

18 August 2008



PROVIDENCE AND STAR ENERGY COMMENCE 'ULYSSES' PROJECT

- **PROJECT TO ASSESS CARBON SEQUESTRATION AND NATURAL GAS STORAGE POTENTIAL OF THE KISH BANK BASIN, OFFSHORE DUBLIN**

Providence Resources P.l.c., ('Providence') the Irish oil and gas production and development company, whose shares are listed in London (AIM) and Dublin (IEX), is pleased to announce the commencement of the "ULYSSES Project", a study to evaluate the carbon sequestration and natural gas storage potential of the Kish Bank Basin, offshore Ireland. The study is being carried out on a 50/50 joint venture basis with Star Energy Group plc ('Star Energy'), which is a wholly-owned subsidiary of Petronas, the Malaysian National Oil Company. Star Energy is a leading UK gas storage company, with gas storage developments both onshore and offshore United Kingdom and Western Europe.

Providence and Star Energy were recently awarded a three year Licensing Option over eight blocks in the Kish Bank Basin by the Irish Government Department of Energy, Communications & Natural Resources. The agreed work programme will focus on the oil and gas exploration potential of the basin while the ULYSSES Project will specifically assess the potential for underground saline reservoirs in the Kish Bank Basin to be used as sites for CO₂ sequestration as well as natural gas storage.

Speaking today, Tony O'Reilly, Chief Executive of Providence, said:

"Providence has been evaluating various gas storage opportunities together with Star Energy since both companies entered into the Irish Gas Storage Memorandum of Understanding (MOU), as part of the Singleton transaction which was completed in 2007. The ULYSSES Project is the first of these opportunities that Providence and Star Energy have agreed to proceed with and is particularly exciting for Providence given its proximity to the city of Dublin, with its large carbon footprint.

We look forward to working with the Star Energy, the leading UK gas storage player, in evaluating the potential of this project. If successful, we hope that the ULYSSES Project may contribute to reducing Ireland's carbon footprint as well as possibly increasing its natural gas storage capacity, both of which have been identified by the Irish Government as strategic national energy objectives."

Speaking today, Roland Wessel, Chief Executive of Star Energy, said:

'We are excited to be working with Providence on the ULYSSES Project which has the potential to be the first successful offshore carbon sequestration project in both Ireland and the United Kingdom.'

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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 United Kingdom (onshore and offshore), the United States (offshore) and West Africa (offshore, Nigeria). Providence's portfolio is balanced between production, appraisal and exploration assets, as well as being diversified geographically.

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.

About Star Energy Group plc

Star Energy Group plc is an energy company with a primary focus on gas storage development. Founded in 1999, Star Energy is the UK's second largest onshore oil producer and one of the main developers of underground gas storage using depleted oil and gas reservoirs. Star Energy employs over 150 people and has a turnover in excess of £50 million per annum. In early 2008, Petronas International Corporation Limited, a subsidiary of Petronas, acquired 100% of Star Energy. Petronas, wholly-owned by the Malaysian government, is a fully-integrated oil and gas corporation and is ranked among FORTUNE Global 500's largest corporations in the world.

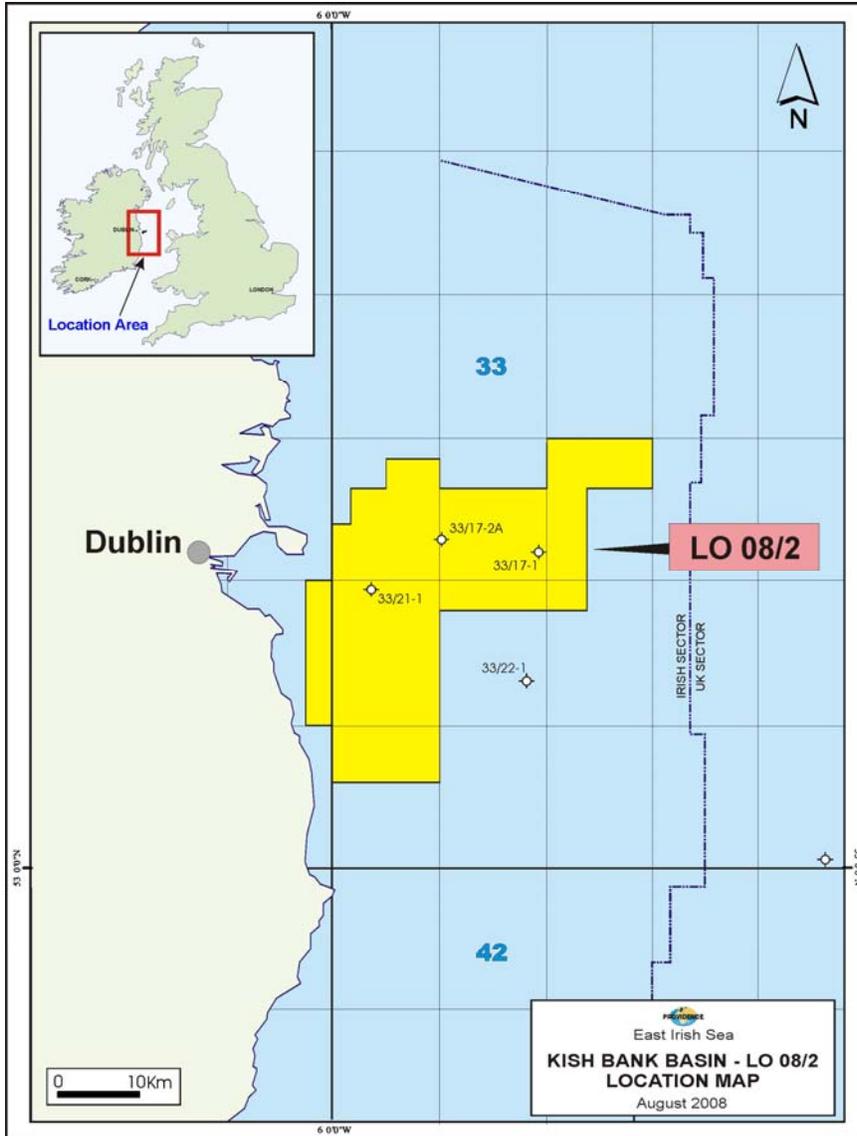
About the ULYSSES Project

The **Undersea Large-scale Saline Sequestration and Enhanced Storage** (or ULYSSES) Project has been designed to assess the potential use of Triassic aged saline sandstone reservoir sequences as possible sites for carbon sequestration. The presence of saline reservoirs which are located c. 1.5 km below the seabed together with overlying sealing shale has been demonstrated in a number of oil and gas exploration wells which have been drilled in the Kish Bank Basin over the past c. 30 years. The project area is located approximately 20 km offshore Dublin.

A similar offshore saline reservoir CO₂ sequestration project known as Sleipner has been successfully operated in the Norwegian North Sea by StatoilHydro since 1996. This project was designed to offset carbon tax liabilities estimated to be c. US\$50 million/year. StatoilHydro recently (April 2008) reported that it had to date sequestered 10 million tonnes of carbon dioxide since project start-up. Other partners in the Sleipner Project include ExxonMobil and Total.

Marathon Oil operates Ireland's only gas storage facility at the SW Kinsale Head field, offshore Cork. This facility which has been operational since 2001 has a storage capacity of 5-7 BSCF. The latest Irish Governmental Green Paper on Energy recommends that Ireland should have at least 3 months of reserve/ storage capacity which equates to c. 45 BSCF. In this regard, Providence and Star are also planning to evaluate other saline offshore reservoirs in terms of their conventional natural gas storage potential.

Map of Awarded Licensing Application Area



This announcement has been reviewed by John O'Sullivan, Exploration Manager, 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 19 years and is a fellow of the Geological Society of London and member of the Energy Institute. Definitions in this press release are consistent with SPE guidelines.