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## **CHRYSAOR EXERCISES SPANISH POINT DRILLING OPTION**

- Chrysaor to increase Spanish Point equity to 60% in return for the drilling of up to two appraisal wells on the Spanish Point discovery
- Chrysaor to assume the management of the drilling programme with immediate effect
- Well planning operations and rig procurement for a planned 2012 drilling programme will now commence

Providence Resources P.l.c. ("Providence"), the Irish oil and gas exploration and production company, whose shares are listed in London (AIM) and Dublin (ESM), has been formally notified by its partner, Chrysaor E&P Ireland Limited ("Chrysaor"), that subject to Ministerial approval, Chrysaor is exercising its pre-agreed option to increase its equity stake in the Spanish Point area (Frontier Exploration Licence ("FEL") 2/04) and adjacent licence (FEL 4/08). These licences are located in the Main Porcupine Basin, c. 200 km off the west coast of Ireland and are situated in c. 400 metre water depth. Providence operates both licences on behalf of partners Chrysaor and Sosina Exploration Limited ("Sosina").

Under the terms of the 2008 farm-out agreement, Chrysaor have now confirmed that following analysis of the 2009 3D seismic data, they have elected to exercise their option to drill up to two appraisal wells on the Spanish Point discovery. In return for committing to such a significant work programme, Chrysaor will double its equity participation in FEL 2/04 and FEL4/08 from 30% to 60% and assume the drilling management role for the Spanish Point programme. As a result, Providence's equity will decrease from 56% to 32% with Sosina's equity reducing from 14% to 8%. As part of the option, there will be a cap on Providence's and Sosina's financial exposure to the drilling.

The partnership has already high-graded the primary appraisal well location and planning will now commence for the Spanish Point well programme together with the sourcing of a suitable rig for a planned 2012 programme.

Commenting, Tony O'Reilly, Chief Executive Officer of Providence said:

“The exercise of this option by Chrysaor is further validation of the significant potential of the Spanish Point Project and adjacent acreage. We look forward to working with Chrysaor and Sosina on this appraisal drilling, which forms part of Providence’s previously announced multi-year, multi-basin Irish drilling programme.”

Phil Kirk, Chief Executive of Chrysaor said:

“We’re very pleased with how our partnership with Providence and Sosina is working and hope the success the group has had over the last few years will be mirrored in the future as we more fully appraise Spanish Point and move towards a development project.”

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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 ESM market. Providence's active oil and gas portfolio includes interests in Ireland (offshore), the United Kingdom (onshore and offshore), the United States (offshore) and West Africa (offshore Nigeria).

On February 16<sup>th</sup>, 2011, Providence announced the placing of 16.096 million new ordinary shares to raise \$65.7 million in support of its planned multi-year, multi-well drilling campaign to cover the six basins in which the Company has licence interests offshore Ireland. As part of this programme, plans are being advanced for the drilling of an appraisal well at Spanish Point. Comprehensive information on Providence and its oil and gas portfolio, including all press releases, annual reports and interim reports are available from Providence's website at [www.providenceresources.com](http://www.providenceresources.com).

### ABOUT CHRYSAOR

Chrysaor is a wholly-owned operating subsidiary of Chrysaor Holdings Limited ("CHL"), a privately-owned exploration and production company backed by Barclays Natural Resources Investments ("BNRI") and a fund managed by Natural Gas Partners. BNRI is a division of Barclays Capital, the investment banking division of Barclays Bank plc.

CHL seeks to create value by focussing on the development and commercialisation of dormant oil and gas discoveries and incremental reserves. It has an experienced management team, with a proven track record of delivering real value in both public and private companies latterly as part of the CH4 Energy Limited, which was sold to Venture Production plc in 2006. Further information on CHL is available from CHL's website at [www.chrysaor.com](http://www.chrysaor.com).

In 2008, Providence and Sosina agreed a farm out with Chrysaor which provided for Chrysaor to conduct a significant appraisal work programme on the Spanish Point discovery in return for a 30% interest in Spanish Point. Chrysaor then had an option to earn a further 30% in the event it elected to drill an appraisal well on Spanish Point, with a further 10% equity being made available post drilling for a cash consideration.

### ABOUT SPANISH POINT

The Spanish Point gas condensate discovery was made by Philips Petroleum in 1981 with the drilling of the 35/8-2 well. Oil and gas were discovered in Upper Jurassic Volgian sands with one zone flowing at c. 5 MMSCFD and c. 1000 BOPD (c. 1800 BOEPD). The discovery was not appraised due to lack of gas infrastructure and market in Ireland at the time. In 2004, Providence/Sosina licensed the discovery and following in depth subsurface and pre-development studies, Chrysaor farmed in during 2008 by agreeing to fund a c. 300 sq km 3D seismic survey which was acquired in 2009. Evaluation of these data has confirmed a resource level of up to c. 510 MMBOE with c. 200 MMBOE recoverable. Peak production rates have been modelled at over 70,000 BOEPD and planning has commenced for an appraisal drilling programme. On February 22<sup>nd</sup>, 2011, the Spanish Point partners announced that they had agreed to enter the second phase on FEL 2/04 licence, which requires a commitment to drill a well.

### GLOSSARY OF TERMS USED

All figures quoted are gross figures, unless otherwise stated

BOPD Barrels of Oil per Day

BOEPD Barrels of Oil Equivalent per Day

MMBOE Millions of Barrels of Oil

MMSCFD Millions of Cubic Feet of Gas per Day

### ANNOUNCEMENT

This announcement has been reviewed by John O'Sullivan, Technical Director, Providence Resources P.l.c. John holds a B.Sc. in Geology from University College Cork, Ireland, an M.Sc. in Applied Geophysics from the National University of Ireland, Galway and a M.Sc. in Technology Management from The Smurfit School of Business at University College Dublin. John is presently working part-time on a PhD dissertation at Trinity College, Dublin. John has worked in the offshore business for 20 years and is a fellow of the Geological Society of London and the Petroleum Exploration Society of Great Britain. Definitions in this press release are consistent with SPE guidelines.