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PROVIDENCE GRANTS OPTION TO STAR ENERGY OVER DRAGON LICENCE

- **STAR ENERGY GRANTED OPTION OVER 50% OF DRAGON LICENCE (SEL 1/07)**
- **OPTION ALLOWS STAR ENERGY TO PARTICIPATE IN ANY POTENTIAL FUTURE APPRAISAL/DEVELOPMENT OF THE DRAGON GAS DISCOVERY**

Providence Resources P.L.C. ('Providence'), the AIM and ESM listed exploration and production company is pleased to announce that it has signed a 10 month option agreement with Star Energy Group ("Star") in relation to its 100% owned and operated Standard Exploration Licence (SEL) 1/07 ('Dragon Licence') in the St George's Channel Basin, offshore south-east Ireland.

The Dragon licence is situated in c. 90 metre water depth and is located c. 40 km offshore, south east Ireland. The licence contains the mapped extension of the UK Dragon gas discovery into Irish waters, as well as the deeper Orpheus and Pegasus exploration prospects. The option agreement provides for Star to acquire a non-operated 50% interest in the Dragon Licence in return for carrying out a number of subsurface studies on the Dragon gas discovery. Should Star subsequently exercise this option, Star will participate in the drilling of the planned appraisal/development well on the Dragon discovery. This transaction is subject to Irish governmental approval.

Contacts:

Providence Resources Plc
Tony O'Reilly/John O'Sullivan

Tel: +353 (0)1 2194074

Star Energy
Roland Wessel

Tel: +44 (0)207 925 2121

Powerscourt
Rob Greening/Lisa Kavanagh

Tel: +44 (0)207 250 1446

Murray Consultants
Pauline McAlester

Tel: +353 (0)1 498 0300

Cenkos Securities Plc
Joe Nally/ Nick Wells

Tel: +44 (0)207 397 8900

Davy
Stephen Barry

Tel: + 353 (0)1 679 6363

EXPLANATORY NOTES

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 ESM market. 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.

About Star Energy

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 2008, 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 Dragon Discovery

The Dragon gas discovery was made by Marathon Oil UK in 1994 with the drilling of the 103/1-1 well in UK waters offshore SW Wales. Oil and gas were found in Upper Jurassic Callovian and Oxfordian sands and tested at c. 20 MMSCFD and 120 BOPD. Subsequent drilling and 3D seismic data have suggested that the field straddles the Irish-UK median line with a c. 25:75 split respectively. In-house most likely deterministic estimates have indicated a in place resource level of c. 100 BSCF. Scoping development options currently under consideration include subsea tiebacks to either SE Ireland or to the LNG plants in Milford Haven SW Wales.

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 member of The Petroleum Exploration Society of Great Britain. Definitions in this press release are consistent with SPE guidelines.

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