
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to obtain your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser (being in the case of Shareholders resident in Ireland, an organisation or firm authorised or exempted pursuant to the Investment Intermediaries Act 1995 of Ireland or the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) and, in the case of Shareholders resident in the United Kingdom, an organisation or firm authorised under the Financial Services and Markets Act 2000 of the United Kingdom).

If you have sold or otherwise transferred all of your Ordinary Shares in Providence Resources P.I.c., please send this document together with the accompanying Form of Proxy at once to the relevant transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected, for transmission to the relevant transferee.



PROVIDENCE RESOURCES P.I.c.

(Registered in Ireland with registered number 268662)

PROPOSED REDUCTION OF SHARE CAPITAL PROPOSED DIS-APPLICATION OF PRE-EMPTION RIGHTS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Your attention is drawn to the letter from the Chairman of Providence Resources P.I.c. set out on pages 4 to 5 of this document which recommends you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.

The Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Notice of an Extraordinary General Meeting of Providence Resources P.I.c. to be held at The Westbury Hotel, Grafton Street, Dublin 2, Ireland on 6 November 2008 at 11.00am, is set out at the end of this document.

The Form of Proxy for use at the Extraordinary General Meeting accompanies this document and, to be valid, must be completed, signed and returned in accordance with the instructions thereon and received by the Registrars, Capita Corporate Registrars plc., at P.O. Box 7117, Dublin 2, Ireland (if delivered by post) or at Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland (if delivered by hand) as soon as possible but, in any event so as to be received by not later than 11.00am on 4 November 2008. The completion and return of the Form of Proxy will not preclude Shareholders from attending the Extraordinary General Meeting and voting in person should they wish to do so.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy in respect of EGM	11.00am on 4 November, 2008
Extraordinary General Meeting	11.00am on 6 November, 2008

DEFINITIONS

“1983 Act”	the Companies (Amendment) Act, 1983;
“Act”	the Companies Act 1963, as amended;
“Articles of Association”	the articles of association of the Company;
“Board” or “Directors”	the directors of the Company, whose names appear on page 4 of this document;
“Bondholders”	holders of the Bonds;
“Convertible Bonds” or “Bonds”	the convertible bonds in principal amount of €42,000,000 due in 2012 of Providence Resources P.I.c. issued by the Company on 29 July 2008;
“Deferred Shares”	deferred shares of nominal value €0.011 each, which shares carry no entitlement to dividend or other distribution, no entitlement to receive notice of or vote at general meetings of the Company and have limited rights to any proceeds on a return of capital or winding up of the Company;
“Existing Issued Share Capital”	2,485,421,492 Ordinary Shares in issue as at 7 October 2008 (being the latest practicable date prior to publication of this document);
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 11.00am on 6 November, 2008 at The Westbury Hotel, Grafton Street, Dublin 2, Ireland, notice of which is set out at the end of this document, or any reconvened meeting following any adjournment thereof;
“Form of Proxy”	the enclosed form of proxy for use by Shareholders in connection with the Extraordinary General Meeting;
“Group” or “Providence Group”	Providence and its subsidiaries (as defined in the Act) from time to time;
“High Court”	the High Court of Ireland;
“Ireland”	Ireland, excluding Northern Ireland, and the word “Irish” shall be construed accordingly;
“Notice”	the notice of the EGM set out at the end of this document;
“Ordinary Shares”	Ordinary Shares of nominal value €0.001 each in the capital of the Company;
“Providence” or “the Company”	Providence Resources P.I.c.;
“Reduction of Capital” or “Reduction”	the proposed reduction of the share capital of the Company pursuant to Resolution 1;
“Registrars”	Capita Corporate Registrars plc;
“Resolutions”	the resolutions to be proposed at the EGM, which are set out in full in the Notice;
“Shareholders” or “Providence Shareholders”	the holders of the Existing Issued Ordinary Shares;
“Share Options” or “Options”	options granted pursuant to the terms of the Share Option Schemes;
“Share Option Schemes”	the 1997 Share Option Scheme and the 2005 Share Option Scheme of the Company;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland.

Notes:

References in this document to:

- (1) “£” and “p” are to pounds and pence sterling;
- (2) “€” and “cents” are to euro, the lawful currency of Ireland pursuant to the provisions of the Economic and Monetary Union Act, 1998; and
- (3) “\$” and “US\$” are to US dollars.

Unless otherwise stated in this document all references to statutes or other forms of legislation shall refer to statutes or forms of legislation of Ireland. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

PART I – LETTER FROM THE CHAIRMAN OF PROVIDENCE



(Registered in Ireland with registered number 268662)

Directors:

Dr. Brian Hillery, Chairman
Tony O'Reilly, Chief Executive
Philip O'Quigley, Finance Director
Peter Kidney, Non-Executive Director
Dr Philip Nolan, Non-Executive Director
James S.D. McCarthy, Non-Executive Director
Lex Gamble, Non-Executive Director (USA)

Head and Registered Office:
Airfield House
Airfield Park
Donnybrook
Dublin 4
Ireland

7 October 2008

To Shareholders and, for information only, to Optionholders

PROPOSED REDUCTION OF CAPITAL PROPOSED DIS-APPLICATION OF PRE-EMPTION RIGHTS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Dear Shareholder,

INTRODUCTION

I am writing to you to explain both the proposed reduction of the Company's share capital and the proposed dis-application of pre-emption rights.

Based on the audited balance sheet of the Company as at 31 December 2007, the deficit on the profit and loss account of the Company was €42,535,000. The Reduction of Capital, if approved by Shareholders and the High Court, will reduce the deficit on the profit and loss account of the Company thereby increasing the financial flexibility of the Group.

The Convertible Bonds were issued on 29 July 2008 to raise €42,000,000 before expenses. Pre-emption rights under Section 23 of the 1983 Act were dis-applied at the Annual General Meeting of the Company held on 24 June 2008 in respect, inter alia, of the issue of Ordinary Shares having a nominal amount not exceeding in aggregate €495,084, such amount corresponding to 20% of the issued ordinary share capital of the Company at that time ("Dis-application Authority"). The issue of the Convertible Bonds has resulted in the utilisation of a significant portion of the Dis-application Authority. It is therefore proposed to replace the Dis-application Authority in order to enable the issue of further Ordinary Shares, subject to certain limitations, without reference to the pre-emption requirements of Section 23 of the 1983 Act.

The purpose of this document is to provide further information on the Reduction and on the proposed dis-application of pre-emption rights, and to convene an Extraordinary General Meeting at which Shareholder approval thereto will be sought.

THE REDUCTION OF CAPITAL

The Annual Accounts of the Company for the year ended 31 December 2007 show a deficit on the profit and loss account of the Company as at 31 December 2007 of €42,535,000 and a balance of €55,239,000 standing to the credit of the Company's share premium account.

In order to reduce the deficit on the profit and loss account of the Company, Shareholders are being asked to authorise, subject to confirmation by the High Court, a capital reduction.

The proposed reduction of capital will reduce the balance on the share premium account and the deficit on the profit and loss account by an equivalent amount. Reducing the deficit in the profit and loss account in this manner will increase the financial flexibility of Providence.

Subject to the passing of Resolution 1 the Board will determine the amount by which the capital of the Company shall be reduced, up to a maximum of the lesser of (i) €55,239,000 being, as at the date of the balance sheet of 31 December 2007 the amount standing to the credit of the Company's share premium account; (ii) the amount standing to the credit of the Company's share premium account as at the date application is made to the High Court of Ireland to approve the reduction and (iii) the

amount of the deficit (if any) in the profit and loss account of the Company as derived from the audited balance sheet of the Company as at 31 December 2008. The reduction is subject to approval of the High Court.

The Board shall not make a determination on the amount by which the capital should be reduced until the audited accounts of the Company as at 31 December 2008 have been finalised. This will allow the Company to take full account of the financial impact on all its activities throughout the whole of 2008.

Your Board believes, therefore, that the Reduction of Capital is a progressive step forward for both Shareholders and the Company by restructuring the balance sheet so that it reflects the reality of the Company's financial and trading position.

THE DIS-APPLICATION OF PRE-EMPTION RIGHTS

In July 2008 the Company successfully raised €42,000,000 pursuant to an institutional placing of Convertible Bonds. These funds were raised for, and applied to, the procurement of the rig in respect of Providence's recent drilling programme in the Celtic Sea, and to fund certain potential new projects in the Gulf of Mexico.

The Convertible Bonds mature on 29 July 2012, if not previously redeemed or converted and pay a coupon of 12% per annum semi-annually in arrears. The Convertible Bonds can be converted at the option of the Bondholder during the period commenced 29 September, 2008 and ending on the tenth banking day prior to maturity being 29 July 2012. The conversion price is €0.10 and, accordingly, the maximum number of Ordinary Shares which would be required to be issued under the Convertible Bonds is 420,000,000. This represents approximately 17% of the Existing Issued Share Capital of the Company, and would represent approximately 14% of the enlarged issued share capital in the event that all Bonds were converted.

The issue of the Convertible Bonds has resulted in the utilisation of a significant portion of the Dis-application Authority.

Resolution 2 proposes the dis-application of pre-emption rights in accordance with Section 24 of the 1983 Act in respect of, inter alia, Ordinary Shares having a nominal amount not exceeding €497,084, such amount corresponding, as at 7 October 2008, to 20% of the Existing Issued Share Capital.

EXTRAORDINARY GENERAL MEETING

In order to approve the Reduction and the dis-application of pre-emption rights, described above, the Extraordinary General Meeting has been convened, at which Shareholder approval will be sought for the Resolutions. A notice convening this meeting, to be held at The Westbury Hotel, Grafton Street, Dublin 2, Ireland, at 11.00am on 6 November 2008 at which the Resolutions will be proposed, is set out at the end of this document.

Resolution 1 is a special resolution to permit the Company pursuant to Article 46 of the Articles of Association and in accordance with section 72 of the Companies Act 1963, as amended, to reduce its share capital subject to confirmation by the High Court of Ireland.

Resolution 2 is a special resolution to dis-apply pre-emption rights in accordance with section 24 of the 1983 Act in respect of, inter alia, 20% of the Existing Ordinary Share Capital, such authority to expire on the earlier of fifteen months from the date of the EGM and the conclusion of the next Annual General Meeting of the Company unless previously renewed, varied or revoked by the Company in general meeting.

ACTION TO BE TAKEN

You will find enclosed with this document a Form of Proxy for use at the EGM. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon and to return it as soon as possible and, in any event, so as to be received by the Registrars, Capita Corporate Registrars plc, at P.O. Box 7117, Dublin 2, Ireland (if delivered by post) or to Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland (if delivered by hand) by not later than 11.00am on 4 November 2008. Completion and return of the Form of Proxy will not preclude you from attending and voting at the EGM in person if you so wish.

FURTHER INFORMATION

Your attention is drawn to the further information set out in Part II of this document.

RECOMMENDATION

The Directors believe that the proposals relating to the Reduction and the dis-application of pre-emption rights as described above, are in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as the Directors intend to do in respect of their own beneficial holdings which amount to 26,709,697 Ordinary Shares, representing approximately 1.07% of the Existing Issued Share Capital.

Yours faithfully,

Brian Hillery
Chairman

PART II – ADDITIONAL INFORMATION

(1) Directors

The Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

(2) Providence Resources P.l.c.

Providence is an international upstream oil and gas company with a portfolio of assets, including production and exploration acreage, in Ireland (offshore), the UK (onshore and offshore), the US (onshore and offshore) and Africa (offshore Nigeria).

The Company was incorporated in Ireland under the Irish Companies Acts 1963 to 1990 as a public limited company on 5 July 1997 with registered number 268662. On 1 September 1997 a certificate to commence trading was issued to the Company by the Registrar of Companies in Ireland.

The Company's head and registered office is at Airfield House, Airfield Park, Donnybrook, Dublin 4, Ireland.

(3) Share Capital

The following table sets out the authorised and issued fully paid share capital of the Company as at 7 October 2008 (the latest practicable date prior to the publication of this document) and the authorised and issued fully paid share capital as it will be following the Reduction of Capital.

	Nominal Value €	Currently Number	Following Reduction of Capital Nominal Value €	Number
Authorised Share Capital				
Ordinary Shares of €0.001	12,313,136.00	12,313,136,207	12,313,136.00	12,313,136,207
Deferred Shares of €0.011	11,686,864.00	1,062,442,163	11,686,864.00	1,062,442,163
Allotted, called up and fully paid				
Ordinary Shares of €0.001	2,485,421.49	2,485,421,492	2,485,421.49	2,485,421,492
Deferred Shares of €0.011	11,686,864.00	1,062,442,163	11,686,864.00	1,062,442,163

(4) Convertible Bonds

On 29 July 2008, Providence announced the placing of convertible bonds with institutional investors to raise €42,000,000 before expenses. The funds raised from the bond issue were used to fund the recent drilling programme of certain of the Company's Celtic Sea projects and will be used to fund certain potential new projects in the Gulf of Mexico.

The Bonds, denominated in units of €100,000 each, pay a coupon of 12% per annum, payable semi-annually in arrears, and mature on 29 July 2012, at which time all outstanding Bonds will be redeemed, on the basis of repayment of the principal value of the Bonds, plus all accrued and unpaid interest. At the election of the holder of a Bond, the Bonds are convertible into Ordinary Shares at a conversion price of €0.10 per Ordinary Share at any time on or after 29 September 2008

(5) Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Matheson Ormsby Prentice, 70 Sir John Rogerson's Quay, Dublin 2, Ireland and Matheson Ormsby Prentice, Third Floor, Pinnacle House, 23 – 26 St. Dunstan's Hill, London EC3R 8HN, United Kingdom, during usual business hours, on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to and including 6 November 2008:

- (a) the Articles of Association of the Company;
- (b) the rules of the Share Option Schemes; and
- (c) this document.

Dated 7 October 2008

NOTICE OF EXTRAORDINARY GENERAL MEETING

Providence Resources P.I.c.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at The Westbury Hotel, Grafton Street, Dublin 2, Ireland on 6 November 2008 at 11.00am for the purpose of considering and, if thought fit, passing the following Resolutions:

Special Resolution

(1) That, subject to confirmation of the High Court of Ireland, pursuant to section 72 of the Companies Act 1963, the capital of the Company be reduced by applying an amount determined by the Board of Directors of the Company (the "Amount") against the Company's accumulated losses in the profit and loss account by reducing the amount standing to credit of the share premium account of the Company by the Amount or by such lesser amount as the High Court of Ireland may deem just and equitable provided that such Amount shall not exceed the lesser of (i) €55,239,000, (ii) the amount standing to credit of the Company's share premium account as at the date application is made to the High Court of Ireland to approve the Reduction; and (iii) the amount of the deficit (if any) in the profit and loss account of the Company as derived from the audited balance sheet of the Company as at 31 December 2008.

Special Resolution

(2) That the authority granted to the Directors by way of special resolution passed at the Annual General Meeting of the Company on 24 June 2008 pursuant to section 24 of the Companies (Amendment) Act 1983 ("the 1983 Act") to allot and issue equity securities (within the meaning of section 23 of the 1983 Act) for cash as if the restrictions in sub-section (1) of Section 23 did not apply to any such allotment is revoked with effect from the conclusion of this Extraordinary General Meeting save that the Company may before such revocation make an offer or agreement which would or might require equity securities to be allotted or issued after such revocation and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired; and that the Directors be and they are hereby empowered pursuant to Section 24 of the 1983 Act to allot equity securities (within the meaning of Section 23 of the 1983 Act) for cash pursuant to the authority conferred on them pursuant to Section 20 of the 1983 Act by resolution of the Shareholders passed on 24 June 2008 as if the restrictions in sub-section (1) of Section 23 did not apply to any such allotment, provided however; that the power hereby conferred shall be limited to:

- (i) the allotment of equity securities in connection with or pursuant to any offer of equity securities open for a period fixed by the Directors, by way of rights issue, open offer or otherwise (an "Offering") to the holders of ordinary shares and/or any other persons entitled to participate therein (including without limitation any holders of options under the Company's share option scheme(s) for the time being) in proportion (as nearly as may be) to their respective holdings of ordinary shares (or, as appropriate, the number of ordinary shares which such other persons are for the purposes of such Offering deemed to hold) on a record date fixed by the Directors (whether before or after the date of this meeting) and subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any legal or practical problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in relation to fractional entitlements or otherwise howsoever;
- (ii) pursuant to the terms of any scheme for Directors and/or employees etc. of the Company and/or its subsidiaries;
- (iii) the allotment of equity securities, in connection with any Offering, in favour of the holders of warrants to subscribe for Ordinary Shares in the Company issued pursuant to the Warrant Instruments dated 13 April 2006 and 14 May 2008 ("Warrants") who shall be entitled to participate in any such Offering as if they held on the relevant record date for such Offering, the number of Ordinary Shares into which the Warrants they hold on such date are capable of converting; and
- (iv) otherwise than pursuant to sub-paragraphs (i) to (iii) above, having, in the case of equity securities (as defined in Section 23 of the 1983 Act), a nominal amount or, in the case of any other equity securities, giving the right to subscribe for or convert into relevant shares, having a nominal amount, not exceeding in aggregate €497,084 (corresponding to 20%) of the issued Ordinary Share Capital of the Company,

provided in each case the power shall, unless revoked or renewed in accordance with the provisions of Section 24 of the 1983 Act, 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 in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Michael Graham
Secretary

Dated this 7th day of October 2008

Registered Office:
Providence Resources P.I.c.
Airfield House
Airfield Park
Donnybrook
Dublin 4
Ireland

NOTICE OF EXTRAORDINARY GENERAL MEETING (CONTINUED)

Notes

A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. The appointment of a proxy does not preclude a member from attending and voting at the meeting should he/she so wish.

A Form of Proxy for use at the EGM is enclosed. To be effective, the Form of Proxy, together with any Power of Attorney or other authority under which it is executed, or a notarially certified copy thereof, must be completed and reach the Company's Registrars, Capita Corporate Registrars plc, P.O. Box 7117, Dublin 2, Ireland (if delivered by post) or Capita Corporate Registrars plc Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland (if delivered by hand) not less than 48 hours before the time for the holding of the Meeting.

The Form of Proxy must (i) in the case of an individual member be signed by the member or his/her attorney duly authorised in writing; or (ii) in the case of a body corporate be given either under its common seal or signed on its behalf by its duly authorised officer or attorney.

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 joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

Only those Shareholders on the register of members of the Company as at 6.00pm on 4 November 2008 will be entitled to attend and vote at the Extraordinary General Meeting and may also only vote in respect of the number of shares registered in their name at that time.