this Resolution unless and to the extent that such power is renewed, revoked, or extended prior to such date but in each case, prior to its expiry the Company may make offers and/or enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) pursuant to this Resolution after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

(8) Subject to the approval of the Registrar of Companies, the name of the Company shall be changed to Barryroe Offshore Energy Public Limited Company.

Dated 23 June 2022, by order of the Board, Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18, D18 R9C7, Republic of Ireland.

Notes:

Entitlement to attend and vote

1. Pursuant to the Companies Act 2014 (as amended), 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 before the day which is 72 hours before the scheduled time of the AGM (Saturday 23 July 2022) (or in the case of an adjournment of the AGM as at 6.00 p.m. on the day immediately preceding the date which falls 72 hours 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, vote and demand or join a demand for a poll 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 notarially or by a practicing solicitor in the Republic of Ireland, must be deposited by hand at the offices of the Company's Registrar, Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland, or returned by post to Computershare Investor Services (Ireland) Ltd, PO Box 13030, Dublin 24, Ireland, in any case so as to be received no later than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof or (in the case of a poll taken otherwise than at or on the same day as the Annual General Meeting or adjourned Annual General Meeting) at least 48 hours before the taking of the poll at which it is to be used. Any alteration to the Form of Proxy must be initialed by the person who signs it.

4. In addition to the 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 by submitted by fax to +353 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.

5. To appoint more than one proxy please contact the Registrar on +353 1 477 5590. Euroclear Bank participants and CDI holders in CREST should consult the Euroclear Bank Services Description and the CREST International Manual. The Company may treat as invalid a proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act, 1990 (Uncertified Securities) Regulations, 1996.

6. 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

7. As a member, you have a number ways of exercising your vote: (a) by attending the Annual General Meeting in person; or (b) by appointing a proxy to vote on your behalf. 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.

8. The total number of issued ordinary shares on the date of this Notice of Annual General Meeting is 1,071,863,412 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.

9. 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.

10. 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.

11. 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

12. 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.

COVID-19

13. The Company will take all appropriate safety measures as the Directors may in their absolute discretion determine from time to time, and in any individual case, to be necessary or desirable at, during or prior to the AGM to ensure the safety of any attendees and others involved with it. Such measures may include, without limitation, the restriction of the number of attendees, and health and/or compliance related checks and requirements.

GLOSSARY OF TERMS

"$" or "US$" or **"U.S. Dollar"** United States Dollars, the lawful currency of the United States of America

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

"€" or **"Euro"** Euro, the lawful currency of Ireland

"°C" Degree Celsius

"°F" Degree Fahrenheit

"1C" Low estimate scenario of contingent resource

"2C" Best estimate scenario of contingent resource

"2D" Two dimensional

"3C" High estimate scenario of contingent resource

"3D" Three dimensional

"AA" Appropriate Assessment

"AAPG" American Association of Petroleum Geologists

"AGM" The Annual General Meeting of the Company to be held at The Clayton Hotel Cork City, Lapp's Quay, Cork, T12 RD6E on 27 July 2022 at 12pm, including any adjournment thereof, and notice of which is set out herein

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

"AIM" Alternative Investment Market operated by the London Stock Exchange

"API" Oil Gravity in America Petroleum Institute (API) units

"Atlantic" Atlantic Petroleum (Ireland) Limited

"AVO" Amplitude versus Offset

"B" Barrels of oil, 1 barrel = 42 U.S. gallons = 0.159 m3

"BB" Billion barrels

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

"BBO" Billion barrels of crude oil

"BBOE" Billion barrels of oil equivalent

"BCF" Billion cubic feet of gas

"BML" Below mud line

"BO" Barrels of crude oil

"Board" The Board of Directors of Providence Resources P.l.c.

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

"BOEPD" Barrels of oil equivalent per day

"BOPD" Barrels of oil per day

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

"BSCF" Billion of standard cubic feet of gas

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

"CAPEX" Capital expenditure

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

"CEPIL" Chrysaor Exploration and Production Ireland Limited

"CODM" Chief operating decision maker

"Company" Providence Resources P.l.c.

"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

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

"CRU" The Commission for Regulation of Utilities, formerly the Commission for Energy Regulation

"DAC" Designated Activity Company

"DCCAE" Department of Communications, Climate Action and Environment

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

"E&E" Exploration and Evaluation

"E&P" Exploration and Production

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

"EPA" Environmental Protection Agency

"EPS" Earnings per share

"EU IFRS" International Financial Reporting Standards as adopted by the EU

"Euronext Dublin" part of Euronext, the pan-European exchange operator

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

"Exola DAC" or **"Exola"** A wholly owned subsidiary of the Company

"Facility" Shall have the meaning ascribed thereto in the Chairman and Chief Executive's Statement in this document

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

"FCTR" Foreign currency translation reserve

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

"FID" Final Investment Decision

"FOA" Farm-out Agreement

"ft" Foot or feet

"GIIP" gas initially in place

"GIS" Geographic information system

"Group" The Company and its subsidiaries

"GSRO" Geoscience Regulation Office

"IAS" International Accounting Standards

"IOOA" Irish Offshore Operators' Association is the representative organisation for the Irish offshore oil and gas industry

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

"Jurassic" Period in Mesozoic era, 201 – 145 million years ago

"JV" Joint Venture

"KEL" PSE Kinsale Energy Limited

"km" Kilometre or kilometres

"Lansdowne" Lansdowne Celtic Sea Limited

"lb" Pound or pounds

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

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

"LSE" London Stock Exchange plc

"LTIP" Long-term incentive plan

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

"m" Meter or meters

"M&A" Merger and Acquisition

"MDBRT" Measure depth below rotary table

"Mesozoic" Era in Phanerozoic eon, 252 – 66 million years ago

"MFDevCo" Marginal Field Development Company

"MM" Million

"MMB" Million barrels

"MMBC" Million barrels of condensate

"MMBL" Million barrels of petroleum liquids; includes crude oil, condensate, and natural gas liquids

"MMBO" Million barrels of crude oil "MMBOE" Million barrels of oil equivalent "MMCF" Million cubic feet

"No." Number

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

"OPEX" Operating expenditure

"Order" Shall have the meaning ascribed thereto in the Chairman and Chief Executive's Statement in this document

"P.l.c." A public limited company

"PAD" Petroleum Affairs Division

"Palaeocene" Epoch in Paleogene period, 66 – 56 million years ago

"PIPCO RSG CLG" Petroleum Infrastructure Program, Rockall Study Group, Company Limited by Guarantee

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

"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

"PSDM" Pre-Stack Depth Migration

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

"REC" Recoverable

"Schlumberger" Schlumberger Limited

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

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

"Sosina" Sosina Exploration Limited

"SPE" Society of Petroleum Engineers

"spud" Initial penetration at commencement of drilling operations

"sq." Square

"STOIIP" Stock tank oil initially in place

"TCF" Trillion cubic feet

"Triassic" Period in Mesozoic era, 252 – 201 million years ago

"Wealden" The Wealden Group is a Lower Cretaceous lithostratigraphic group (a sequence of rock strata)

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

CORPORATE INFORMATION

Board of Directors

James Menton
(Executive Chairman), appointed 2021

Ann-Marie O'Sullivan
(Non-Executive Director), appointed 2021[1,3,4]

Andrew Mackay
(Non-Executive Director), appointed 2020[1,2,3,4]

Peter Newman
(Senior Independent Non-Executive Director), appointed 2021[1,2,3,4]

[1] Non-Executive
[2] Member Audit Committee
[3] Member Remuneration Committee
[4] Member Nomination Committee

Secretary and Registered Office

Simon Brett
Providence Resources P.l.c.
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Sandyford Business Park
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Dublin 24
D24 AK82
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Nominated Adviser

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D02 PY05
Ireland

Irish Stockbrokers

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

Principal Bankers

Allied Irish Banks PLC
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D02 W260
Ireland

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Chartered Accountants and Registered Auditors
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St. Stephen's Green
Dublin
D02 DE03
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Legal

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