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PROVIDENCE RESOURCES P.l.c.

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

Highlights

- Turnover up 30% at €1,376,000
- Profit for the year of €127,000
- Farmout agreed with ExxonMobil on Dunquin
- Spanish Point farmout programme commences in May 2006
- Drilling at Singleton leads to increased production in 2006
- New licence Interests awarded for Apollo, offshore Ireland and West Lennox and Crosby, offshore UK
- €50 Million Financing Facility put in place with Macquarie to fund acquisition of new production and / or the development of both existing and new projects

Commenting on today's results, Tony O'Reilly jnr., Chief Executive of Providence Resources P.l.c. said:

"The past year has been an exciting and busy period for Providence and has seen a number of strategic initiatives get underway. The drilling of 4 wells; the farmout of the Dunquin Prospect to ExxonMobil – the world's largest oil and gas company; the securing of a new €50 million financing facility with Macquarie; the finalization of a major development study on Spanish Point and subsequently, the opening of the data room for Spanish Point are all individually major milestones for the Company. Taken together, they demonstrate that the Company has delivered on its stated strategy of achieving a balanced and diverse portfolio of assets, whilst also increasing its daily oil production.

"The successful farmout of Dunquin, and partnering with ExxonMobil, highlights the renewed and growing interest of the significant hydrocarbon potential off Ireland's west coast. This focus on the Porcupine Basin is enormously encouraging for Ireland's hydrocarbon industry and is a very positive backdrop against which Providence has begun to market its Spanish Point Project, in which there is significant interest.

"Looking forward, the Company is planning a comprehensive programme of activity for 2006 and beyond, including the farmout of Spanish Point, seismic activity over Dunquin, further potential appraisal wells at AJE in Nigeria and possibly in the East Irish Sea, as well as a multi-well drilling programme being planned for offshore Ireland. This activity is all set against a market shaped by scarcity, geo-political pressure on domestic resources and rising commodity prices. We believe that, with Providence's balanced portfolio of Irish and UK assets and the ever-growing need for secure and reliable sources of energy, that the Company is extremely well placed to capitalize on this environment."

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FINANCIAL HIGHLIGHTS

Financial Results

Turnover for the year ended 31 December 2005 was €1,376,000 (2004: €1,051,000). All revenues for the year came from the Company's interest in the producing UK onshore Singleton oil field. In addition, revenue benefited from the higher oil price in 2005 with the average oil price per barrel at US$54 compared with US$38 in 2004.

An operating profit of €3,000 was recorded in 2005 (2004: €95,000), after deducting €479,000 for once off AIM admission costs. The profit on ordinary activities after taxation was €127,000 (2004: €165,000), reflecting the higher revenue offset by the once off AIM admission costs and lower interest receivable. Shareholders' funds increased to €21,539,000 in 2005 (2004: €17,235,000). The Company's cash balance was enhanced in 2005 by the purchase and subscription of 88.4 million warrants by Sir Anthony O'Reilly for a consideration of €3.98 million.

Financing - Macquarie

In February 2006, the Company announced a €50 million financing facility with the specialist energy bank, Macquarie Bank. This 4-year flexible revolving credit facility allows the Company to borrow up to €50 million of financing, secured on any assets to be acquired and or developed. This facility was arranged primarily to allow the Company the financial freedom to increase its daily oil (or oil equivalent) production, without recourse to shareholders. The Company has stated that it aspires to increase daily production to 2,000 bopd over the next 24 months.

AIM Listing

In June 2005, the Company's shares were admitted to the Alternative Investment Market (AIM) of the London Stock Exchange. The purpose of this listing was to increase the profile of the Company in the UK and to broaden the shareholder constituency. The Company appointed Cenkos Limited as its UK Broker whilst also retaining the services of Davys as its nominated advisor (NOMAD) and Irish Broker. The Company also retains its listing on the IEX (Irish Enterprise Exchange) of the Irish Stock Exchange.

OPERATIONAL HIGHLIGHTS

Dunquin (16% interest) - Ireland

Following months of evaluation and intense negotiations, in February 2006, the Company announced a farmout transaction in partnership with ExxonMobil, the world's largest publicly listed energy company, for its **Dunquin** Prospect in the Porcupine Basin, off the west coast of Ireland. Under the terms of the farmout agreement, ExxonMobil will earn an 80% shareholding in the prospect in return for investing in an extensive success based work programme, which provides for seismic surveys and drilling. Providence will retain a 16% interest and will be the Operator of the Phase 1 seismic programme. This programme, a 1,500km 2-D long offset seismic survey, is planned to be carried out this summer. Following this, a decision will then be taken on the next steps, including any drilling plans. The companies have also agreed an Area of Mutual Interest over the South Porcupine Basin.

Spanish Point (80% interest) - Ireland

In the Central Porcupine Basin, work on the **Spanish Point** Project has progressed considerably in the past year. A proven discovery, Spanish Point, was successfully drilled and tested in 1981 by a consortium that included a predecessor company to Providence. Due to economic circumstances and a lack of gas infrastructure in place at that time in Ireland, the project was not advanced. Some 25 years later, economic conditions and advances in infrastructure in Ireland have changed and this led Providence to apply to the Irish Government for an exploration licence. A frontier exploration licence was awarded in November 2004.

Over the past year, the Company has been carrying out an extensive pre-development programme including reservoir and development engineering with internationally recognised third party companies. These studies show that Spanish Point is an economically feasible and robust project with estimated recoverable reserves of 1.4 TSCF and 160 MMBO, with further upside potential from sands not previously tested as well as other targets previously not drilled. Providence has now prepared an extensive study on the development options for the anticipated 30-year life of this significant gas condensate field.

At the beginning of May 2006, Providence opened the Spanish Point data room for the industry to showcase all of this work as a pre-cursor to future commercial and farmout discussions. Industry interest has been significant.

Further geological investigations of the Spanish Point Field also confirm the presence of a new deeper structure not mapped previously. Adjacent to Spanish Point is the **Burren** oil discovery (Providence 80% interest), which has been re-mapped using new seismic inversion technology. The preliminary results indicate a potential substantial volume of hydrocarbons in place and the Company is now actively evaluating options for its future development, including a potential satellite development to the nearby Spanish Point Field.

DRILLING ACTIVITIES IN 2005

In 2005, the Company was involved in the drilling of 4 wells; 1 offshore in Nigeria (AJE 3); 1 offshore UK in the East Irish Sea (110/14c-6); and 2 onshore UK at Singleton (X-8x and X-9).

AJE, OML 113 (7.04% interest) - Nigeria

The AJE 3 well offshore Nigeria was the third well drilled on the **AJE** Field in OML 113, offshore Lagos, Nigeria and was spudded in August 2005. Whilst the well achieved its geological objectives, confirming the presence of both oil and gas in both target reservoir intervals, it was deep to prognosis which has prompted further seismic evaluation by the partners. The well was suspended in September and since this time, the partners have been conducting 3D seismic reprocessing to link this well result with the existing two discovery wells (AJE 1 and AJE 2), as well as identifying a potential location for the AJE 4 appraisal well. Interestingly, recent analysis of the existing wells has identified a new pay zone in the Tertiary suggesting that AJE is not only an oil play but may also contain much greater gas potential than had originally been thought. Further news is expected later in the year.

UK110/14c-6, West Lennox (10% interest) – United Kingdom

In October 2005, the Company was involved in a consortium that drilled a well on the south-west flank of the BHP Billiton operated **Lennox** Field, which is presently producing in the Liverpool Bay area of the East Irish Sea Basin. An extension of the Lennox field into the block has already been proven in the previous 110/14-1 & 110/14a-3 wells, both of which were oil discoveries. The recent 110/14c-6 well was drilled to test a seismic anomaly south and east of the existing proven oil-bearing reservoir. On completion of drilling operations, well 110/14c-6 was declared as having “tight hole” status by the Operator (CMI) and remains so. Further geological work continues in this area, including the adjacent **Crosby** Prospect (Providence 10% interest), which is estimated to contain prospective resources of 15 MMBOE.

X-8x and X-9, Singleton (20% interest) – United Kingdom

In November/December 2005, 2 wells were drilled on the onshore producing **Singleton** Field with the stated objective of increasing daily production. Both wells, X-8x and X-9, achieved their objectives and the Operator, Star Energy, announced that the drilling of the X-9 well had broken existing UK onshore drilling records. Both wells have been successfully brought on stream, increasing daily production at Singleton by about 50% in 2006.

NEW / INCREASED LICENCE INTERESTS

In addition to the Company securing a new 10% interest in Block P.099, in the Liverpool Bay area in the East Irish Sea (West Lennox and Crosby), the Company also secured a new licence interest (100%) in the **Apollo** structure in the St George's Channel area. This is adjacent to Providence's **Pegasus** and **Dionysus** prospects and Marathon's proven **Dragon** field, which extends into Providence's licence interests.

Since the year end, the Company restructured and consolidated its ownership profile in the Celtic Sea and St George's Channel licence areas by increasing its stake in all of its prospects to 95%. In Licence OML 113 in Nigeria (the AJE Field), the Company's stake was also increased from 6.3% to 7.04%.

The Company continues to actively evaluate new opportunities, both in existing areas in which we operate, as well as other areas around the world, that fit into the Company's stated strategy of having a balanced portfolio of high impact exploration, development and production assets. Further announcements in this regard are expected to be made during the year.

Singleton (20% interest) – United Kingdom

During 2005, the Singleton Field, in which the Company has a 20% interest, produced 430 BOPD, with the net production to Providence being 86 BOPD. The successful drilling of the X-8x and X-9 wells enhanced production rates, delivering incremental daily field production by approximately 50% in 2006. The success of this programme has encouraged the partners to consider further investment to increase production at this circa 74 million barrel (STOIIP) field, where less than 4 million barrels have been recovered to date. Further announcements regarding Singleton are expected during the year.

Celtic Sea and St George's Channel (95% interest) – Ireland

As is the case with a number of our assets, the higher commodity price environment allied to enhanced geological and engineering work, has allowed Providence to upgrade the economic feasibility of a number of its prospects in its Celtic Sea and St. George's Channel portfolio. This portfolio consists of a number of proven discoveries (**Hook Head**, **Ardmore**, **Helvick**, **Blackrock** and **Block 50/6-a**) as well as a number of other exploration prospects (**Pegasus**, **Dionysus**, **Glandore**) and the newest 100% licence, **Apollo**.

Various development options have been evaluated by the Company and an overall asset development programme has now been agreed. This programme consists of further long offset seismic lines to be acquired over certain fields this summer followed by a multi-well programme. Details of this multi-well programme, including any industry affiliations, are still being finalised and it is hoped to announce further details later in the year.

North Sea Assets (25% interest) – United Kingdom

Under the terms of the UK 23rd Seaward Round, the Company holds a 25% interest in **Block 210/19(p)**, which is near the Shell operated Tern Field. Providence also holds a 25% interest in **Block 9/9d**, which contains an existing small oil discovery. These fields are currently the subject of a farmout campaign being managed by the operator, Midmar.

Energy and the Environment

The Company believes that it has a role to play in addressing energy supply in an environmentally responsible manner. In addition to its ongoing exploration and development initiatives, which are carried out in accordance with all environmental rules and regulations, the Company is also a contributing player to the Irish Government sponsored initiative on new energy sources, including methane gas hydrates.

OUTLOOK

The Company is expecting a period of high activity in 2006 and beyond, the significant features of which will be: the ongoing commercial discussions on Spanish Point; the upcoming seismic programme on Dunquin with its partner ExxonMobil; the next planned steps at the AJE field in Nigeria; and a number of other portfolio enhancing measures in the UK and Ireland, including long offset seismic surveys on a number of our Irish assets. The Company is also looking to complete ongoing farmout discussions on a number of its assets as well as finalising details for a multi-well programme provisioned for the spring of 2007. The Company will also continue to evaluate production, development and exploration opportunities internationally backed by its new financing facility.

We believe that the strategy of portfolio management gives Providence shareholders a unique investment platform. Management of our balanced portfolio during the 2006/07 programme will comprise development, appraisal and high impact exploration – all designed to maximise shareholder return. This strategy, coupled with the increased commodity price environment and the ever-growing need for secure and reliable sources of energy, means that Providence shareholders can look to the future with real optimism.

Tony O'Reilly jnr.,
Chief Executive
17 May, 2006

Notes to Editors

Providence Resources Plc is an independent oil and gas exploration company listed on the AIM market in London and on Dublin's IEX market. The Company was founded in 1997, but with roots going back to 1981 when it predecessor company, Atlantic Resources Plc was formed by a group of investors led by Sir Anthony O'Reilly.

Providence's active oil and gas portfolio includes interests in Ireland (offshore), the UK (onshore and offshore) and West Africa (offshore Nigeria). Providence's portfolio is balanced between production, appraisal and exploration assets, as well as being diversified geographically.

Recent corporate announcements include Dunquin Farm-out to ExxonMobil (announced on February 13th, 2006), a €50 million Revolving Credit Finance Facility with Macquarie Bank (announced on February 2nd, 2006) and increased production at its Singleton oilfield (announced March 7th, 2006).

Comprehensive information on Providence and its oil and gas portfolio, including the AIM Admission document, Annual Report 2004 and Interim Report 2005 are all available from Providence's website at www.providenceresources.com

Glossary of technical terms used in this announcement

‘estimated recoverable reserves’	those quantities of hydrocarbons which are estimated to be commercially recoverable from discovered accumulations
‘prospective resources’	those quantities of hydrocarbons which are estimated to be potentially recoverable from undiscovered accumulations
‘TSCF ‘	trillion standard cubic feet of gas
‘MMBO’	millions of barrels of oil
‘MMBOE’	millions of barrels of oil equivalent
‘BOPD’	barrels of oil per day
‘STOIIP'	stock tank oil initially in place

PROVIDENCE RESOURCES P.l.c.

Group Profit and Loss Account
For the year ended 31 December 2005

	Audited 2005 €000	Audited 2004 €000
Turnover	1,376	1,051
Cost of sales	(316)	(316)
	--------	---------
Gross Profit	1,060	735
Operating expenses	(578)	(640)
AIM admission expenses	(479)	-
	--------	---------
Operating profit	3	95
Interest receivable and similar income	138	216
Interest payable and similar charges	(14)	(146)
	---------	--------
Profit on ordinary activities before taxation	127	165
Tax on profit on ordinary activities	-	-
	--------	---------
Profit for the financial year	127	165
	=====	=====
Earnings per ordinary share, basic and diluted (cents)	0.006	0.01
	======	======

PROVIDENCE RESOURCES P.l.c.

Group Balance Sheet as at 31 December 2005

	Audited 2005 €000	Audited 2004 €000
Fixed Assets		
Oil and gas interests	21,247	12,004
Tangible assets	59	52
	---------	-------
	21,306	12,056
	---------	-------
Current Assets		
Debtors	805	369
Cash at bank and in hand	2,992	7,284
	----------	----------
	3,797	7,653
Creditors: Amounts falling due within one year	(1,940)	(897)
	----------	--------
Net Current Assets	1,857	6,756
	----------	-------
Total Assets Less Current Liabilities	23,163	18,812
Creditors: Amount falling due after more than one year	(2)	(6)
Provision for Liabilities and Charges	(1,622)	(1,571)
	---------	-------
Net Assets	21,539	17,235
	=====	====
Capital and Reserves		
Called up share capital	13,784	13,690
Share premium	30,931	26,822
Capital conversion reserve	623	623
Profit and loss account	(24,426)	(24,553)
Foreign currency translation reserve	627	653
	---------	---------
Shareholders' Funds	21,539	17,235
	=====	======

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Group Cash Flow Statement
For the year ended 31 December 2005

	Audited 2005 €000	Audited 2004 €000
Net cash (outflow)/inflow from operating activities	(285)	244
	--------	---------
Returns on investments and servicing of finance		
Interest received	138	216
Interest paid	(2)	(6)
	--------	---------
	136	210
	--------	---------
Taxation	-	-
	--------	---------
Capital expenditure and financial investment		
Expenditure on oil and gas interests	(7,330)	(4,068)
Capitalisation of operating costs	(959)	(755)
Purchase of tangible fixed assets	(33)	(50)
	--------	---------
	(8,322)	(4,873)
	---------	--------
Net cash outflow before use of liquid resources and financing	(8,471)	(4,419)
	--------	---------
Financing		
Issue of ordinary share capital	4,203	12,351
Short term loans	-	(400)
Secured bank loans	-	(428)
Foreign exchange	(24)	(1)
	--------	---------
	4,179	11,522
	--------	---------
(Decrease)/Increase in cash	(4,292)	7,103
	=====	=====