



Providence Resources P.l.c. ("Providence" or the "Company")

## **CELTIC SEA LICENCES UPDATE**

### **DEAL CONCLUDED WITH CHALLENGER MINERALS INC.**

- **INITIAL 20% STAKE FARM-OUT**
- **OPTION FOR A FURTHER 20% FARM-OUT**

Providence, the AIM and Dublin's IEX listed oil & gas exploration and production company, announced today that it has signed a farm-out agreement with Challenger Minerals Inc. ("CMI"), a wholly owned subsidiary of GlobalSantaFe Corporation, one of the world's largest international oil & gas drilling contractors, on its Celtic Sea interests, held under Licensing Options 03/8 and 03/1, off the south coast of Ireland.

Under the terms of the agreement, Providence has agreed, subject to approval from the Irish Minister for Communications, Marine and Natural Resources and the Petroleum Affairs Division (PAD), with CMI to farm into 20% of the Celtic Sea interests in return for CMI paying 26.7% of the costs of the seismic programme in 2006. Thereafter, CMI will be responsible for 20% of all future licence, drilling and development costs. As a result of this farm-out, Providence will retain a stake of 75% in these Celtic Sea interests with its partner, Midmar Energy Limited, retaining a 5% stake.

The Celtic Sea interests (held under Licensing Options 03/8 and 03/1) contain the following discoveries: Blackrock, Ardmore, Helvick, Hook Head, and Dunmore (Block 50/6 & 7), as well as the Glandore exploration prospect. Under the terms of the agreement, CMI have been granted an option, exercisable until 31<sup>st</sup> October, 2006, to farm-in to an additional 20% stake in these interests, on the same terms as above.

Commenting on the farm-out agreement reached with CMI, Tony O'Reilly jnr., Chief Executive of Providence Resources P.l.c. said:

*"We are extremely pleased to have CMI and GlobalSantaFe involved with us on our Celtic Sea licences. A great deal of work has been carried out on these assets over the past 2 years and the involvement of CMI validates our view of the real development potential of a number of the assets in this area. After we complete our upcoming seismic programme, which is planned to commence in the very near future, the parties will then decide on the next steps for future drilling and development."*

*Chuck Hauf, President of Challenger Minerals Inc. added:*

*“CMI is excited to be working with Providence on the broad array of assets contained within these blocks. We are working in conjunction with Providence to assess multiple development opportunities at a time of robust commodity prices. The completion of the seismic survey is a necessary step in the final evaluation process before we can commence appraisal drilling”.*

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## **Notes to Editors:**

### **About Providence**

*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 its 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;*

- *Completion of Dunquin Seismic (announced on August 8<sup>th</sup>, 2006)*
- *Annual General Meeting Statement (announced on June 20<sup>th</sup>, 2006)*
- *Annual Results (announced on May 17<sup>th</sup>, 2006)*
- *Dunquin Farm-out to ExxonMobil (announced on February 13<sup>th</sup>, 2006)*
- *€50 million Revolving Credit Finance Facility with Macquarie (announced on February 2<sup>nd</sup>, 2006)*
- *and increased production at its Singleton oilfield (announced March 7<sup>th</sup>, 2006).*

*Comprehensive information on Providence and its oil and gas portfolio, including its 2005 AIM Admission document, 2005 Annual Report, Interim Report 2005 and recent press releases are available from Providence's website at [www.providenceresources.com](http://www.providenceresources.com)*

### **About CMI**

*Challenger Minerals Inc. (CMI), is a wholly owned subsidiary of GlobalSantaFe Corporation (GSF:NYSE). Founded in 1972, CMI has an active oil and gas portfolio in the Gulf of Mexico and North Sea and is currently engaged in other international activities.*

### **Celtic Sea Licences**

*Licensing Option 03/8 (Providence 95% interest; Midmar Energy Ltd 5%) refers to the following block numbers:*

*Part blocks 49/8, 49/9, 49/13, 49/14 ('Helvick field and Helvick area')*

*Part blocks 49/13, 49/14, 49/18, 49/19 ('Ardmore')*

*Part block 50/11 ('Hook Head')*

*Part blocks 50/6, 50/7 ('Dunmore')*

*Part blocks 50/8, 50/9 ('Glandore')*

*Licensing Option 03/1 (Providence 95% interest; Midmar Energy Ltd 5%) refers to the following block numbers:*

*Block 49/26, Part blocks 48/29, 48/30, 49/22, 49/23, 49/27, 49/28 ('Blackrock')*

# Map showing Licence Options 03/8 and 03/1, Celtic Sea

