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PROVIDENCE AGREES TO ACQUIRE MAJORITY STAKE IN SINGLETON OIL FIELD AND AGREES STRATEGIC INITIATIVE FOR GAS STORAGE IN IRELAND

Providence, the AIM (London) and IEX (Dublin) listed oil and gas exploration and production company, today announced that it has reached conditional agreement with Star Energy Group PLC (STAR) to acquire its 79.125% share in the producing Singleton Oil Field, onshore UK. Subject to regulatory approval and contract, Providence's interest in the Singleton Oil Field will therefore increase from 20% to 99.125%. The remaining 0.875% of the field is owned by Noble Resources.

The principal terms of the proposed transaction are as follows:

- A total cash consideration of US \$ 22 million
- Star and Providence agree a 50:50 JV on a proposed CNG (Compressed Natural Gas) Project at the Singleton site to capture the economic value of associated gas production
- Star to be given a first option to utilise the Singleton Oil Field for Gas Storage purposes in the future, working with Providence on a 50:50 basis
- Providence and Star agree to work together on future gas storage opportunities in the Republic of Ireland, again on a 50:50 basis.

Commenting on the proposed transaction, Tony O'Reilly Jnr., Chief Executive of Providence Resources P.l.c., said:

"This is a pivotal transaction for Providence as it allows us the opportunity to substantially increase our daily oil production to approximately 600 BOPD (circa. 219,000 barrels per annum). This will ensure a solid operating cash flow on which to build our operations.

Having owned 20% of Singleton for over 15 years, we are very comfortable with its operational parameters as well as its geological opportunities and we see upside in both these areas going forward.

"We are also very pleased to continue working with Star Energy, both on the CNG Project at Singleton as well as agreeing to work together on gas storage opportunities in Ireland".

Roland Wessel, Chief Executive of Star said:

“The sale of our stake in Singleton underlines the Company’s strategy to focus on building a significant multi-site gas storage business. Singleton is a valuable, producing asset but, with limited gas storage potential, it was no longer core to our business. The proceeds will be reinvested in pursuit of our gas storage strategy.

“Having worked with Providence for many years at Singleton, we look forward to working with them in developing gas storage opportunities in Ireland, where we believe there are many suitable structures, and where Providence is the largest offshore licence holder”.

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About Providence

Providence Resources P.l.c. is an independent oil and gas exploration company listed on AIM (London) and IEX (Dublin) markets. 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 UK (onshore and offshore), the Gulf of Mexico (USA) and West Africa (offshore, Nigeria). Providence's portfolio is balanced between production, appraisal and exploration assets, as well as being diversified geographically.

Recent key corporate announcements include:

- Ireland 2007 Celtic Sea Drilling Programme (announced March 30th, 2007)
- Celtic Sea Licence 3/07, OBS Survey & 3 Farm ins (announced March 28th, 2007)
- Initial Farm out at Spanish Point (announced March 15th, 2007)
- Celtic Sea Farm-out to Forest Gate Resources Inc. (announced Feb 23rd, 2007)
- Celtic Sea Farm-out to DYAS and Atlantic Petroleum (announced Feb 7th, 2007)
- Grant of Irish Standard Exploration Licence 1/07 & 2/07 (announced Feb 6th, 2007)
- Award of Licence in UK 24th Seaward Round (announced Feb 2nd, 2007)
- Providence makes oil and gas discovery in Gulf of Mexico (announced Jan 25th, 2007)
- Award of Goban Spur Licencing Option with ExxonMobil & Sosina (announced Nov 1st 2006)
- Secures Rig Slot for 2007 (announced Sept. 25th, 2006)
- 20% Farm-out Deal agreed with CMI on Celtic Sea Licences (announced Sept 5th, 2006)
- Completion of Dunquin Seismic (announced Aug. 8th, 2006)
- Increased production at its Singleton oilfield (announced March 7th, 2006)
- Dunquin Farm-out to ExxonMobil (announced on Feb 13th, 2006) and
- €50 million Revolving Credit Finance Facility with Macquarie (announced on Feb 2nd, 2006).

Comprehensive information on Providence and its oil and gas portfolio, including its 2005 AIM Admission document, 2005 Annual Report, Interim Report 2005 and recent press releases are all available from Providence's website at www.providenceresources.com

About Singleton

The Singleton Field is located 7km north of Chichester in the onshore licence PL 240 in the Weald Basin in the south of England. The field consists of two east west trending elongate horst blocks divided by a narrow graben. The wells produce from the Great Oolite formation, consisting predominantly of oolitic lime grainstones deposited during transgressive/regressive episodes and has been sub-divided into three members.

The field has been producing since 1986. Oil production is approximately 600 BOPD from 6 wells. Estimates of STOIP in the Great Oolite reservoir are approximately 70 MMSTB. Cumulative recovery to 31 December 2006 was 3.37MMSTB, representing a recovery factor of 4.8%. Produced oil at 37* API is trucked to the Holybourne Rail terminal.