



PROVIDENCE TO DIVEST ONSHORE UK INTERESTS

- **IGAS ENERGY PLC TO PURCHASE INTERESTS FOR US\$66 MILLION**
- **TRANSACTION WILL RESULT IN PROVIDENCE BEING DEBT FREE**
- **PROVIDENCE TO FOCUS ON COMPLETION OF IRISH MULTI-BASIN DRILLING PROGRAMME**

Providence Resources P.l.c., ("Providence") the Irish oil and gas exploration and development company, whose shares are traded in London (AIM) and Dublin (ESM), announces that it has signed a binding Heads of Agreement with IGas Energy PLC ("IGas") in relation to the divestment of its onshore UK producing, development and exploration assets.

Under the terms of the Heads of Agreement, IGas has agreed to acquire Providence's 100% interest in the Singleton oil field, located in UK Production Licence (PL) 240, as well as its 50% operated interest in Petroleum Exploration and Development Licence (PEDL) 233, which includes the Baxter's Copse oil discovery and Burton Down exploration prospect. Both of these licences are located in West Sussex, onshore United Kingdom.

The total consideration amounts to US\$66 million and on completion, the funds will be applied by Providence to paying down all outstanding debt to Deutsche Bank AG, approximately US\$44 million, with the balance available for general working capital purposes. The transaction is conditional, *inter alia*, upon the conclusion by IGas of its financing arrangements in respect of the purchase and the obtaining of certain regulatory approvals. Completion is expected by December 2012.

The divestment of these UK onshore assets further facilitates Providence in its primary corporate objective of completing the largest ever concerted drilling programme offshore Ireland. In addition, this transaction will provide Providence with additional working capital resources and result in Providence being debt free.

The operating profit of Providence's onshore producing interests for the year ended 31 December 2011 was €2.997 million. The net loss attributable to the Singleton field was €2.177 million for 2011. The net asset value of Singleton, based on the most recent Competent Persons Report, prepared by Netherland Sewell and Associated as of 30 June 2012 amounted to US\$66 million.

Commenting on this news, Tony O'Reilly, Chief Executive of Providence said

"We are pleased to announce this transaction with IGas which comes at an opportune time for Providence given our recent success with the Barryroe well offshore Ireland. Providence has held an interest in the Singleton field since the inception of the Company. Whilst the asset has performed well for us over the years, it has become less of a focus following our recent Irish drilling success, together with the significant exploration and appraisal drilling activities, which are planned for 2013 and beyond. The cash received will allow us to be debt free and will provide incremental working capital for drilling and overheads".

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NOTES TO EDITORS

ABOUT PROVIDENCE

Providence Resources Plc is an Irish based oil and gas exploration company with a portfolio of appraisal and exploration assets in Ireland (offshore) and the United Kingdom (offshore). In 2011, Providence, along with its partners, commenced a circa \$500 million multi-year drilling programme on a number of exploration and development wells in 6 different basins offshore Ireland. This programme represents the largest drilling campaign ever carried out offshore Ireland. www.providenceresources.com.

ABOUT I GAS ENERGY PLC

IGas is a leading onshore hydrocarbon producer in the United Kingdom, delivering natural gas and crude oil to Britain's energy market. The company explores and develops gas and oil reserves at onshore locations in the northwest of England, in north Wales, in the East Midlands and in southern England. IGas is quoted on AIM. www.igasplc.com.

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