

12 August 2008



## Spanish Point Farm-Out Agreement

Providence Resources P.l.c., (“Providence” or the “Company”) the AIM and IEX listed production and development company, is pleased to confirm that, together with the partner Sosina Exploration Ltd (“Sosina”), it has signed a staged farm-out agreement with Chrysaor Holdings Limited (“Chrysaor”), a privately owned development led company, on its Spanish Point discovery, in the Porcupine Basin, off the west coast of Ireland.

The terms of the farm-out agreement provide for Chrysaor to conduct a significant appraisal work programme on the Spanish Point discovery in return for a minimum 30% interest in Spanish Point. Chrysaor then has the option to earn up to a maximum 70% interest in the event that two wells are subsequently drilled on Spanish Point.

The agreement is subject to certain milestones being achieved with an initial commitment by Chrysaor to fund the budgeted cost of a 3-D seismic programme on Spanish Point as consideration for the initial 30% interest. Providence will retain a 56% interest in, and the Operatorship of, Spanish Point for the upcoming 3-D seismic programme, with Chrysaor taking a 30% interest. Sosina will retain a 14% interest.

Dependent on the results of the 3-D seismic programme, Chrysaor may then undertake to finance the drilling of up to two appraisal wells where it will commit not less than 60% cost share, whilst also capping the other partners’ cost share, to earn an additional interest of up to 40%, thereby reducing the other partners’ stakes pro rata.

The proposed assignment of the initial 30% interest to Chrysaor is subject to Irish governmental approval.

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

"We are delighted to have agreed this staged farm out deal with Chrysaor on the Spanish Point Project. Having carried out the necessary pre-development work, it is very exciting that the partnership has now been able to partner with Chrysaor to advance this large project to the next exciting stage. We look forward to working with Chrysaor on this project.

Phil Kirk, Chief Executive of Chrysaor said:

"We're very pleased to be joining the Providence led group and hope our own experience can help to create a successful development of the Spanish Point discovery. Providence and its partners have a good technical understanding of the potential of Spanish Point, which the group can now capitalise on through a step-by-step appraisal programme."

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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 (onshore and 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](http://www.providenceresources.com).

### **About Chrysaor**

Chrysaor is a privately owned exploration and production company backed by the commodities principal investment team of Barclays Capital and Natural Gas Partners ('NGP'). It was formed from the team who successfully managed the operations and growth of CH4 Energy Limited, which was sold to Venture Production plc. in 2006. Chrysaor seeks to create significant value for its stakeholders by focusing on the development and commercialisation of dormant oil and gas discoveries and incremental reserves.

Chrysaor Holdings Limited is the Chrysaor group holding company and is wholly owned by the management team, Barclays Capital, the investment banking division of Barclays Bank plc and Natural Gas Partners IX, L.P., a fund managed by NGP. Chrysaor is currently funded by a £100 million equity facility committed by the management team, Barclays Capital and NGP. Chrysaor Limited is a wholly owned subsidiary of Chrysaor Holdings Limited and owns 100% of the Solan licence P164 covering UK block 205/26a in the West of Shetlands. The company is drilling an appraisal well on Solan which, if successful, should lead to an early development of the field. At the present time there are no other companies in the Chrysaor group.

Further information on Chrysaor is available from Chrysaor's website at [www.chrysaor.com](http://www.chrysaor.com).

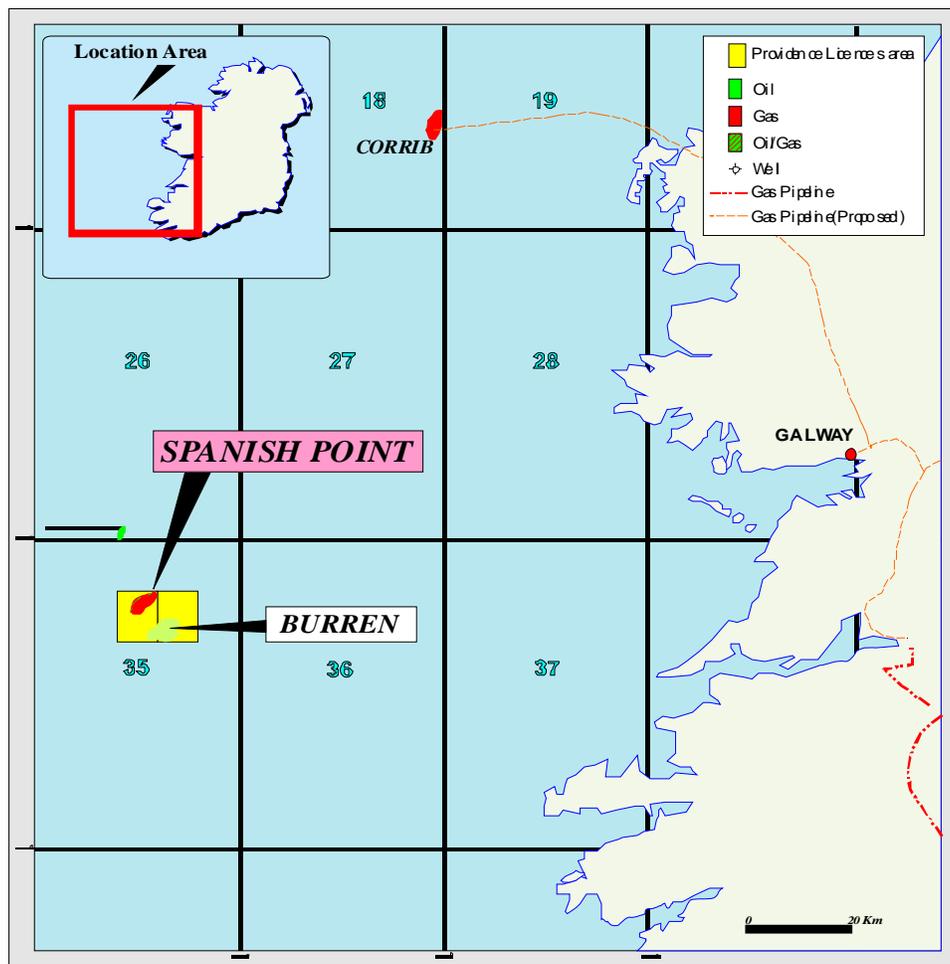
### **About Spanish Point**

Providence currently holds an 80% interest and is operator of FEL 2/04, which covers blocks 35/8 & 9 located in the Porcupine Basin, off the west coast of Ireland. The blocks are situated in 300-400 metres of water and are located approximately 200 km off the coast. Sosina Exploration holds a 20% stake in the project (Challenger Minerals have opted not to exercise their option).

Spanish Point was first discovered in 1981 by Phillips Petroleum and a consortium which included Atlantic Resources Plc, Providence's predecessor company. The discovery well (35/8-2) flowed circa 1,000 BOPD and 5 MMSCFGPD from a hydrocarbon column (total thickness of c. 1,400 ft) in sandstones of Upper Jurassic age. However, due to a combination of low commodity prices and production tests at that time, the project was not declared economic and the licence was subsequently relinquished. Chevron subsequently held the licence until 2001.

Providence Resources Plc applied for and became operator of the Spanish Point licence in November 2004, and now holds the licence for a 15 year-term. Providence's geological team carried out a geological and geophysical analysis which supported and improved the 1981 post-drill analysis of volumetrics of hydrocarbon in place. Providence also reviewed the work carried out by Chevron Corporation as part of its analysis. The combination of this new analysis, coupled with advances in technology and an improved oil/gas price, suggest that the commercial development of Spanish Point is now possible.

The board of Providence commissioned extensive studies to confirm reservoir profiles, development options and economics. These studies, comprising the work of in-house engineers as well as third party consulting engineers, demonstrate a feasible and robust economic development plan with substantive potential economic value. In the summer of 2007, Providence carried out a long offset 2D seismic survey over Spanish Point and these data, which are expected to be finalised in July 2008, will be integrated into the overall Spanish Point subsurface model.



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.