



PROVIDENCE EXERCISES OPTION TO ACQUIRE 40% OF KINSALE HEAD ASSETS FROM PETRONAS

- **KINSALE HEAD ASSETS INCLUDE IRELAND'S SOLE PRODUCING GAS FIELD COMPLEX AND OPERATING GAS STORAGE FACILITY**

Providence Resources P.l.c. ('Providence'), the AIM and IEX listed exploration and production company, is pleased to announce that, further to its announcement of 16th June 2009, its wholly owned subsidiary, EIRGAS Limited ('EIRGAS'), has exercised its option (the "Option") to acquire a 40% interest in the 100% operated Kinsale Head Area comprising the Kinsale Head, South West Kinsale and Ballycotton gas fields from Labuan Energy Corporation Limited, a wholly owned subsidiary of PETRONAS International Corporation Ltd. ('PICL'). As part of the same transaction, EIRGAS has also exercised the option to acquire a 40% interest in the 86.5% operated adjacent producing Seven Heads gas field ("Seven Heads"). EIRGAS is a special purpose vehicle established by Providence to invest in gas production, storage and trading opportunities offshore Ireland and in the United Kingdom. PICL is a wholly-owned overseas investment arm of Petroliaam Nasional Berhad ('PETRONAS'), the national oil company of Malaysia.

Under the terms of the Option Agreement, which was originally entered into on June 15th 2009, EIRGAS will purchase its stakes in the Kinsale Head Area assets on the same pro-rata terms by which PETRONAS acquired its stake from Marathon Oil Corporation in April 2009. That transaction had a total value of US\$ 180 million, with an effective date of 1st January 2008. In conjunction with the formal notification of its exercise of the Option, Providence has made an initial cash payment of \$3.8 million to PETRONAS with the balance due at Closing.

The Closing of this transaction is subject to Irish regulatory approval and is expected to be completed by no later than the end of Q1 2010. It is planned that the financing for the balance of the transaction will be met through existing cash resources and banking facilities.

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

"This transaction allows Providence to capitalise on our extensive operational experience offshore Ireland in combination with PETRONAS' proven track record in gas production, storage and trading. Upon completion, not only will Providence's attributable daily production double to over 4,000 BOEPD, but we will also gain exposure to existing and new gas storage and trading opportunities, which we see as a huge potential future growth area for the Company. Additionally, the deal also provides EIRGAS with an opportunity to potentially monetise gas from some of Providence's adjacent gas discoveries in the Celtic Sea, as well as from third party fields."

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EXPLANATORY NOTES

About EIRGAS Limited

EIRGAS Limited is a special purpose vehicle established to invest in gas production and gas storage opportunities offshore Ireland and the United Kingdom. EIRGAS is owned 100% by Providence.

About PETRONAS

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 Transaction

On June 16th, 2009 Providence announced that its wholly owned subsidiary EIRGAS Limited had secured a 3 month Option to acquire 40% of the Kinsale Head assets from PETRONAS, which PETRONAS had in turn acquired from Marathon on April 17th, 2009 for a gross consideration of US \$180 million (with an effective date of January 1st, 2008). The assets acquired comprise Kinsale Head, South West Kinsale and the Ballycotton gas fields, an 86.5 % interest in the gas producing Seven Heads field, which is tied back to Kinsale, and a 100 % interest in the company's gas storage and trading business with current capacity of 8 BCF. Net production from these operations averaged approximately 30 MMCFGD of natural gas for the first quarter of 2009. Marathon's total net risked resource associated with these assets as of the end of 2007 was 62 BCF, of which 46.2 BCF, or 7.7 million BOE, were net proved reserves. 3P reserves were stated at 73.6 BCF. In 2008, the Kinsale Head Area assets generated revenues of \$154.8 million and net profits of \$50.7 million.

About Providence

Providence Resources Plc is an independent oil and gas exploration and production 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, the United Kingdom, the United States (Gulf of Mexico) and West Africa (Nigeria). Providence's portfolio is balanced between production, appraisal and exploration assets, as well as being diversified geographically.

Further information on Providence and its oil and gas portfolio, including Annual Reports are available from Providence's website at www.providenceresources.com

Providence - Celtic Sea Area Assets

In addition to the gas production and storage assets* being acquired at Kinsale Head, Providence also has an interest in a further 10 prospects in the Celtic Sea/NE Celtic Sea region, including a number of gas discoveries and prospects, as below.

Asset	Location	Operator	%	Type
Kinsale Head *	Celtic Sea	Kinsale Energy	40.0%	Gas Production
Ballycotton *	Celtic Sea	Kinsale Energy	40.0%	Gas Production
South West Kinsale *	Celtic Sea	Kinsale Energy	40.0%	Gas Storage & Trading
Seven Heads *	Celtic Sea	Kinsale Energy	34.6%	Gas Production
Hook Head	Celtic Sea	Providence	72.5%	Oil & Gas discovery
Dunmore	Celtic Sea	Providence	72.5%	Oil discovery
Helvick	Celtic Sea	Providence	72.5%	Oil & Gas discovery
Ardmore	Celtic Sea	Providence	72.5%	Gas discovery
Blackrock	Celtic Sea	Providence	72.5%	Oil discovery
Barryroe	Celtic Sea	Lansdowne	30.0%	Oil & Gas discovery
Pegasus	NE Celtic Sea	Providence	100.0%	Oil & Gas exploration
Orpheus	NE Celtic Sea	Providence	100.0%	Oil & Gas exploration
Dionysus	NE Celtic Sea	Providence	100.0%	Oil & Gas exploration
Dragon (part)	NE Celtic Sea	Marathon	c. 25.0%	Gas development

Announcement

In accordance with the AIM Rules – Guidance for Mining and Oil & Gas Companies, the information contained in this announcement has been reviewed and approved by John O'Sullivan, Exploration Manager of Providence Resources P.l.c.. John O'Sullivan is a Geology graduate of University College Cork and holds a Masters in Geophysics from The National University of Ireland, Galway. John also holds a Masters in Technology Management from the Smurfit Graduate School of Business at University College Dublin and is presently completing a dissertation leading to a PhD in Geology at Trinity College, Dublin. John is a Fellow of the Geological Society and a member of the Petroleum Exploration Society of Great Britain. He has 19 years experience in the oil and gas exploration and production industry and is a qualified person as defined in the guidance note for Mining Oil & Gas Companies, March 2006 of the London Stock Exchange.

Glossary of Terms Used

BOE Barrels of Oil Equivalent (1 BOE = 6,000 SCFG)

BCF Billion Cubic Feet of Gas

BOEPD Barrels of Oil Equivalent per Day

MCFGD Thousand Cubic Feet of Gas per Day
MMCFGD Million Cubic Feet of Gas per Day

SPE/WPC/AAPG/SPEE Petroleum Resource Management System 2007 has been used in preparing this announcement