THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser (being in the case of shareholders in Ireland, an organisation or firm authorised or exempted pursuant to the Investment Intermediaries Act 1995 or the Stock Exchange Act 1995 and, in the case of shareholders in the United Kingdom, a person authorised pursuant to the Financial Services & Markets Act 2000 of the United Kingdom ("the FSMA") who specialises in advising on the acquisition of shares and other securities).

This document does not constitute an offer to sell or to subscribe for, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended ("the Securities Act") or qualified for sale under the laws of any state of the United States of America or under the applicable securities laws of any of the other Prohibited Territories and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and subject to certain exceptions, may not be offered or sold within any of the other Prohibited Territories or to any national, resident or citizen of any of the Prohibited Territories or their respective territories or possessions.

This document comprises an admission document drawn up in accordance with the AIM Rules and the Public Offers of Securities Regulations 1995 of the United Kingdom. It does not constitute a prospectus for the purposes of the Public Offers of Securities Regulations 1995 of the United Kingdom or the Act and accordingly has not been delivered to the Registrar of Companies in England and Wales or to the Registrar of Companies in Ireland.

Application has been made for the Existing Issued Ordinary Share Capital of Providence to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM") and it is expected that dealings in the Existing Issued Ordinary Share Capital will commence on AIM on 24 June, 2005. The Existing Issued Ordinary Share Capital is currently admitted to trading on the Irish Enterprise Exchange of the Irish Stock Exchange ("IEX") and this will continue following admission to AIM.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The AIM Rules are less demanding than those of the Official List and it is emphasised that no application is being made for admission of the Ordinary Shares to the Official List of the UK Listing Authority. Furthermore, neither the London Stock Exchange plc nor the UK Listing Authority have themselves examined or approved the contents of this document.

PROVIDENCE

PROVIDENCE RESOURCES P.L.C.

(Incorporated and Registered in Ireland with limited liability under the Companies Acts 1963 to 1990. Registered No. 268662)

Admission to AIM

Nominated Adviser and Broker

DAVY

SHARE CAPITAL ON ADMISSION

Authorised			*Issued and Fully Paid*	
Number	*Amount €*		*Number*	*Amount €*
12,313,136,207	12,313,136.21	Ordinary Shares of €0.001 each	2,028,723,846	2,028,723.85

The Directors of Providence, whose names appear on page 4 of this document, accept responsibility, both individually and collectively, for the information contained in this document including responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts, and this document makes no omission likely to affect the import of such information. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

Davy, which is regulated in Ireland by the Irish Financial Services Regulatory Authority, has been appointed as nominated adviser (pursuant to the AIM Rules) and broker to the Company. Davy is acting exclusively for the Company in connection with arrangements described in this document and is not acting for any other person and will not be responsible to any person for providing the protections afforded to customers of Davy or for advising any other person in connection with the arrangements described in this document. In accordance with the AIM Rules, Davy has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules. No liability whatsoever is accepted by Davy for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible.

INVESTMENT IN HYDROCARBON EXPLORATION IS SPECULATIVE BY ITS NATURE; IT INVOLVES SUBSTANTIAL RISK AND MAY NOT GENERATE ANY RETURN ON INVESTMENT. SEE ALSO THE SECTION ENTITLED "*RISK FACTORS*" IN PART 3 OF THIS DOCUMENT.

Copies of this document will be available to the public, free of charge, at the offices of Matheson Ormsby Prentice Solicitors at 30 Herbert Street, Dublin 2, Ireland and the offices of Matheson Ormsby Prentice Solicitors, Pinnacle House, 23-26 St Dunstan's Hill, London EC3R 8HN, United Kingdom from the date of this document until at least one month after Admission.

CONTENTS

ADMISSION STATISTICS

Number of Ordinary Shares in issue at Admission (undiluted)	2,028,723,846
Market Price per Ordinary Share on 17 June 2005[(1)]	€0.051
Number of Ordinary Shares subject to Share Options and Warrants in issue and exercisable	112,830,686
Number of Ordinary Shares in issue (fully diluted)	2,141,554,532
Market Capitalisation on 17 June 2005 (fully diluted)[(2)]	€109,219,281.13

Notes

(1) the closing price on the IEX on 17 June 2005, being the latest practicable date prior to the publication of this document.

(2) based on the closing price referred to in note (1).

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. These statements relate to the Group's future prospects, developments and business strategies.

Forward-looking statements are identified by their use of the terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions.

The forward-looking statements contained in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks to and uncertainties for the Group are specifically described in Part 3 of this document headed "*Risk Factors*". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

These forward-looking statements speak only as at the date of this document. Neither the Directors nor the Company undertake any obligation to update forward looking statements or risk factors other than as required by the AIM Rules or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

DIRECTORS, SECRETARY AND ADVISERS

BOARD OF DIRECTORS	Dr Brian Hillery (Chairman) * Tony O'Reilly Jnr. (Deputy Chairman)* Stephen Carroll (Finance Director) Peter Kidney* James S.D. McCarthy* Dr Philip Nolan* ** denotes non-executive* all of 60 Merrion Road, Ballsbridge, Dublin 4, Ireland.	
SECRETARY AND REGISTERED OFFICE	Michael Graham, 60 Merrion Road, Ballsbridge, Dublin 4, Ireland.	
NOMINATED ADVISER AND IEX ADVISER	Davy, Davy House, 49 Dawson Street, Dublin 2, Ireland.	
STOCKBROKERS	*Irish Brokers* Davy, Davy House, 49 Dawson Street, Dublin 2, Ireland.	*UK Brokers* Cenkos Securities Limited, 6-7-8 Tokenhouse Yard, London EC2R 7AS, United Kingdom.
FINANCIAL ADVISER	Davy Corporate Finance Limited, Davy House, 49 Dawson Street, Dublin 2, Ireland.	
AUDITORS AND REPORTING ACCOUNTANTS	KPMG, Chartered Accountants and Registered Auditors, 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland.	
SOLICITORS TO THE COMPANY	Matheson Ormsby Prentice, 30 Herbert Street, Dublin 2, Ireland.	

PRINCIPAL BANKER	Allied Irish Banks, plc, Bankcentre, Ballsbridge, Dublin 4, Ireland.
REGISTRAR	Capita Corporate Registrars Plc, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland.
COMPETENT PERSONS	Netherland, Sewell & Associates, Inc., 1221 Lamar Street, Suite 1200, Houston, Tx., 77010 - 3072, USA.

KEY INFORMATION

The Business

Providence is an Irish exploration and development company involved in hydrocarbons in Ireland (offshore), in the UK (onshore and offshore) and in Nigeria (offshore). Providence was formed to facilitate the demerger of the hydrocarbon interests in ARCON International Resources P.l.c. ("ARCON") in 1997, which included ARCON's substantive Irish offshore database derived from activities in earlier years and participation in the drilling of 14 wells offshore Ireland. Since that time Providence has maintained a listing on the Irish Stock Exchange and is currently quoted on the Irish Enterprise Exchange of the Irish Stock Exchange.

Since its formation, Providence has built a diversified portfolio of oil and gas exploration licences and concessions with the key focus of the Group in recent years being the pursuit of exploration and appraisal interests in the Irish Sector and in the UK. This strategy has recently yielded considerable success with the award to Providence in December, 2004 of two significant frontier exploration licences in the Porcupine Basin (west coast of Ireland), namely the Dunquin North and Dunquin South prospects (amongst the largest undrilled exploration structures identified offshore northwest Europe) and the Spanish Point and Burren prospects (both of which have discovery wells with proven hydrocarbons). In October, 2004 Providence also secured two additional UK North Sea prospecting licences, in Quad 210 and in Block 9/9d.

Providence's current portfolio is balanced between the exploration assets outlined above and its 20% interest in the Singleton oil field (onshore UK) which produced successfully at an average of 500 BOPD in calendar 2004. As further detailed in Part 1 of this document, there is scope to increase production on Singleton by further drilling and therefore potential opportunity for the provision to Providence of further cash flow.

In 2005, the Group significantly diversified and strengthened its portfolio through participation in a successful bid for oil mining lease 113 ("OML 113") offshore Nigeria, upon which an appraisal well is scheduled within the next four months. Providence's strategy to date has therefore delivered an important balance between production, exploration and appraisal, as well as geographical diversification.

Further details on the Company's licences and interests are set out in the Competent Person's Report on OML 113 reproduced in Part 2(A) and in the information on the Group's licence interests in Part 2(B) of this document.

Objectives

In the year ended 31 December, 2004 Providence recorded an increase in turnover of 39% (from €757,000 in 2003 to €1,051,000) and profit after tax of €165,000 (relative to a loss of €580,000 in 2003). Cash at bank at 31 December, 2004 was €7.28 million (2003: €181,000). Providence's objective now is to enhance shareholder value by continuing to develop its existing resource base and 2005 is expected to be a year of considerable activity in this regard.

The Board believes that Providence has the management capabilities and the quality and diversity of interests to make considerable strides in the achievement of its objectives. In particular, Providence will focus on:

- Aje, in OML 113, offshore Nigeria, where a drilling programme is scheduled to commence later this year;
- pursuing various work programmes on Celtic Sea and St. George's Channel prospects and seeking to progress the Porcupine Basin interests through farm-out arrangements; and
- increasing the profile of the Company in the UK in order to attract a new shareholder constituency to the Company to derive full benefit from AIM admission and to maximise the terms of future capital injections to the Group.

PART 1 – INFORMATION ON THE PROVIDENCE GROUP

INTRODUCTION AND BACKGROUND

Providence is an oil and gas exploration and development company involved in Ireland (offshore), in the UK (onshore and offshore) and in Nigeria (offshore). The Company was incorporated in Ireland in 1997 to facilitate the demerger of the hydrocarbon interests of ARCON.

Initially the Company focused on selected Irish off-shore assets, primarily the Helvick oil field in the Celtic Sea, where an appraisal well drilled in July 2000 confirmed hydrocarbons and flow tested at approximately 5,200 BOPD over two zones. However, due to the field's size, and the then prevailing low oil prices, the Company did not make an economic declaration at that time.

In 2000, the Board carried out a complete re-appraisal and analysis of its business interests which resulted in strategic changes, culminating in a decision to sell certain assets, namely the Claymore and Argo interests in the North Sea, thereby helping to reduce corporate debt. The Board also decided to relinquish certain frontier licences in Papua New Guinea. Most importantly the Company adopted a strategic plan committed to developing a balanced portfolio of interests to include assets that were cash generating, assets that had short to mid-term development potential and assets with significant exploration potential. The Company subsequently put in place a management team with the appropriate skills and experience to execute this strategy.

At the time of its incorporation amongst the interests acquired by Providence was data arising out of ARCON's participation in 14 wells offshore Ireland during the 1980's. These data contained information on several discoveries that were not progressed at that time due to market conditions and the limitations of prevailing technology. The selection and assembly of the majority of Providence's present Irish interests is primarily the result of using that database of information and applying improved data analysis and latest exploration/development technologies.

To date Providence has assembled a portfolio which the Directors believe provides a balanced spread of risk and return profiles. This portfolio currently consists of a low-risk production asset (Singleton), mid-term appraisal and development projects (Aje Structure (Nigeria), Dragon Field and UK North Sea), together with high-risk and potentially very high return ('high impact') exploration projects (OML 113 (Nigeria), St. George's Channel, the Celtic Sea and the Porcupine Basin).

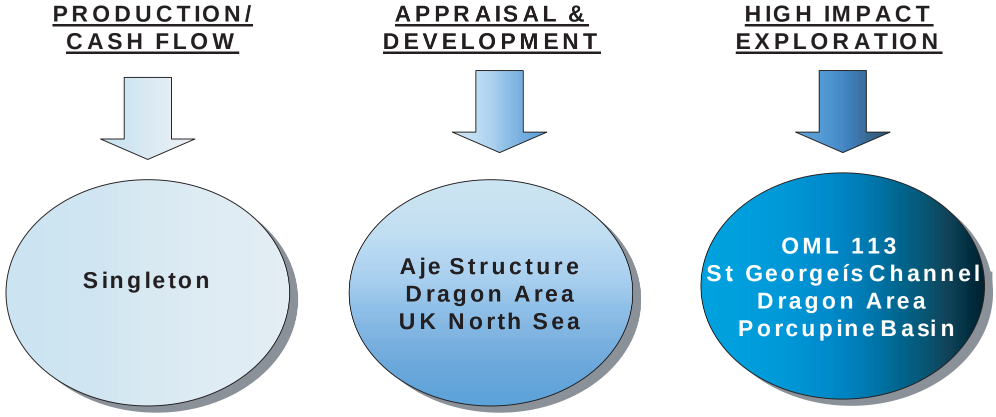


Figure 1: Profile of Providence's Asset Portfolio

STRATEGIC GUIDELINES

Providence operates to a number of broad corporate guidelines that have led to the development of the current portfolio. These guidelines may be summarised as follows:

- The Company should endeavour to develop a diversified portfolio of interests with a balanced spread of risk and return profiles.
- The Company should utilise management's expertise to achieve a controlled and cost-effective expansion of the Company's geographic spread of interests with an initial focus on the immediate opportunities arising from its Irish and UK interests.

- The Company should engage in strategic relationships/partnerships with third parties on a project-by-project basis with a view to controlling financial and project risk without compromising standards.
- Where appropriate the Company should establish itself as Operator and project leader with a view to being in a position to ensure the cost-effectiveness of projects and observance of industry best practice.

OPERATING STRATEGY

Operating to these guidelines Providence now has a portfolio that is cash generating and provides the prospect of significantly increased revenues in the mid-term as well as potentially high-yielding exploration opportunities. The current primary focus within the portfolio is:

1) Nigeria – participation in the appraisal and potential development of the Aje Structure offshore Nigeria;
2) Porcupine Basin – advancement of the Company's substantial interests at Dunquin and Spanish Point;
3) Singleton – generation of increased cash flows from its interests in the UK (Singleton); and
4) Irish offshore / UK Offshore – engagement in value-adding activities with regard to its interests in the UK North Sea, the St. George's Channel and the Celtic Sea.

1) Nigeria – OML 113 (Aje Structure)

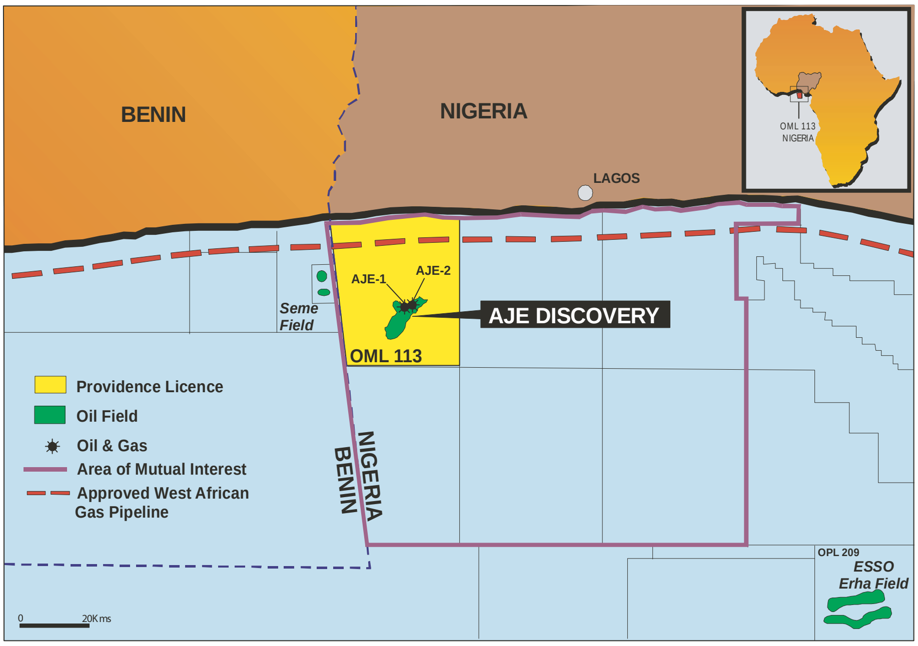


Figure 2: OML 113 License Map – Showing AJE Discovery

In January 2005 Providence entered into a participation agreement in relation to OML 113. The parties to that agreement are Lundin Petroleum B.V. as technical advisor, Challenger Minerals Inc. (part of the GlobalSanteFe Corporation), Palace Exploration Company, Howard Energy Co., Inc., Syntroleum Nigeria Limited and Yinka Folawiyo Petroleum Company Limited as Operator ("Aje Participation Agreement"). The Aje Participation Agreement provides, inter alia, that Providence is entitled to 6.328125% of the post-payback revenues from OML 113. The Aje Participation Agreement was conditional on receipt of the formal approval from the Nigerian Government, to the assignment of interests in OML 113, as provided for in the Aje Participation Agreement, and on the 8th April last the Ministry of Petroleum Resources of the Federal Government of Nigeria issued such approval. As outlined in the Competent Person's Report which is reproduced in Part 2A of this document, the Aje Structure, in which two tested wells have been drilled, is estimated to contain contingent resources of up to 350 MMBO and 1.5 TSCFG. At an oil price of US$50 per barrel it is estimated by Providence management that the Aje Structure has the potential to generate net cash of between US$100 million and US$400 million to Providence. The Aje Consortium is targeting production by 2007.

2) Porcupine Basin

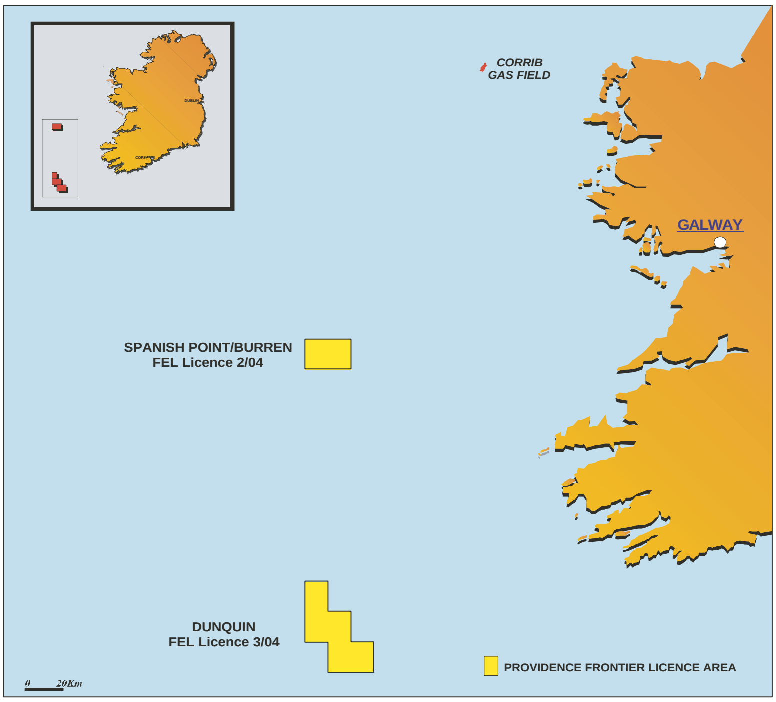


Figure 3: Map Showing Location of Providence's Interest in the Porcupine Basin

Providence is planning to undertake a range of potentially value-enhancing activities for its frontier exploration licences in the Porcupine Basin which are a key component of its high impact exploration assets. The Company holds an 80% interest in these licences, which were granted in 2004 for a 16-year term. The licences cover areas that contain both proven hydrocarbon discoveries and significant exploration potential.

Spanish Point

Recent re-evaluation, undertaken by Providence, of the Spanish Point discovery, where Phillips Petroleum made a successful discovery of the Spanish Point accumulation in 1981, indicate that the structure may contain up to 1.25 TSCFG recoverable and up to 206 MMBO recoverable. The Director's believe that recent improvements in technology together with increased oil and gas prices suggest that a commercial development may be feasible.

Dunquin

Seismic interpretation of the deep-water North and South Dunquin prospects suggest that these interests have super-giant potential. It is estimated by the Directors that the Dunquin South prospect could contain an unrisked potential recoverable volume of c. 20 TSCFG and 3,280 MMBO while Dunquin North could contain an unrisked potential recoverable volume of c. 5.5 TSCFG and 850 MMBO. Providence has commenced partnering discussions with a number of major oil companies with a view to progressing these prospects towards drilling.

3) Singleton

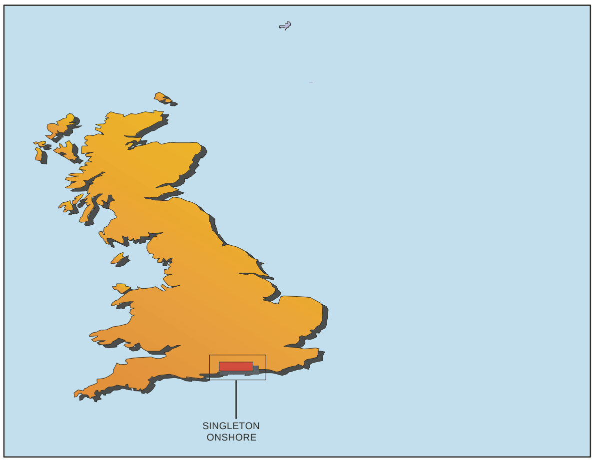


Figure 4: Map Showing Location of Singleton

Providence is a 20% partner in the producing Singleton oil field in west Sussex on-shore UK. The Singleton oil field is operated by Star Energy plc on behalf of the partnership and produced at an average of 500 BOPD from 4 wells in calendar 2004 and generated cash flow of in excess of €5 million of which Providence's share was over €1 million. The field has been assessed as having 74 MMBO STOIIP of which approximately 3 MMBO have been produced to date.

4) Ireland Offshore and UK Offshore

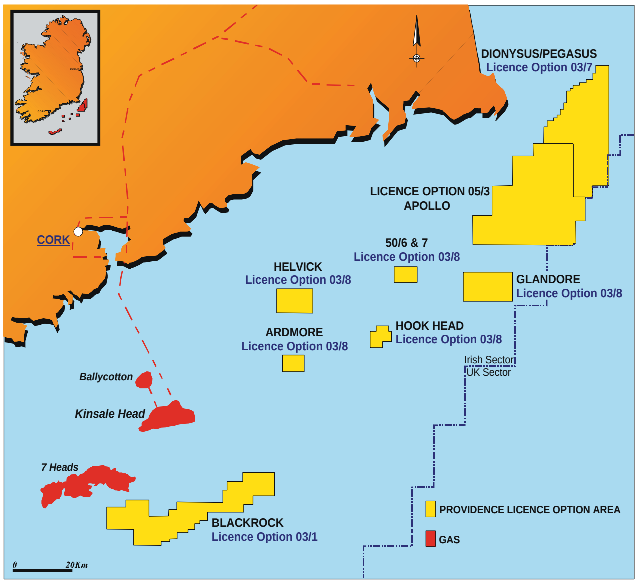


Figure 5: Map Showing Location of Providence's Ireland Offshore Interests

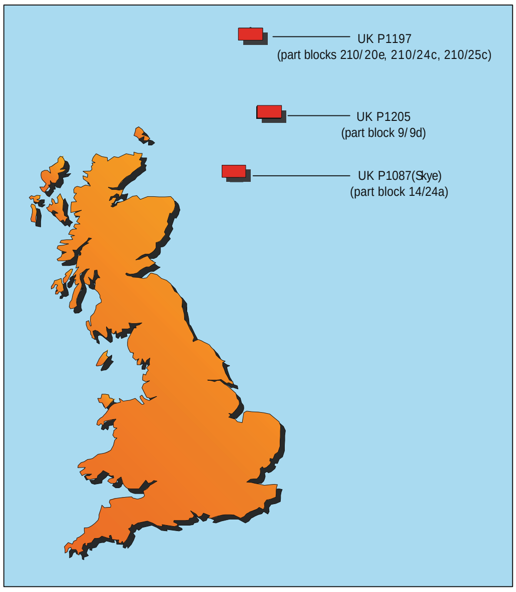


Figure 6: Map Showing Location of Providence's UK Offshore Interests

St George's Channel

Providence's Dragon Area interests in St. George's Channel (Dionysus, Pegasus and Apollo) which management estimate may contain up to 810 BSCFG also provide prospects for mid-term development. The Company will closely monitor the outcome of Marathon's planned drilling programme on the Dragon field in the adjacent UK 103/1a block in 2005. In tandem with Marathon's drilling programme, Providence is considering undertaking additional seismic surveying as a prelude to a possible future drilling programme.

Celtic Sea

Providence has an 80% interest in the Hook Head prospect which lies 60 kms off the south coast of Ireland in approximately 70 metres of water. In 1971, the then operator, Marathon drilled a well, 50/11-1, which encountered four hydrocarbon bearing reservoirs but due to operational difficulties at the time, the well was not tested. 50/11-1, has been independently re-analysed using modern petrophysical techniques, which when combined with the re-mapping of the structure, indicate that the reservoirs could contain up to 300 MMB STOIIP, or 300 BSCF GIIP, if the hydrocarbon type is gas.

Providence has an 83% interest in the Blackrock prospect that lies in about 100 metres of water approximately 35 kilometres south of the Marathon-operated Kinsale Head gas field. The results of the work programme completed in 2004 have demonstrated the presence of a substantial (c.18,000 acre) fault and dip closed anticlinal structure with three separate target reservoir horizons (estimated by Providence management to contain an un-risked potential recoverable volume of up to 180 million barrels of oil).

UK North Sea

Providence has a number of interests in the UK North Sea including a 25% stake in UK P1205 part block 9/9d. P1205 contains the 9/9d-17 Upper Jurassic Katrine member high pressure oil discovery and the area is currently under evaluation with a view to estimation of possible recoverable reserves together with potential appraisal drilling locations.

THE PORTFOLIO

Consistent with its stated strategy, the Board believes that it has established a balanced portfolio that combines an appropriate mix of assets, in terms of geology, geography and risk profile. Further details of Providence's portfolio are provided in Part 2 of this document and are summarised below:

ASSET	LOCATION	INTEREST	STATUS	OIL (GROSS REC)	GAS (GROSS REC)
			Production / Cash flow		
Singleton field	Onshore UK	20%	In production	74 MMBO*	-
			Appraisal / Development		
Aje Discovery	Offshore Nigeria	6.328%	Appraisal - Target 2007 production	350 MMBO***	1,500BSCF***
Spanish Point Discovery	Porcupine Basin	80%	Appraisal stage - farm out discussions in progress	206 MMBO**	1,250 BSCF**
Dragon Discovery (51/1)	St. George's Channel Basin	80%	Monitor Marathon Oil UK 2005 appraisal well	-	25 BSCF**
UK P1205 (UK9/9D)	North Sea	25%	Under evaluation	TBC	-
Hook Head	Celtic Sea	80%	Farm-out programme planned	300 MMBO*	-
Burren Discovery	Porcupine Basin	80%	Appraisal stage - farm out discussions in progress	TBC	-
			High Impact Exploration (unrisked P50 deterministic exploration potential)		
Dunquin South	Porcupine Basin	80%	Exploratory stage - farm out discussions in progress	3,280 MMBO	20,000 BSCF
Dunquin North	Porcupine Basin	80%	Exploratory stage - farm out discussions in progress	850 MMBO	5,500 BSCF
Dionysus	St. George's Channel Basin	80%	Seismic surveys planned to establish well locations	-	500 BSCF
Pegasus	St. George's Channel Basin	80%	Seismic surveys planned as a prelude to drilling programme	-	310 BSCF
Blackrock	Celtic Sea	83%	Assessing options for the next exploration well	180 MMBO	-
Glandore	Celtic Sea	80%	Remapping being finalised	-	TBC
			Incremental Opportunities		
Helvick	Celtic Sea	80%	Incremental oil development project	3 MMBO**	-
Ardmore Gas Field	Celtic Sea	80%	Incremental gas development project	-	150 BSCF*
Block 50/6-A Prospect	Celtic Sea	80%	Incremental oil development project	12 MMBO**	-
UK P1197	North Sea	25%	Under evaluation	TBC	-
UK P1087 ("Skye")	North Sea	45%	Under evaluation	TBC	-

***unrisked STOIIP/GIIP discovered resource/reserves**
****unrisked P50 deterministic recoverable discovered resources**
*****unrisked probabilistic recoverable resources for whole Aje structure (P10)**

Providence's 6.328% interest (offshore Nigeria) is based on post payback revenues generated.

Figure 7: Summary of Providence's Portfolio

Geographical Spread of Interests:

The geographic spread of interests conforms with Providence's policy of confining activity to those areas where the management have practical operating experience resulting in a highly manageable portfolio of interests. This is summarised below:

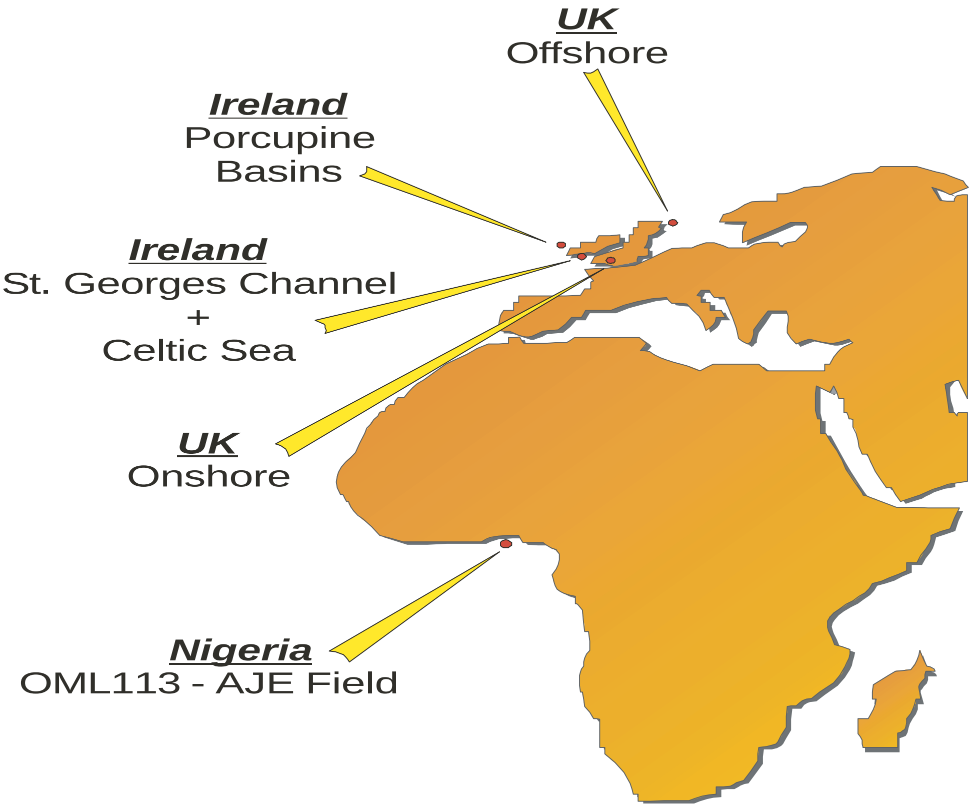


Figure 8: Map Showing Geographical Spread of Providence's Interests

Licences, Interests and Partners

Consistent with Providence's policy of establishing itself as an Operator, the Company's portfolio is characterised by a substantial majority position in most of its interests. The following is a summary of the Company's interest by location, licence and partner:

Asset	Location	Interest	Partners	Licence:
Irish Licences				
Dionysus/Pegasus Prospect	St. George's Channel	80%	Midmar	**Licencing Option 03/7**
Apollo Prospect	St. George's Channel	100%	——	**Licencing Option 05/3**
Blackrock Prospect	Celtic Sea	83%	Midmar	**Licencing Option 03/1**
Hook Head Prospect	Celtic Sea	80%	Midmar	**Licencing Option 03/8**
Glandore Prospect	Celtic Sea	80%	Midmar	**Licencing Option 03/8**
Helvick Field	Celtic Sea	80%	Midmar	**Licencing Option 03/8**
Ardmore Discovery	Celtic Sea	80%	Midmar	**Licencing Option 03/8**
50/6-A Discovery	Celtic Sea	80%	Midmar	**Licencing Option 03/8**
Dunquin Prospect	Porcupine Basin	80%	Sosina	**Frontier Exploration Licence 3/04**
Spanish Point Discovery	Porcupine Basin	80%	Sosina	**Frontier Exploration Licence 2/04**
Burren Discovery	Porcupine Basin	80%	Sosina	**Frontier Exploration Licence 2/04**
UK Licences				
Singleton field	Onshore UK	20%	Star Energy, EDC	**PL240**
UK P1197	North Sea	25%	Midmar Energy, Sosina	**UK P1197**
UK P1205	North Sea	25%	Midmar Energy, Sosina	**UK P1205**
UK P1087 ("Skye")	North Sea	45%	Midmar Energy, Sosina	**UK P1087**
Nigerian Licences				
Aje Discovery	Offshore Nigeria	6.328%*	Lundin Petroleum, Challenger Minerals, Palace Exploration Company, Howard Energy, Syntroleum Corp and Yinka Folawiyo Petroleum	**OML 113**

* Providence's 6.328% interest (offshore Nigeria) is based on post payback revenues generated.

Figure 9: Summary of Providence's Licences and Partners

Further information on the Company's licences and interests are set out in Part 2 of this document.

2005 PROGRAMME

Providence is committed to leveraging value from its existing assets and seeking to enhance the portfolio by the strategic acquisition of further interests. In 2005 there are a number of programmes and initiatives planned, comprising drilling and various other exploration studies, as well as discussions with potential partners on a number of assets within the portfolio.

The Company's ability to advance all of these initiatives will depend on the availability of required financial resources and Providence may decide to prioritise or accelerate certain of these projects and to delay certain other projects in accordance with its objective of maximising shareholder value. Providence is committed to contributing its share of costs for the drilling of the planned appraisal well on the Aje Structure, and will finance same from existing financial resources. To the extent that the costs of parallel implementation of plans on the other aspects of the 2005 work programme exceed available cash resources, Providence would delay certain aspects of these plans or seek additional funding. For example, a decision to contribute its share of costs to increase production on Singleton may necessitate a delay in other targeted discretionary expenditure pending receipt of the resultant enhanced cash flow from Singleton. The Company's operational flexibility would however be considerably improved in the event that the Relevant Warrants in which Sir Anthony O'Reilly is interested and which he has committed to exercise upon receipt of the Whitewash (further detail in relation to which is set out in section 3 of Part 5 of this document) are exercised. This would yield the Company approximately €3.0 million in cash with such funds becoming available in July, 2005.

Nigeria – Aje Structure

- The Aje Consortium plan one appraisal well and one pre-development well on the Aje Structure in 2005, targeting production by 2007;
- A rig has been reserved for the appraisal well and optioned for the pre-development well;
- The committed cost for Providence towards the appraisal well is approximately US$4.0 million;
- The Aje Consortium also plans to assess further exploration potential within the ~400,000 acre Aje Area; and
- An AMI (area of mutual interest) agreement has been entered into by the Aje Consortium for possible further licencing opportunities in the Aje Area.

Ireland – Porcupine Basin

- Providence has commenced partnering discussions with a number of major oil companies with a view to progressing these prospects towards drilling.
- Providence's work programme involves reprocessing seismic data over these prospects.

UK Sector – Singleton Oil Field

- The consortium is currently considering a strategy that may lead to an increase in production by between 50% and 100% to enhance cash flow.
- Technical and cost details are being finalised by the Operator (Star Energy plc) and if the partners agree it is expected that a rig will be on location by Q3 of this year.

Ireland – St. George's Channel, Dragon Area (Dionysus, Pegasus and Apollo)

- Providence is currently considering shooting a seismic survey over this area to identify final well locations for potential future drilling.
- Marathon has announced its intention to commence a drilling programme on UK Block 103/1a (Dragon field). This field extends into Providence's Irish Block 51/1.
- Should Marathon proceed into a development of the Dragon field it is likely that Providence will enter into unitisation discussions in terms of the Dragon field extension into Irish Block 51/1.

Ireland – Celtic Sea (Blackrock, Hook Head and Glandore)

- Providence is advancing plans to acquire a marine electromagnetic survey over this prospect in order to assess the best location for future drilling on the structure.
- Re-analysis of the Hook Head prospect using modern petrophysical techniques is ongoing.
- Analysis and mapping of the Glandore prospect is ongoing.

CURRENT TRADING AND PROSPECTS

The Company published its unaudited consolidated results for the fiscal year ended 31 December, 2004 on 16 May, 2005 and on 16 June, 2005 issued its annual report and accounts in respect of that period.

Turnover for the year ended 31 December, 2004 was €1,051,000 (2003: €757,000) all of which was generated from the Company's interest in the producing UK onshore Singleton oil field. Revenue benefited from the higher oil price in 2004 with the average oil price per barrel at US$38 compared to US$29 in 2003. The Company is currently looking at proposals to increase production from Singleton in 2005. An operating profit of €95,000 was recorded in 2004 (2003: operating loss €163,000). The profit on ordinary activities after taxation was €165,000 (2003: loss of €580,000), principally due to increased net interest income.

The Company is expecting a period of high activity for the remainder of 2005, the main feature of which will be the drilling of the Aje Structure, offshore Nigeria. Additionally, work on the St. George's Channel prospects (Dionysus, Pegasus and Apollo), the Celtic Sea and the Porcupine Basin (Dunquin North and South; Spanish Point and Burren) and the UK offshore interests will be progressed as will discussions with potential partners for some of these interests. Furthermore, the Group is investigating the potential of additional drilling activities at the Singleton oil field, onshore UK, in order to improve cash flow. As outlined above, the Company's ability to advance all of these initiatives will depend on the availability of required financial resources and may be accelerated or delayed as appropriate. The outlook of the Group for the remainder of the year is dependent therefore on the timing, duration and ultimate results of these activities.

RISK FACTORS

Your attention is drawn to Part 3 of this document, entitled "*Risk Factors*".

DIRECTORS AND SENIOR MANAGEMENT

The Directors, all of 60 Merrion Road, Ballsbridge, Dublin 4, Ireland, their functions and brief biographical details are as follows:

Dr Brian Hillery, B. Comm., MBA, Ph.D (Non-Executive Chairman) (aged 69) has served as Chairman of the Providence Board since the incorporation of the Company. He is currently non-executive chairman of both Independent News & Media PLC and UniCredito Italiano Bank (Ireland) Plc. A former Professor at the Graduate School of Business, University College Dublin, he has also served as a member of the Irish Parliament as a TD and Senator (1977-1994). He was an executive director of the European Bank for Reconstruction and Development (EBRD) London (1994-1997).

Tony O'Reilly Jnr., BA (Non-Executive Deputy Chairman) (*aged 38*) is currently Chief Executive of Josiah Wedgwood & Sons Limited and has served on the Board since the incorporation of the Company and was appointed Deputy Chairman in May, 2005. He is an executive director of Waterford Wedgwood Plc and a non-executive director of Independent News & Media PLC, Fitzwilton Limited and a number of other companies. He served as chairman of ARCON International Resources P.l.c. (having been its chief executive between October, 1996 and December, 2000) until April, 2005 and following its takeover by Lundin Mining Corporation he was appointed as a non-executive director of that company.

Stephen Carroll, B. Comm., FCA, (Finance Director) (aged 42) was appointed Finance Director of Providence in July, 2000 having been Group Finance Manager since 1999. He started his professional career at PricewaterhouseCoopers and since 1988 has held senior finance positions in a number of public companies focussing on natural resources and investment interests. He has over 17 years' experience of international oil and gas projects in Europe and the Americas.

Peter Kidney, B.Comm., FCA (Non-Executive Director) (aged 48) has served as CEO of ARCON International Resources P.l.c. since 2004 having been chief financial officer since 1992 and finance director since 2000 and has served on the Board since the incorporation of the Company. He has been involved for over twenty years in senior positions in natural resources finance and accounting, both in Ireland and Canada. He previously worked with Arthur Andersen, Canada.

Dr Philip Nolan (Non-Executive Director) (*aged 51*) was appointed as a non-executive director of the Company in May, 2004. Dr Nolan, graduated from Queen's University in Belfast with a BSc and a PhD in geology and has a MBA from the London Business School. He spent 15 years at BP, before moving to take up the position of Managing Director of Interconnector (UK) Ltd, the consortium formed to construct and operate the pipeline which links the gas network of the UK to that of mainland Europe. In 1996, Dr Nolan joined British Gas plc, where he was appointed Managing Director of Transco in 1997. He was appointed to the Board of British Gas in July, 1998. In 2000, Dr Nolan was appointed Chief Executive of Lattice Group plc. Dr Nolan is currently Chief Executive of eircom Limited, Ireland's largest telecommunications supplier, a position he has held since January, 2002.

James S.D. McCarthy (Non-Executive Director) (*aged 46*) was appointed as a non-executive director of the Company in May 2005. Mr McCarthy holds a Bachelor Degree in Civil Law, an MBA from the University of Pittsburgh and qualified as a solicitor in 1982. He is managing director of Corporate Finance Ireland Limited and a non-executive director of SY UK Limited and Rockall Technologies Limited and a number of other companies. Mr McCarthy is a former director of ARCON International Resources P.l.c.

SENIOR MANAGEMENT

In order to deliver on Providence's strategic plan, the Company has established a management team of highly experienced personnel with specific disciplines derived from major oil companies and contractors. This team is responsible for assembling the Company's asset portfolio as well as developing third party relationships.

In addition to Stephen Carroll, in his capacity as Finance Director, information on whom is set out above, the following individuals comprise Providence's senior management team;

Tony Odone, B.Sc., C.Eng., M.I.C.E. (Chief Operating Officer) — heads the technical and operational side. Has more than 30 years' experience in field front end evaluations and the design, drilling, construction and operation of offshore and related onshore facilities. He has been extensively involved in the early North Sea developments with Phillips, Shell, Occidental, and Marathon together with follow on ancillary prospects appraisals. Later international involvement was in India, Malaysia, Thailand, Singapore, the Philippines and Australia. He is a graduate of Queen Mary College London University, member of the Institution of Civil Engineers, Society of Petroleum Engineers and Fellow of the Institute of Directors. He has provided the industry with numerous innovative technical and commercial solutions which have become adopted practices.

Barry Ridley, (Commercial Manager) — has over 30 years' experience in the Oil and Gas sector primarily in commercial matters. Originally employed by Amoco for 17 years he worked on several major North Sea projects leading to his position as head of contracts and administration for the North Sea. Subsequently has acted at senior levels in an advisory capacity to oil industry companies in respect of UK and International commercial matters. More recently responsible for all contracts and procurement associated with Providence activities

John O'Sullivan, B.Sc., M.Sc., M.T.M. (Exploration Manager) — provides geological, geophysical and management expertise with a background of 16 years' extensive experience in the oil and gas industry with Mobil and Marathon in the UK, Ireland, Norway, Germany and the Netherlands. He has undertaken and managed numerous special geophysical projects on a wide range of fields involving complex geology across NW Europe. He is a graduate of University College Cork in Geology with a Masters Degree in Applied Geophysics from University College Galway. John also holds a Masters in Technology Management from the Smurfit Graduate School of Business, University College Dublin and is a Fellow of the Geological Society London.

Andrew Rawlinson, B.Sc., M.Sc., D.I.C. (Senior Geologist) — is a petroleum geologist with some 25 years' experience in the oil and gas industry primarily working on operated projects. He started working in North Sea exploration and development and has since worked on projects in the Former Soviet Union, the Far East, South Asia, the Middle East, Eastern Europe, Western Europe, North and West Africa and the Caribbean. He has particular experience in horizontal well field development, multi-lateral technology and field re-habilitation projects. He worked as a consultant lecturer for Shell International at their training centre in the Netherlands. He is a graduate of the University of Manchester with a degree in Geology and Imperial College, London, with a Master's degree in Petroleum Geology. He is a Fellow of the Geological Society of London.

Fergus Roe, NDip., BEng. (Compliance Supervisor) — is a graduate of the Dublin Institute of Technology, Bolton Street with a Diploma in Mechanical Engineering and a Bachelor of Engineering (Hons) Degree from the University of Paisley, Scotland. Upon graduation he joined Halliburton Energy Services attaining operations engineer status, acquiring over 10 years' experience in International Oil and Gas land and offshore well operations, initially in the UK before assignments to Denmark, Equatorial Guinea and Libya. With particular experience in planning and coordinating ancillary drilling activities and services, he specialized in Cementing, Stimulation and associated service solutions for majors and independents covering diverse well projects. He is currently responsible for operational compliance and project management. Member of Society of Petroleum Engineers.

MAJOR SHAREHOLDER

Sir Anthony O'Reilly is currently interested in 929,955,288 Ordinary Shares in the Company (representing approximately 45.84% of the issued share capital of the Company).

Sir Anthony O'Reilly has been a major shareholder and supporter of the Company since its foundation in 1997 and, due to the size of his holding in the Company, has entered into a relationship agreement with the Company. Pursuant to this agreement, which is dated 27 April, 2004, Sir Anthony O'Reilly has undertaken to the Company, that for so long as he owns or controls 30% or more of the equity share capital of the Company, he shall exercise his voting rights so as to procure, so far as he is able, that the Company is capable at all times of carrying on its business and making decisions independently of him and that all transactions and relationships between him and the Company are conducted on an arm's length and on at least a normal commercial basis. Further information on the Relationship Agreement is contained at section 7 of Part 5 of this document.

Sir Anthony O'Reilly is also interested in 66,218,766 Warrants, each such Warrant entitling the holder to subscribe for a new Ordinary Share at €0.045 per share. In order to be able to exercise these Warrants without being obliged to make an offer for the balance of the issued share capital of the Company, Sir Anthony O'Reilly (and persons deemed to be acting in concert with him under the provisions of the Irish Takeover Rules) requires a waiver of the obligation under Rule 9 of the Irish Takeover Rules. Sir Anthony O'Reilly has committed to exercising all of the Warrants held by him upon the procurement of such a waiver (which if granted by the Panel will require the approval of independent shareholders at an extraordinary general meeting of the Company). The Company is in the process of procuring such a waiver and will write to Shareholders separately on this matter. In the event that the waiver is procured and its conditions fulfilled and Sir Anthony O'Reilly exercises all of the Warrants (at a cost to him of approximately €3.0 million), his interest in the then issued share capital of the Company would increase to approximately 47.38%.

REASONS FOR ADMISSION TO AIM

Following the introduction of the IEX Market by the Irish Stock Exchange on 12 April, 2005 and Providence's transfer to that market from the ESM, the Directors identified this as a suitable opportunity to seek a trading facility for the Company on AIM, given the complimentary nature of the AIM Rules and the IEX Rules. In the 10 years since its introduction in 1995, AIM has grown to its current size of 1,197 companies, with a combined market cap of approximately Stg£35.84 billion (as at 31 May, 2005). In addition, AIM has a significant oil and gas presence with 59 oil and gas companies quoted and a total of 174 companies operating in the broader resource sector (as at 31 May, 2005).

Admission to AIM will facilitate the transfer of dealing in Providence securities from the Bulletin Board in the UK (a facility for non-London quoted international stocks) to the SEAQ platform, will entitle the Company to be considered for certain AIM indices and will expose the Company to a new pool of potential investors.

The Board believes that admission of Providence to AIM will contribute to enhancing the profile of the Company in the UK and therefore to achieving optimal terms of future capital injection to the Group.

CORPORATE GOVERNANCE

Providence is committed to high standards of corporate governance. The Board recognises the importance of sound corporate governance and is accountable to the Company's shareholders in respect of corporate governance. Providence reports voluntarily on its compliance with the Combined Code (1998). The Board is currently reviewing the provisions of the Combined Code on Corporate Governance ("Combined Code (2003)") which came into effect in 2004. The Directors intend to ensure that, following Admission, the Company will apply policies and procedures which reflect the principles of the Combined Code (2003), as are appropriate to the Company's size.

The Board is made up of one executive and five non-executive Directors. The Board agrees a schedule of regular meetings to be held in each calendar year and also meets on other occasions as necessary. Meetings are held at the Company's head office in Dublin.

There is an agreed list of matters which the Board has formally reserved to itself for decision, such as approval of the Group's commercial strategy, trading and capital budgets, financial statements, Board membership, acquisitions and disposals, major capital expenditure, risk management and treasury policies. Responsibility for certain matters is delegated to Board Committees (as outlined below).

The company secretary is responsible for ensuring that Board procedures are followed, and all Directors have direct access to the company secretary. All Directors receive regular Group management financial statements and reports and full Board papers are sent to each Director in sufficient time before Board meetings. Any further backup papers and information are readily available to all Directors on request. The Board papers include the minutes of all committees of the Board which have been held since the previous Board meeting, and, the chairman of each committee is available to give a report on the committee's proceedings at Board meetings if appropriate.

The Board has a process whereby each year every Director will meet the chairman to review the conduct of Board meetings and the general corporate governance of the Group.

The role of the chairman (Dr. Brian Hillery) is non-executive. The non-executive Directors are independent of management and, save for Mr Tony O'Reilly Jnr whose father is a significant shareholder in Providence, have no material interest or other relationship with the Group. The Board has not deemed it necessary to appoint a senior non-executive director. However, this issue is subject to review.

Each year one third of the Directors retire from the Board by rotation and every Director is subject to this rule. Effectively each Director will retire by rotation within each three-year period.

Board Committees

The Board has activated an effective committee structure to assist in the discharge of its responsibilities. All committees of the Board have written terms of reference dealing with their authority and duties. Membership of the audit and remuneration committees is comprised exclusively of non-executive Directors. The company secretary acts as secretary to each of these committees.

Audit Committee

The audit committee reviews the accounting principles, policies and practices adopted in the preparation of the interim and annual accounts and discusses with the Group's auditors the results and scope of the audit. It also reviews the scope and performance of the Group's internal finance function and the effectiveness and independence of the external auditors. The external auditors are invited to attend the audit committee meetings, and the finance director also attends. The external auditors have the opportunity to meet with the members of the audit committee alone at least once a year. The members of the audit committee include Dr. Brian Hillery as chairman, Tony O'Reilly Jnr and Peter Kidney.

Remuneration Committee

The remuneration committee determines emoluments of executive Directors and senior management. The members of the remuneration committee include Dr. Brian Hillery as chairman, Tony O'Reilly Jnr and Peter Kidney. In the course of each financial year the remuneration committee determines basic salaries as well as the parameters for any possible bonus payments.

The remuneration committee applies the same philosophy in determining executive Directors' remuneration as is applied in respect of all employees. The underlying objective is to ensure that individuals are appropriately rewarded relative to their responsibility, experience and value to the Group. The remuneration committee is mindful of the need to ensure that, in a competitive environment, the Group can attract, retain and motivate executives who can perform to the highest levels of expectation.

Annual bonuses, if any, are determined by the remuneration committee on the basis of objective assessments based on the Group's performance during the year in terms of key financial indicators, as well as a qualitative assessment of the individual's performance.

A share option scheme was introduced in August 1997 from which new share options may be offered to employees, Directors and consultants. Options are recommended at a level to attract, retain and motivate participants in the competitive environment in which the Group operates. There have been no changes in the policy since the adoption of the scheme in August 1997. A new share option scheme, (the "2005 scheme") which will operate in parallel with the existing scheme and which is intended to incentivise management and consultants as the Company enters its next stage of development, has also recently been put in place. Further information on both of the Group's Share Option Schemes is set out in section 9 of Part 5 of this document.

The remuneration committee reviews and assesses proposals to grant share options to participants under the Share Option Schemes. Participation is at the discretion of Directors for eligible participants.

There are no existing or proposed Directors' service contracts between any of the Directors and the Group.

Nomination Committee

At present the Board does not have a nomination committee but the authority to nominate new directors for appointment vests in the Board. Consideration to setting up a specific nomination committee is under regular review.

The Board is confident that it complies with the Combined Code (1998) except for the following:

- The current non-executive Directors were not appointed for specific terms. They are however subject to retirement from the Board by rotation at annual general meetings.

- Certain share option arrangements are in place between the Company and certain non-executive Directors. These arrangements reflect the high level of commitment and support given by them.
- A senior non-executive Director has not been appointed.
- The Board has not appointed a specific nomination committee as the Board is small at present. The matter is under regular review.

The Directors comply and intend to continue to comply with Rule 21 of the AIM Rules relating to directors' dealings, as applicable to AIM companies, and will take all reasonable steps to ensure compliance by the Group's applicable employees.

DIVIDEND POLICY

The Company has not paid any dividends on its shares and anticipates that, following Admission, earnings, if any, will be retained for the development of the business. Therefore it is not expected that dividends will be paid to Shareholders in the foreseeable future.

TAXATION

Information regarding Irish and UK taxation is set out in section 14 of Part 5 of this document. This is intended only as a general guide and not advice. If you are in any doubt as to your tax position, you should consult your financial adviser as soon as possible.

ADMISSION SETTLEMENT AND DEALINGS

The Ordinary Shares are quoted, and will continue to be quoted on IEX. Application has been made to the London Stock Exchange for the Existing Ordinary Shares to be admitted to trading on AIM. It is expected that admission of the Existing Ordinary Shares will take place, and that dealings will commence therein on AIM on or around 24 June, 2005.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by way of a written instrument. The Existing Ordinary Shares have been admitted to CREST. Accordingly, settlement of transactions in all Ordinary Shares following Admission will continue to take place within the CREST system if the relevant Shareholder so wishes. The Articles provide for the transfer of shares in dematerialised form in CREST. CREST is a voluntary system and Shareholders who wish to receive and/or retain share certificates may do so.

FURTHER INFORMATION

Your attention is drawn to the further information set out in Parts 2 to 5 of this document.

PART 2 – TECHNICAL INFORMATION ON THE PROVIDENCE GROUP'S ASSETS

(A) COMPETENT PERSONS REPORT ON OML 113

ESTIMATE
of
CONTINGENT RESOURCES
in
AJE FIELD, OML 113
located in the
BENIN BASIN
OFFSHORE NIGERIA
as of
JUNE 1, 2005

Prepared for

PROVIDENCE RESOURCES P.l.c.
and
J&E DAVY

June 15, 2005

Board of Directors
Providence Resources P.l.c.
60 Merrion Road
Ballsbridge, Dublin 4
Ireland

Board of Directors
J&E Davy
Davy House
49 Dawson Street, Dublin 2
Ireland

Gentlemen:

In accordance with your request, we have estimated the gross (100 percent) P90, P50, and P10 contingent oil and gas resources, as of June 1, 2005, for Aje Field, Oil Mining Lease (OML) 113, located in the Benin Basin, offshore Nigeria. As requested, the content of this report is substantially based on our prior technical work conducted for Sovereign Oil & Gas Company (Sovereign) as presented in our report dated October 15, 2004. Sovereign granted us permission to provide this report based upon our prior work and has assured us that no new material information has been obtained which would substantially alter the estimates and opinions set forth therein. We understand that you intend to include this report in certain securities filings in connection with the admission of Providence Resources P.l.c. (Providence) shares to the AIM Market of the London Stock Exchange. Contingent resources are not defined by The Listing Rules of the United Kingdom Listing Authority; therefore, the contingent resources presented in this report have been prepared in accordance with the petroleum resource definitions adopted by the Society of Petroleum Engineers (SPE), World Petroleum Congress (WPC), and the American Association of Petroleum Geologists (AAPG) in 2000.

The resources in this report are contingent upon the successful completion of agreements for development and processing as well as regulatory and governmental approvals. It is our understanding that these agreements and approvals are in the planning stages and are not currently in place. We have accepted without independent verification that these oil and gas resources will be economically viable for further development and that they can be produced economically throughout the expected project life. For these reasons, at this time we consider these resources to be contingent in nature. We understand that if the results of an additional one or two delineation wells confirm the anticipated size of Aje Field, Sovereign and its partners intend to seek further approval to develop the field. We understand that under development, in addition to production of crude oil, a gas-to-liquids (GTL) project is also contemplated to monetize the potentially significant in-place gas resources. We have not included an inventory of GTL by-products or natural gas liquids in this report.

We estimate the gross (100 percent) contingent oil and gas resources in Aje Field, as of June 1, 2005, to be:

	Gross (100 Percent) Contingent Resources[1]			
	Turonian Reservoir		Cenomanian Reservoir	
Category	Condensate (MMBBL)	Gas (BCF)	Oil (MMBBL)	Gas (BCF)
P90	2.2	53.0	5.1	1.7
P50[2]	19.9	466.6	64.9	22.5
P10[2]	63.0	1,452.6	288.8	100.7

(1) Definitions of these resources are presented immediately following this letter.
(2) P50 volumes are inclusive of P90 volumes; P10 volumes are inclusive of P50 volumes.

The condensate volumes shown include condensate only and do not include GTL by-products or natural gas liquids. Condensate volumes are expressed in millions of barrels (MMBBL); a barrel is equivalent to 42 United States gallons. The oil volumes shown include crude oil only. Oil volumes are also expressed in MMBBL. Gas volumes are expressed in billions of standard cubic feet (BCF) at standard temperature and pressure bases. As shown in the Table of Contents, this report includes a discussion of Aje Field along with pertinent tables and figures.

The estimated resources shown in this report are for probabilistic P90, P50, and P10 contingent resources. Our estimates do not include prospective resources which may exist in Aje Field or elsewhere in OML 113. Definitions of all resource categories are presented immediately following this letter.

For our evaluation, we had access to certain data and analyses provided by Sovereign. Sovereign presented an introduction to Aje Field, a review of potential development plans, and the basis for its geological and geophysical interpretation and fluid property and petrophysical analyses. The information and data provided to us included, but were not limited to, a geological and geophysical review of Sovereign's current interpretation of the Aje Field area, structure and amplitude maps, formation test results and fluid properties analysis, petrophysical methodology, fluid property analysis methodology, and potential future development plans. We were also provided a digital backup of an SMT Kingdom project (a subset of the 3-D seismic survey), two interpreted seismic horizons, fluid and laboratory analysis reports and subsequent fluid property analysis, raw and interpreted LAS files, and well test data that included pressure transient analysis interpretations.

Our evaluation of Aje Field for Sovereign consisted of: (1) geophysical and geological review of both major reservoirs, the Turonian and Cenomanian; (2) geophysical depth mapping of these reservoirs; (3) generation of structure and net pay isopach maps; (4) petrophysical analysis of net hydrocarbon pay, porosity, and connate water saturation; (5) review of pressure and temperature data as well as fluid properties using existing fluid laboratory analysis and black oil correlations; (6) probabilistic modeling of original hydrocarbons-in-place; (7) review of well test data and interpretations generated by others; and (8) generation of probabilistic estimates of contingent recoverable oil and gas resources.

For the purposes of this report, a field inspection of the properties has not been performed. We have not investigated possible environmental liability related to the properties.

The contingent resources included in this report are estimates only and should not be construed as exact quantities. They may or may not be recovered. These contingent resources are undeveloped and are based on estimates of reservoir volumes and recovery efficiencies along with analogies to similar production in the region. As such resource estimates are usually subject to greater revision than those based on production and pressure data, it may be necessary to revise these estimates as performance data become available. Also, estimates of resources may increase or decrease as a result of future operations, including the drilling of additional delineation wells. We understand that an additional delineation well, the Aje-3, has been proposed to test the southern extent of the Aje culmination at a structurally high position located approximately 2.3 miles from the existing Aje Field wells. We note that if this well discovers hydrocarbon-charged sands as mapped and if a production and buildup test of sufficient length confirms reservoir continuity between the Aje-3 and the other well locations, a significant amount of contingent resources could increase in certainty. Based on prior deterministic work we have conducted, the combined volume from both reservoirs reclassified to the P90 and P50 categories could be as much as 53 MMBBL of crude oil, 670 BCF of gas, and 29 MMBBL of condensate.

In evaluating the information at our disposal concerning this report, we have excluded from our consideration all matters as to which political, socioeconomic, legal, or accounting, rather than engineering and geological, interpretation may be controlling. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geological data; therefore, our conclusions necessarily represent only informed professional judgments.

The data used in our estimates were obtained from Sovereign Oil & Gas Company, Providence Resources P.l.c., and the nonconfidential files of Netherland, Sewell & Associates, Inc. and were accepted as accurate. Supporting geologic, field performance, and work data are on file in our office. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties and are not employed on a contingent basis.

Very truly yours,

NETHERLAND, SEWELL & ASSOCIATES, INC.

/s/ Danny D. Simmons, P.E.
By:
Danny D. Simmons, P.E.
Executive Vice President

/s/ David B. Cox, P.E.
By:
David B. Cox, P.E.
Vice President

Date Signed: June 15, 2004

/s/ Patrick L. Higgs, P.G.
By:
Patrick L. Higgs, P.G.
Vice President

Date Signed: June 15, 2005

MTB:SAC

2000 DEFINITIONS FOR PETROLEUM RESOURCES ADOPTED BY SOCIETY OF PETROLEUM ENGINEERS (SPE), WORLD PETROLEUM CONGRESS (WPC), AND AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS (AAPG)

DEFINITIONS

The resource classification system is summarized in Figure 1 and the relevant definitions are given below. Elsewhere, resources have been defined as including all quantities of petroleum which are estimated to be initially-in-place; however, some users consider only the estimated recoverable portion to constitute a resource. In these definitions, the quantities estimated to be initially-in-place are defined as Total Petroleum-initially-in-place, Discovered Petroleum-initially-in-place and Undiscovered Petroleum-initially-in-place, and the recoverable portions are defined separately as Reserves, Contingent Resources and Prospective Resources. In any event, it should be understood that reserves constitute a subset of resources, being those quantities that are discovered (i.e. in known accumulations), recoverable, commercial and remaining.

TOTAL PETROLEUM-INITIALLY-IN-PLACE

Total Petroleum-initially-in-place is that quantity of petroleum which is estimated to exist originally in naturally occurring accumulations. Total Petroleum-initially-in-place is, therefore, that quantity of petroleum which is estimated, on a given date, to be contained in known accumulations, plus those quantities already produced therefrom, plus those estimated quantities in accumulations yet to be discovered. Total Petroleum-initially-in-place may be subdivided into Discovered Petroleum-initially-in-place and Undiscovered Petroleum-initially-in-place, with Discovered Petroleum-initially-in-place being limited to known accumulations.

It is recognized that all Petroleum-initially-in-place quantities may constitute potentially recoverable resources since the estimation of the proportion which may be recoverable can be subject to significant uncertainty and will change with variations in commercial circumstances, technological developments and data availability. A portion of those quantities classified as Unrecoverable may become recoverable resources in the future as commercial circumstances change, technological developments occur, or additional data are acquired.

DISCOVERED PETROLEUM-INITIALLY-IN-PLACE

Discovered Petroleum-initially-in-place is that quantity of petroleum which is estimated, on a given date, to be contained in known accumulations, plus those quantities already produced therefrom. Discovered Petroleum-initially-in-place may be subdivided into Commercial and Sub-commercial categories, with the estimated potentially recoverable portion being classified as Reserves and Contingent Resources respectively, as defined below.

RESERVES

Reserves are defined as those quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward. Reference should be made to the full SPE/WPC Petroleum Reserves Definitions for the complete definitions and guidelines.

Estimated recoverable quantities from known accumulations which do not fulfill the requirement of commerciality should be classified as Contingent Resources, as defined below. The definition of commerciality for an accumulation will vary according to local conditions and circumstances and is left to the discretion of the country or company concerned. However, reserves must still be categorized according to the specific criteria of the SPE/WPC definitions and therefore proved reserves will be limited to those quantities that are commercial under current economic conditions, while probable and possible may be based on future economic conditions. In general, quantities should not be classified as reserves unless there is an expectation that the accumulation will be developed and placed on production within a reasonable timeframe.

In certain circumstances, reserves may be assigned even though development may not occur for some time. An example of this would be where fields are dedicated to a long-term supply contract and will only be developed as and when they are required to satisfy that contract.

CONTINGENT RESOURCES

Contingent Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable.

It is recognized that some ambiguity may exist between the definitions of contingent resources and unproved reserves. This is a reflection of variations in current industry practice. It is recommended that if the degree of commitment is not such that the accumulation is expected to be developed and placed on production within a reasonable timeframe, the estimated recoverable volumes for the accumulation be classified as contingent resources.

Contingent Resources may include, for example, accumulations for which there is currently no viable market, or where commercial recovery is dependent on the development of new technology, or where evaluation of the accumulation is still at an early stage.

UNDISCOVERED PETROLEUM-INITIALLY-IN-PLACE

Undiscovered Petroleum-initially-in-place is that quantity of petroleum which is estimated, on a given date, to be contained in accumulations yet to be discovered. The estimated potentially recoverable portion of Undiscovered Petroleum-initially-in-place is classified as Prospective Resources, as defined below.

PROSPECTIVE RESOURCES

Prospective Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.

ESTIMATED ULTIMATE RECOVERY

Estimated Ultimate Recovery (EUR) is not a resource category as such, but a term which may be applied to an individual accumulation of any status/maturity (discovered or undiscovered). Estimated Ultimate Recovery is defined as those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from an accumulation, plus those quantities already produced therefrom.

AGGREGATION

Petroleum quantities classified as Reserves, Contingent Resources or Prospective Resources should not be aggregated with each other without due consideration of the significant differences in the criteria associated with their classification. In particular, there may be a significant risk that accumulations containing Contingent Resources or Prospective Resources will not achieve commercial production.

RANGE OF UNCERTAINTY

The Range of Uncertainty, as shown in Figure 1, reflects a reasonable range of estimated potentially recoverable volumes for an individual accumulation. Any estimation of resource quantities for an accumulation is subject to both technical and commercial uncertainties, and should, in general, be quoted as a range. In the case of reserves, and where appropriate, this range of uncertainty can be reflected in estimates for Proved Reserves (1P), Proved plus Probable Reserves (2P) and Proved plus Probable plus Possible Reserves (3P) scenarios. For other resource categories, the terms Low Estimate, Best Estimate and High Estimate are recommended.

The term "Best Estimate" is used here as a generic expression for the estimate considered to be the closest to the quantity that will actually be recovered from the accumulation between the date of the estimate and the time of abandonment. If probabilistic methods are used, this term would generally be a measure of central tendency of the uncertainty distribution (most likely/mode, median/P50 or mean). The terms "Low Estimate" and "High Estimate" should provide a reasonable assessment of the range of uncertainty in the Best Estimate.

For undiscovered accumulations (Prospective Resources) the range will, in general, be substantially greater than the ranges for discovered accumulations. In all cases, however, the actual range will be dependent on the amount and quality of data (both technical and commercial) which is available for that accumulation. As more data become available for a specific accumulation (e.g. additional wells, reservoir performance data) the range of uncertainty in EUR for that accumulation should be reduced.

RESOURCES CLASSIFICATION SYSTEM

Figure 1 is a graphical representation of the definitions. The horizontal axis represents the range of uncertainty in the estimated potentially recoverable volume for an accumulation, whereas the vertical axis represents the level of status/maturity of the accumulation. Many organizations choose to further sub-divide each resource category using the vertical axis to classify accumulations on the basis of the commercial decisions required to move an accumulation towards production.

As indicated in Figure 1, the Low, Best and High Estimates of potentially recoverable volumes should reflect some comparability with the reserves categories of Proved, Proved plus Probable and Proved plus Probable plus Possible, respectively. While there may be a significant risk that sub-commercial or undiscovered accumulations will not achieve commercial production, it is useful to consider the range of potentially recoverable volumes independently of such a risk.

If probabilistic methods are used, these estimated quantities should be based on methodologies analogous to those applicable to the definitions of reserves; therefore, in general, there should be at least a 90% probability that, assuming the accumulation is developed, the quantities actually recovered will equal or exceed the Low Estimate. In addition, an equivalent probability value of 10% should, in general, be used for the High Estimate. Where deterministic methods are used, a similar analogy to the reserves definitions should be followed.

As one possible example, consider an accumulation that is currently not commercial due solely to the lack of a market. The estimated recoverable volumes are classified as Contingent Resources, with Low, Best and High estimates. Where a market is subsequently developed, and in the absence of any new technical data, the accumulation moves up into the Reserves category and the Proved Reserves estimate would be expected to approximate the previous Low Estimate.

FIGURE 1 - RESOURCES CLASSIFICATION SYSTEM

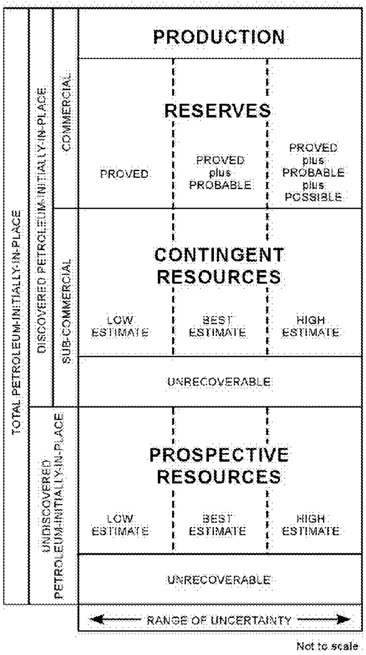


TABLE OF CONTENTS

DISCUSSION

DISCUSSION

AJE FIELD, OML 113
BENIN BASIN, OFFSHORE NIGERIA

BACKGROUND AND INTRODUCTION

Aje Field is located in Oil Mining Lease (OML) 113 in the Benin Basin, offshore Nigeria, as shown on the location map in Figure 1. Yinka Folawiyo Petroleum Company (YFP) is the licensee and operator of OML 113. The license was granted in June 1998 with a 20-year initial term. Previously, YFP held the block as Oil Prospecting License (OPL) 309. The field is situated 15 miles directly offshore and 40 miles southwest of Lagos in water depths ranging from 325 to 2,790 feet.

Prior to YFP's receipt of the OPL 309 from the Nigerian government in 1991, only limited exploration activity had occurred on the license or in the Benin Basin. Despite current exploration and licensing activity in the immediate area, the only other discovered field in the Benin Basin is Seme Field, offshore Benin. Seme Field is located 18 miles northwest of Aje Field.

Currently, Sovereign Oil and Gas Company (Sovereign) is leading a consortium of partners with interests in the development of Aje Field. We understand Providence Resources P.l.c. (Providence) has joined this consortium and now shares an interest in the development of Aje Field. Netherland, Sewell & Associates, Inc. (NSAI) prepared a report dated October 15, 2004, for Sovereign, and, at the request of Providence, this report has been prepared as a direct adaptation of our prior work.

We understand that if the results of an additional one or two delineation wells confirm the potential size of Aje Field, Sovereign and its partners intend to seek further approval to develop the field using a subsea development scheme with tiebacks to a Floating Production, Storage, and Offloading (FPSO) vessel. We further understand that in addition to production of crude oil, a gas-to-liquids project is also contemplated to monetize the potentially significant anticipated in-place gas resources.

DISCOVERY AND DELINEATION OVERVIEW

Aje Field was discovered with the drilling of the Aje-1 well in 1996. This was followed in 1997 by the drilling of the Aje-2 appraisal well with a bottomhole location approximately 3,000 feet to the east of Aje-1. Oil and gas reservoirs were penetrated by both wells. The Aje-1 well encountered a thin oil rim and the top of the gas-charged Middle Cretaceous Turonian (Turonian) Sandstone at a depth of 6,728 feet true vertical depth subsea (TVDSS). Due to mechanical problems, the Aje-1 only reached the Turonian Sandstone. The Aje-2 well also found the Turonian Sandstone and penetrated the deeper oil-bearing Middle Cretaceous Cenomanian/Albian (Cenomanian) Sandstone at a depth of 7,881 TVDSS. Structure maps of the tops of the Turonian and Cenomanian Reservoirs are included as Figures 2 and 3, respectively.

Drillstem testing of the Turonian Sandstone horizon in the Aje-1 was conducted over three sand lobes, with the most prolific lobe, the Middle Turonian, testing at a stabilized rate of 18 million cubic feet of gas per day (MMCFD) and 753 barrels of condensate per day (BCPD). The Lower Turonian tested at a rate of 12 MMCFD and 944 BCPD from just above the log-identified gas-oil contact. Based on fluid property measurements, the higher than expected yield measured during the Lower Turonian test is thought to be from production of the thin, 22-foot oil rim identified through wireline log analysis. The arithmetic sum of the test rates for the Lower, Middle, and Upper Turonian lobes is 42 MMCFD and 2,262 BCPD.

The Cenomanian oil zone was tested by the Aje-2 from a structurally low position. Aje-2 drillstem tests measured a rate of 3,866 barrels of oil per day of 39-degree API oil and associated gas from a 21-foot interval of oil on top of an oil-water contact. A recent (2004) pre-stack depth migration (PSDM) of 3-D seismic data over the field indicates that this oil zone could be significantly thicker at the crest of the structure.

DATA ACCESS AND METHODOLOGY

For our evaluation, we had access to certain data and analyses provided by Sovereign. Sovereign presented an introduction to Aje Field, a review of potential development plans, and the basis for its geological and geophysical interpretation and fluid property and petrophysical analyses. The information and data provided to us included, but were not limited to, a geological and geophysical review of Sovereign's current interpretation of the Aje Field area, structure and amplitude maps, formation test results and fluid property analyses, petrophysical methodology, fluid property analysis methodology, and potential future development plans. We were also provided a digital backup of an SMT Kingdom project (a subset of the PSDM 3-D seismic survey), interpreted seismic horizons, raw and interpreted LAS format well log files, and pressure transient analysis interpretations.

Our evaluation of Aje Field for Sovereign consisted of: (1) detailed review of Sovereign's geological and geophysical interpretations of both major reservoirs, the Cenomanian and Turonian; (2) generation of depth structure maps utilizing Sovereign's interpretation with minor revisions where necessary; (3) generation of net pay isopach maps; (4) petrophysical analysis of net hydrocarbon pay, porosity, and connate water saturation; (5) review of pressure and temperature data as well as fluid properties using existing fluid laboratory analysis and black oil correlations; (6) probabilistic modeling of original hydrocarbons-in-place; (7) review of well test data and interpretations generated by others; and (8) generation of probabilistic estimates of recoverable contingent resources based on a combination of all available data.

GEOLOGY

Aje Field is a northeast-southwest trending anticline located 40 miles southwest of Lagos, offshore Nigeria. The field is located in the Benin Basin, a rift basin that formed in the early Cretaceous during the breakup of Africa and South America. The stratigraphic section consists of rift, transitional, and drift sequences. The early drift comprises successive transgressive cycles building to maximum coastal regression in the Upper Cretaceous.

The main sediment provenance is the crystalline basement to the north. The Turonian and Cenomanian Reservoirs are described as medium-to-fine grained sandstones with interbedded thin silty/shaly layers. The reservoir sandstones were deposited in a narrow marine shelf setting. This environment was part of a wave and tide dominated margin. With these conditions during sea level high stand, the sediments on the shelf were reworked, maturing the sands and breaking down feldspars.

The Aje-1 well encountered a Turonian section of 815 gross feet true vertical thickness (TVT). This section contained 377 net feet TVT of sand, 123 net feet TVT of gas, and 21 net feet TVT of oil. The Aje-2 well penetrated 715 gross feet TVT of Turonian section containing 326 net feet TVT of sand, 85 net feet TVT of gas, and 20 net feet TVT of oil. The Aje-2 well also penetrated the Cenomanian encountering 312 gross feet TVT of section containing 110 net feet TVT of sand with 15 net feet TVT of oil.

Hydrocarbon source is most likely from marine shales that correspond to the maximum flooding events of the Maastrichtian to Cenomanian times. These shales were deposited during the global anoxias of the Middle Cretaceous when widespread oxygen depletion in the water column led to extensive organic matter preservation. They are likely to be widespread on this margin and have been identified as the source of oil in western Nigeria and the nearby Seme Field.

Aje Field is a structural trap formed by drape of Cretaceous sediments over basement highs. The structures are controlled by basement-cored horst blocks related to the rift fracture zones. Seals are provided by intraformational shales.

Due to the limited amount and coverage of well control over the Aje structure, a significant amount of uncertainty exists with regard to sand presence outside of the area in direct proximity to the two existing Aje wells. Until additional delineation wells are drilled, the range of volumes of original hydrocarbons-in-place is necessarily broad. A series of net rock volume maps were constructed for each reservoir. Within these maps, the full 12,000-acre areal extent of the Aje structural closure was divided into three confidence areas, the Northern, Central, and Southern Areas. These confidence areas apply to both reservoirs and were used to help delineate areas of the reservoir for resource classification purposes. These confidence areas are shown on the structure maps in Figures 2 and 3. Isopach maps are available for review by authorized parties in our offices.

GEOPHYSICS

Two 2-D seismic data sets and one 3-D seismic survey cover the area of Aje Field. The 568 line-miles of 2-D seismic control were acquired during 1994 and 1995. The 425-square-mile 3-D seismic survey was recorded by Petroleum Geo-Services (PGS) in 1997. Of this seismic data, 270 square miles of the 3-D survey cover the immediate vicinity of OML 113 and define the Aje Field structure.

Severe changes in water depth across the field area create a complex seismic velocity field and result in two-way travel time imaging that is not consistent with true depth structure. Due to the complex velocity field, a simplistic time-depth function based depth conversion yields an inaccurate structural image. Applied Geophysical Solutions has generated a PSDM volume of the 3-D seismic data. This volume is the most accurate depth image available and has been used for structural mapping. Seismic data quality is fair to excellent for the 3-D seismic volume.

Two seismic horizons have been interpreted in the 3-D PSDM volume, the Top Turonian Sandstone and the Top Cenomanian Sandstone. Both horizons are fair-to-good quality reflectors. Due to the age and consolidated nature of both sandstones, neither is conducive to seismic attribute extraction for identification of reservoir quality or hydrocarbon extent. Both horizons are truncated to the northwest and southeast by the Upper Cretaceous Santonian age unconformity.

PETROPHYSICS

A petrophysical analysis was performed on the Aje-1 and Aje-2 wells. The analysis was based on LAS format files provided by Sovereign.

The Larinov method was used to calculate shale volume based on the gamma ray curve. Porosity was calculated using shale-corrected density values with a calculated grain density. For zones where there was gas crossover in the density-neutron data, the root-mean-square average of the shale corrected density and neutron values was used for determination of effective porosity. Connate water saturation values were calculated using standard Archie and Simandoux equations. The Simandoux solution was utilized for connate water estimates as it provided the most reasonable estimate of these saturations.

Petrophysical processing was conducted by NuTech Energy Alliance (NuTech) utilizing its proprietary NuLook™ evaluation. This processing yielded higher average porosity values over the reservoir intervals than the previously described method. For the purposes of this evaluation, the NuTech petrophysical processing was used to calculate maximum net pay summations and the NSAI petrophysical processing was utilized for minimum net pay summations. For both cases, the cutoff parameters used for determining net hydrocarbon pay were effective porosity greater than or equal to 10 percent, connate water saturation less than or equal to 60 percent, and a shale volume of less than or equal to 40 percent.

FLUID PROPERTIES

Initial pressure and temperature conditions for the Turonian and Cenomanian Formations were determined from initial drillstem formation tests and pressure buildup data in the Aje-1 and Aje-2 wells, respectively. Fluid samples, both downhole and recombined, obtained from the wells were analyzed in the laboratory. Based on our review, we find the fluid data and completed fluid property characterization and simulation to be, in the aggregate, satisfactory and agreeable for our use. Fluid gradient data were also used to confirm fluid type.

The Cenomanian oil is a light, 39-degree API crude oil, with a measured initial formation volume factor of approximately 1.453, an in-situ viscosity of 0.56 centipoise (cp), and a fluid compressibility of 13.4 x 10^{-6} volume/volume/psi (microsips). The Cenomanian oil has an original solution gas-oil ratio of 602 standard cubic feet of gas per barrel of oil. The saturation pressure of the oil was measured to be 1,825 pounds per square inch gauge (psig) at initial reservoir temperature of 253 degrees Fahrenheit.

The Turonian fluid is a sweet, mild, retrograde gas. At discovery, initial reservoir pressure was approximately equal to saturation pressure of 3,007 psig. A very thin oil rim was present in the Turonian Reservoir at discovery. Fluid analysis indicates that there is low reservoir liquid drop out with pressure decline and that condensate yield will be process-dependent. The laboratory results for constant composition expansion and depletion studies, along with reported field data, were used as input parameters to determine the compressibility factor for the reservoir fluid at datum conditions of 3,007 psig and 253 degrees Fahrenheit. The Dranchuk et al. empirical correlation was used to determine the initial compressibility factor from which a dry gas formation volume factor was calculated. The calculated compressibility factor compared favorably to the whole of the results presented in the constant composition expansion laboratory studies. After the most likely case values were determined for Dranchuk et al. correlation input parameters, a reasonable range of initial dry gas formation volume factors was determined for use in the Monte Carlo simulation.

ORIGINAL HYDROCARBONS-IN-PLACE

In our probabilistic estimates of original hydrocarbons-in-place, most likely and high-side net pay isopach maps were used to develop a net rock volume distribution for each confidence area, with the low side of the distribution in each area being calculated using statistical methods, assuming the relationship of potential net rock volume outcomes is lognormally distributed. A reasonableness check was applied to verify that the low-side case was physically meaningful. Net rock volume distributions were combined with distributions for porosity, connate water saturations, and formation volume factors to determine the distribution of original hydrocarbons-in-place using Monte Carlo simulation. The resulting distributions for each confidence area were aggregated as appropriate for each resource case. Based on our experience, we used a correlation factor between porosity and hydrocarbon saturation of 0.3 in the Monte Carlo simulation runs.

RECOVERY FACTOR

Because the Aje structure appears to be open on three sides, there is a high likelihood of at least some water support in both the Cenomanian and Turonian Reservoirs. However, considerable uncertainty exists with respect to drive strength in either horizon. Due to the lack of pressure and performance data required to precisely determine drive strength, the use of a range of values is appropriate to characterize contingent resources. Additionally, because recovery factors in deepwater fields are highly dependent on economics and since no development plan has been finalized and economic viability has not been tested, these recovery factors, although reasonable, are considered technical in nature.

The range of potential oil recovery factors for the Cenomanian Formation was estimated based on our experience with similar depositional environments and analogous operations in the region. The quality of the Cenomanian Reservoir is high, with well test permeabilities up to 1.5 darcies; therefore, it is expected that recoveries will be driven by total sweep efficiency and aquifer strength. For this determination, a range of potential oil recovery factors was estimated based on drive mechanisms ranging from solution gas drive to strong water drive with varying sweep efficiency scenarios. The most likely recovery factor results from a moderate water-drive scenario and is approximately 32 percent of original oil-in-place (OOIP). From these calculations, a probabilistic distribution of oil recovery factors for the Cenomanian was determined with recovery factors ranging from 14 to 45 percent of OOIP.

The range of potential dry gas recovery factors for the Turonian Formation was estimated based on calculated volumetric recovery factors and our experience with similar depositional environments and analogous operations. For this determination, a range of potential dry gas recovery factors was calculated based on drive mechanisms of depletion to strong water drive with varying sweep efficiency scenarios. Combination drive mechanisms with average abandonment pressures between 1,000 to 2,250 psig and total sweep efficiencies from 15 to 70 percent were considered with higher sweep efficiencies correlated with higher abandonment pressures. Straight depletion drive mechanisms were also considered down to an average abandonment pressure of 750 psig. From these calculations, a probabilistic distribution of dry gas recovery factors for the Turonian Formation was determined. The overall range of recovery factors used in the probabilistic estimate was 45 to 80 percent of original gas-in-place.

Under pressure depletion scenarios, recovery of gas resources will be highly dependent upon the availability of compression and/or a low pressure pipeline system. At the request of Providence, we have assumed that either compression or a low pressure pipeline is installed such that system pressure is sufficient to attain the abandonment pressures estimated. A subsequent phase of this study will confirm reasonable abandonment pressure assumptions using an integrated production model which includes well, riser, and facility lift constraints.

All recovery factors include some adjustment to reflect development and well count limitations.

CONTINGENT RESOURCES

Our probabilistic contingent resource estimates were determined by combining estimates of original in-place hydrocarbons with a range of recovery factors using Monte Carlo simulation. Based on our experience, a correlation coefficient of 0.3 between porosity and recovery factor was used in the Monte Carlo simulation runs.

Secondary products were estimated using constant ratios throughout the life of each reservoir. The Cenomanian fluid is highly undersaturated oil, and the producing gas-oil ratio should be very close to solution gas-oil ratio through most of the field's producing life. The Turonian fluid is a mild, retrograde gas, with a very small amount of liquid drop out through abandonment pressure when measured via depletion study. Therefore, yields are expected to be relatively flat throughout the producing life. In our probabilistic resource estimates, gas-oil ratio and condensate yield distributions were developed to characterize the range of uncertainty resulting from the measured fluid data.

Probabilistic estimates of original hydrocarbons-in-place and ultimate recoverable gas, oil, and condensate resources are presented in Tables 1 and 2.

We understand that an additional delineation well, the Aje-3, has been proposed to test the southern extent of the Aje culmination at a structurally high position located approximately 2.3 miles from the existing Aje Field wells. We note that if this well discovers hydrocarbon-charged sands as mapped and if a production and buildup test of sufficient length confirms reservoir continuity between the Aje-3 and the other well locations, a significant amount of contingent resources could increase in certainty. Based on prior deterministic work we have conducted, the combined volume from both reservoirs reclassified to the P90 and P50 categories could be as much as 53 million barrels (MMBBL) of crude oil, 670 billion standard cubic feet of gas, and 29 MMBBL of condensate.

In addition to the significant potential gas resources in the Turonian Sandstone, the thin Turonian oil rim is estimated to contain 145 MMBBL of OOIP. Simulation studies completed by PGS Reservoir Consultants Limited suggest that development of this oil rim, even with horizontal wells, could be a significant challenge due to the propensity for gas cusping and water coning into the oil rim wells. However, by placing wells low in the gas cap and near the oil rim, some of the Turonian oil, which might not otherwise be recovered if only crestal wells are drilled, could actually be recovered. Even if this production method is attempted, it is unlikely that recoveries would exceed 7 and 10 MMBBL of oil or 5 to 7 percent of OOIP. We believe that substantial risk and uncertainty is involved in recovering these volumes, and we note that they would represent a relatively small portion of the overall contingent resources. As such, we did not include the thin oil rim in any of our estimates of hydrocarbons-in-place or contingent resources.

TABLES

SUMMARY OF PROBABILISTIC CONTINGENT RESOURCES
TURONIAN RESERVOIR, AJE FIELD, OML 113, OFFSHORE NIGERIA
AS OF JUNE 1, 2005

Confidence Area	Original Gas-in-Place (BCF)			Gross (100 Percent) Contingent Gas Resources (BCF)			Gross (100 Percent) Contingent Condensate Resources (MMBBL)		
	P90	P50[1]	P10[1]	P90	P50[1]	P10[1]	P90	P50[1]	P10[1]
Central Area High	105.4	147.4	199.0	53.0	92.1	140.7	2.2	3.9	6.1
Central Area Medium	0.0	333.8	476.4	0.0	205.4	328.9	0.0	8.9	14.5
Northern Area Medium	0.0	254.7	345.9	0.0	157.3	252.7	0.0	6.6	10.9
Southern Area Low	0.0	0.0	1,383.2	0.0	0.0	953.5	0.0	0.0	40.9
Total - All Confidence Areas									
Arithmetic[2]	105.4	735.8	2,404.5	53.0	454.9	1,675.8	2.2	19.3	72.5
Aggregation	105.4	742.6	2,153.7	53.0	466.6	1,452.6	2.2	19.9	63.0

[1] P50 volumes are inclusive of P90 volumes; P10 volumes are inclusive of P50 volumes.
[2] Arithmetic totals may not add due to rounding.

Table I

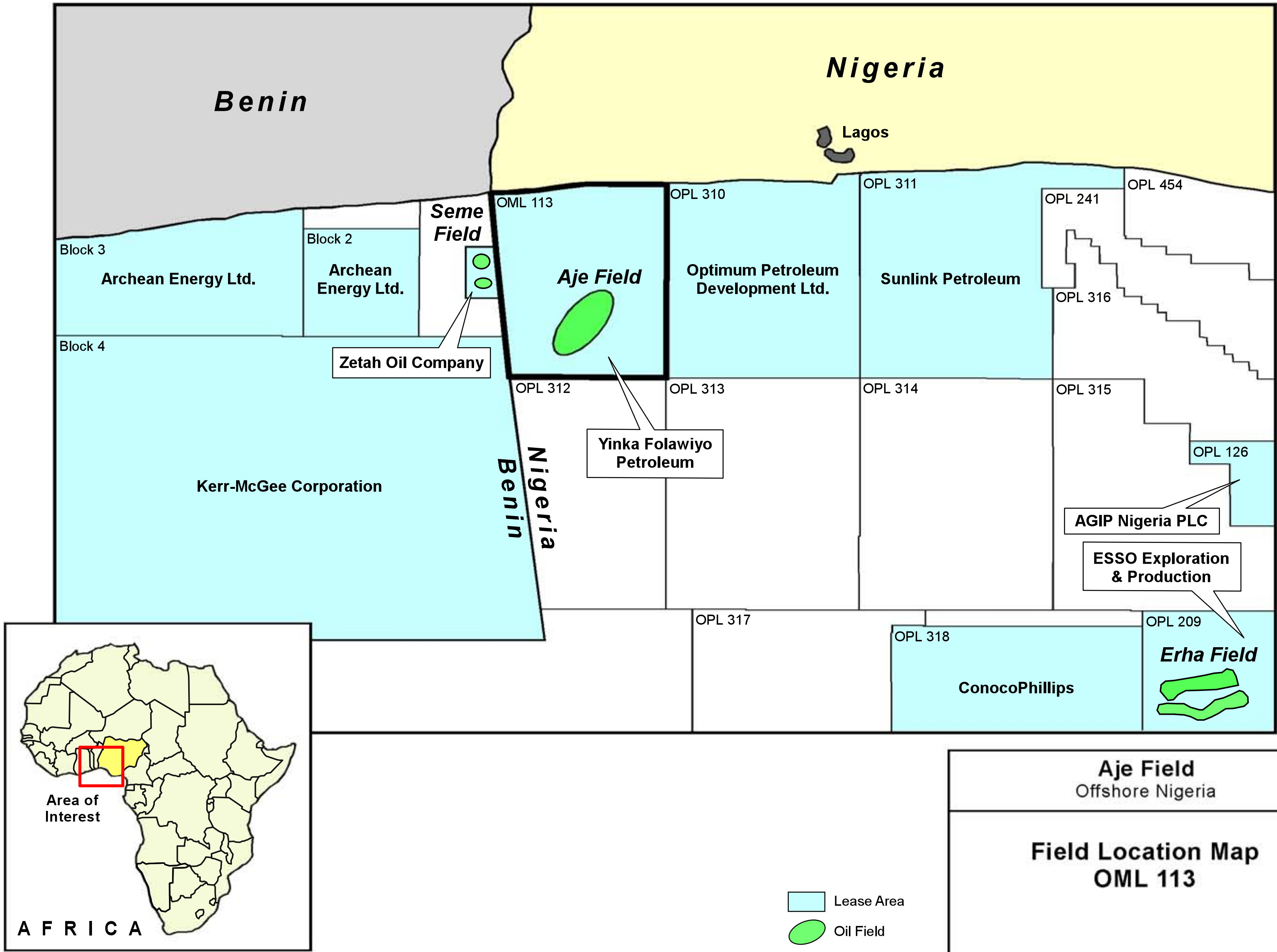
SUMMARY OF PROBABILISTIC CONTINGENT RESOURCES
CENOMANIAN RESERVOIR, AJE FIELD, OML 113, OFFSHORE NIGERIA
AS OF JUNE 1, 2005

Confidence Area	Original Oil-in-Place (MMBBL)			Gross (100 Percent) Contingent Oil Resources (MMBBL)			Gross (100 Percent) Contingent Gas Resources (BCF)		
	P90	P50[1]	P10[1]	P90	P50[1]	P10[1]	P90	P50[1]	P10[1]
Central Area High	30.5	48.0	70.6	5.1	13.8	26.1	1.7	4.8	9.5
Central Area Medium	0.0	95.2	145.2	0.0	28.6	56.0	0.0	9.6	19.0
Northern Area Medium	0.0	67.4	105.3	0.0	18.7	37.9	0.0	6.6	13.7
Southern Area Low	0.0	0.0	555.8	0.0	0.0	210.7	0.0	0.0	74.1
Total - All Confidence Areas									
Arithmetic[2]	30.5	210.5	876.9	5.1	61.1	330.8	1.7	20.9	116.3
Aggregation	30.5	216.3	795.5	5.1	64.9	288.8	1.7	22.5	100.7

(1) P50 volumes are inclusive of P90 volumes; P10 volumes are inclusive of P50 volumes.
(2) Arithmetic totals may not add due to rounding.

Table II

FIGURES

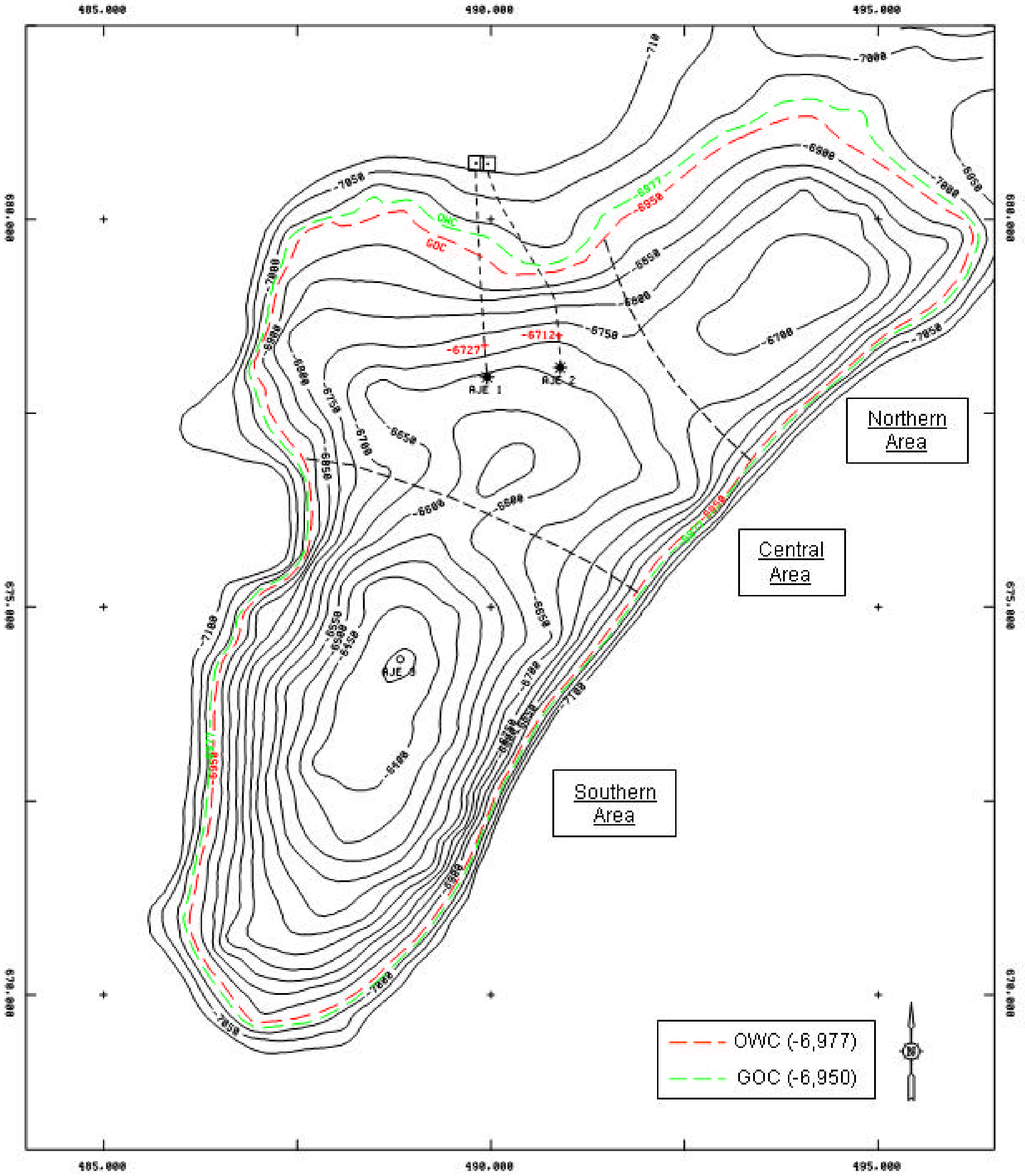


Aje Field
Offshore Nigeria

Field Location Map
OML 113

Figure 1

NETHERLAND, SEWELL
& ASSOCIATES, INC.



Aje Field
Offshore Nigeria

Top Depth Structure Map
Turonian Reservoir

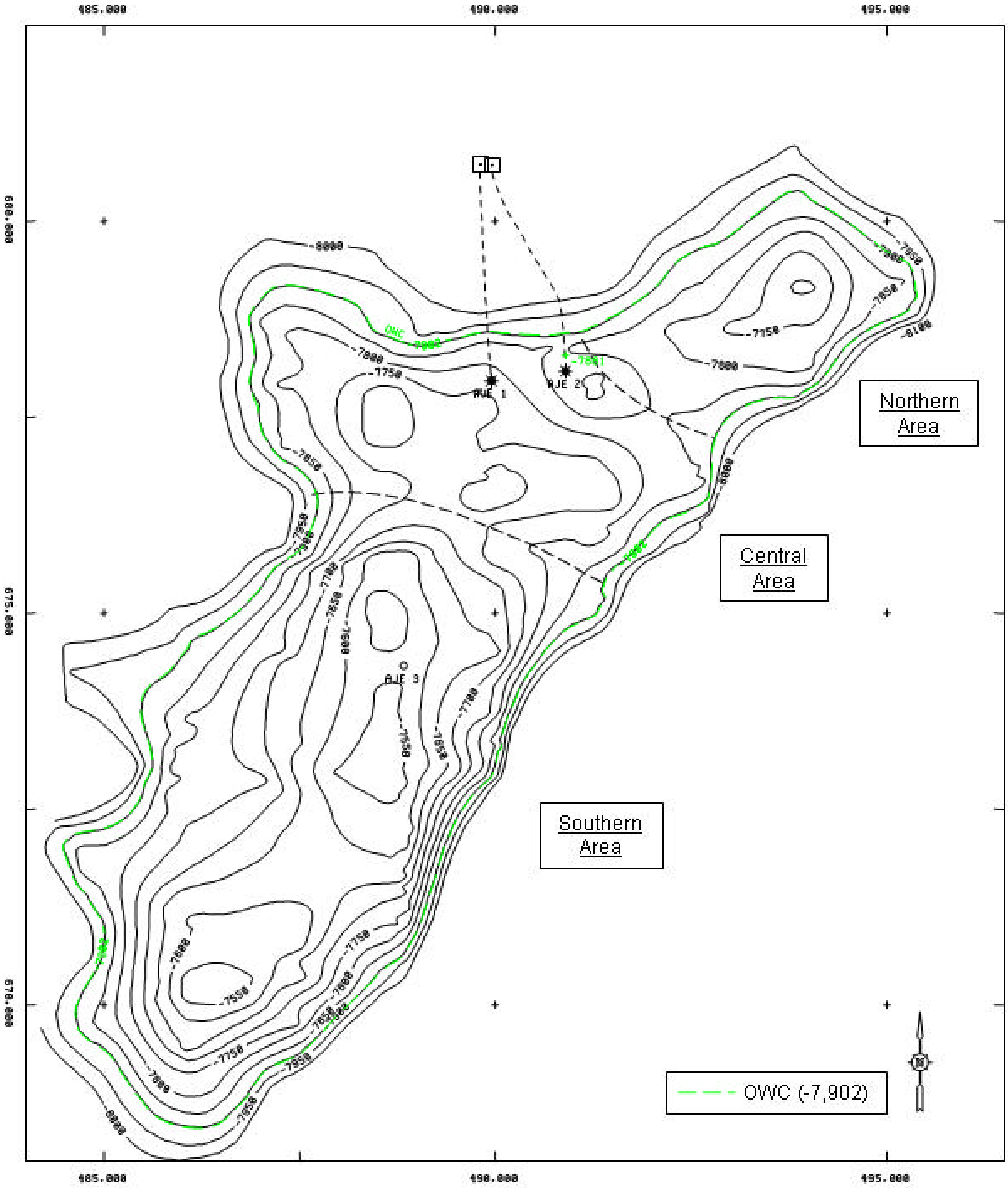
Contour Interval: 50 feet

SCALE IN METERS

0 1000 2000

Figure 2

NETHERLAND, SEWELL & ASSOCIATES, INC.



Aje Field
Offshore Nigeria

Top Depth Structure Map
Cenomanian Reservoir

Contour Interval: 50 feet

SCALE IN METERS

0 1000 2000

Figure 3

(B) INFORMATION ON THE GROUP'S LICENCE INTERESTS

The Company holds interests in the following oil and/or gas properties.

1 LICENCES – IRELAND – NORTH CELTIC SEA BASIN AND ST GEORGES CHANNEL

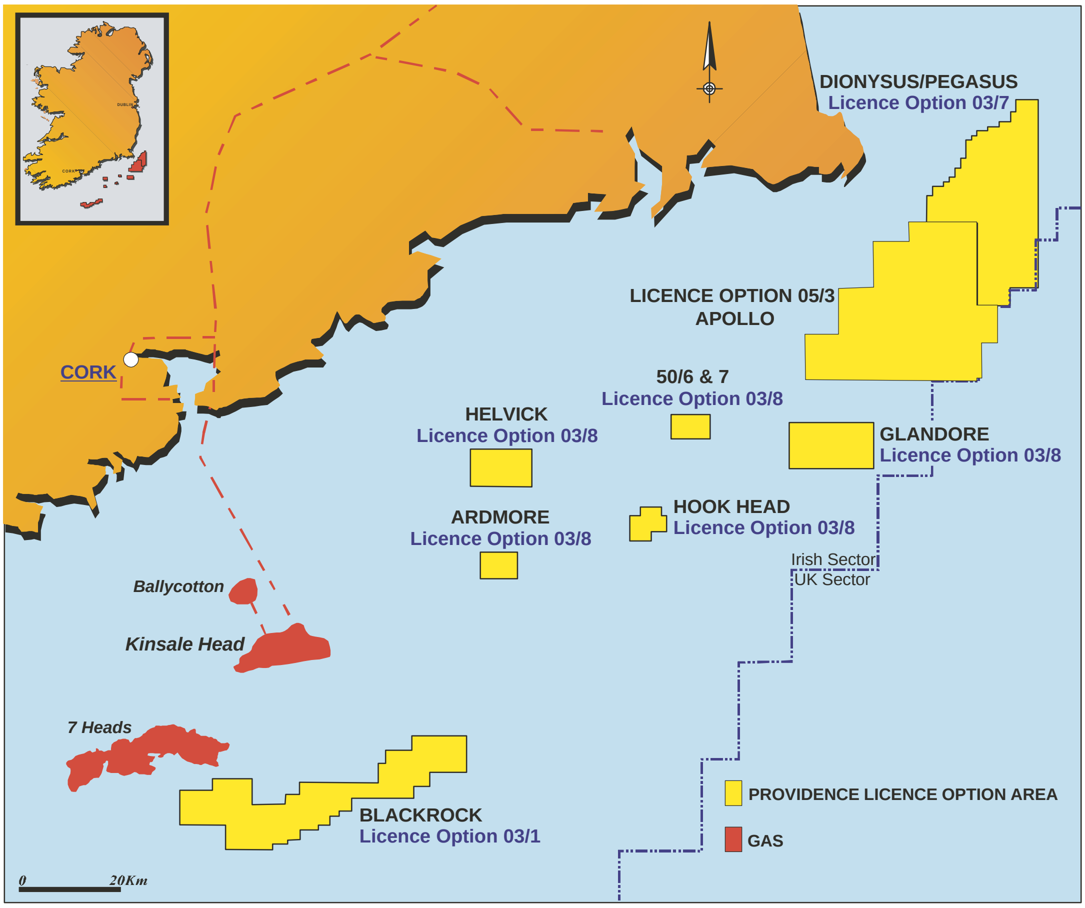


Figure 2.1 NORTH CELTIC SEA BASIN AND ST GEORGES CHANNEL LICENSES

1.1 Licensing Option 03/7 – 'Northern Area', St. George's Channel Basin part Blocks 41/25, 41/30, 42/21, 42/26, 51/1 (Providence – Operator - 80%)

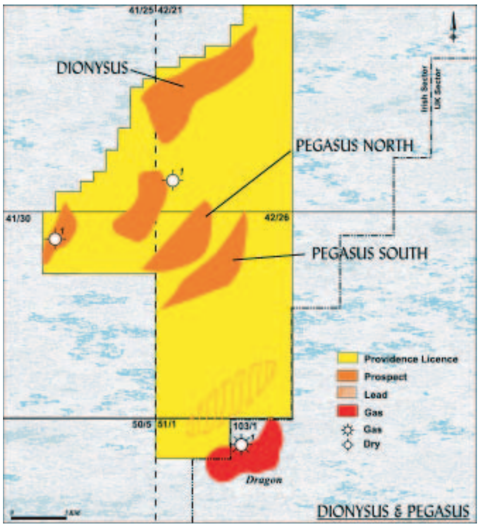


Figure 2.2 Map showing location of Pegasus and Dionysus prospect

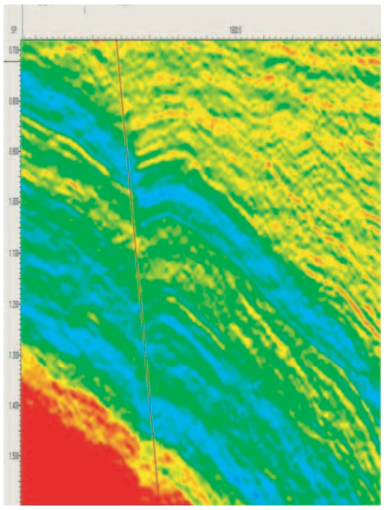


Figure 2.3 Seismic inversion line through Pegasus prospect (line location shown in figure 2.2)

The Dionysus prospect within Licensing Option 03/7 is located in about 100 metres of water in the St George's Channel Basin, offshore Ireland. The prospective area is some 18 kms off the south-east coast of Ireland and adjacent to the Marathon-operated Dragon gas discovery in UK Block 103/1a.

Providence has identified gas potential in sands of Upper Jurassic and Lower Triassic age. The presence of the nearby Dragon gas field, which is of Upper Jurassic age, demonstrates the presence of an active hydrocarbon system in the area. The current work programme has confirmed the presence of a number of prospective targets at both Jurassic and Triassic age.

The Pegasus prospect, which is directly analogous to the Marathon operated UK Dragon field, is thought by the Directors to contain 310 BSCFG recoverable within two fault blocks. Providence is currently considering shooting a seismic survey over this area in order to identify final well locations. The Directors also believe that the Dragon field extends from UK block 103/1a into Providence's Irish block 51/1. At present the Board considers that c.20 BSCFG recoverable extends into block 51/1. Should Marathon proceed with a development of the Dragon field, it is likely that Providence will enter into unitisation discussions in terms of the Dragon field extension into Irish block 51/1.

In addition to both Dragon and Pegasus, remapping of the Dionysus prospect has confirmed the presence of a 4,000 acre closure at Lower Triassic level. Utilising nearby well control, the Director's estimate this structure could contain ~500 BSCFG recoverable.

1.2 Licensing Option 05/3 – Apollo Area, St. George's Channel Basin Blocks 50/4, 50/5. part Blocks 41/29, 41/30, 50/3, 51/1 (Providence - Operator - 100%)

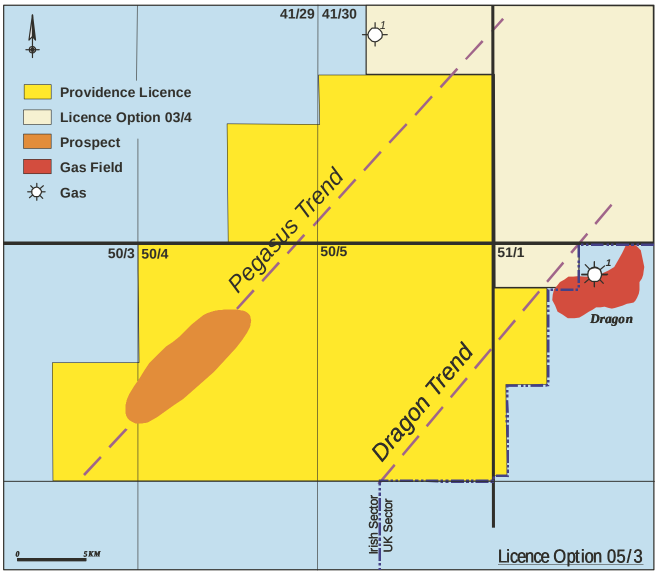


Figure 2.4 Map showing location of the Pegasus trend and Dragon trend into Apollo area

Licensing Option 05/3 is located close to shore in the St. George's Channel Basin off the south east coast of Ireland. The licensed area is at c. 100 metres water depth and covers approximately 850 sq. kms. It is adjacent to Providence's existing Licensing Option 03/7 which contains the Dionysus and Pegasus prospects. The block is adjacent to where Marathon is expected to drill an appraisal well during the second half of 2005 on their Dragon field.

Providence has identified hydrocarbon trend potential in reservoirs of both Jurassic age (as at Dragon) and Triassic age within the Licensing Option 05/3 area. Oil shows have been noted in wells close to the Licensing Option area, however due to the proximity of the Dragon gas field the main hydrocarbon type is expected to be gas.

Providence's work programme (primarily of a subsurface nature) will focus on the interpretation of existing data and the identification of prospects within a regional hydrocarbon framework that will also include Providence's existing Licensing Option 03/7 together with publicly released data from Marathon's Dragon gas field. Providence is currently considering additional seismic surveying in the area as a prelude to any future drilling programme.

1.3 Licensing Option 03/8 – 'Central Area', North Celtic Sea Basin Hook Head 50/11, Glandore , Helvick, Ardmore, Block 50/6-7 prospects (Providence - Operator - 80%)

1.31 Hook Head Prospect

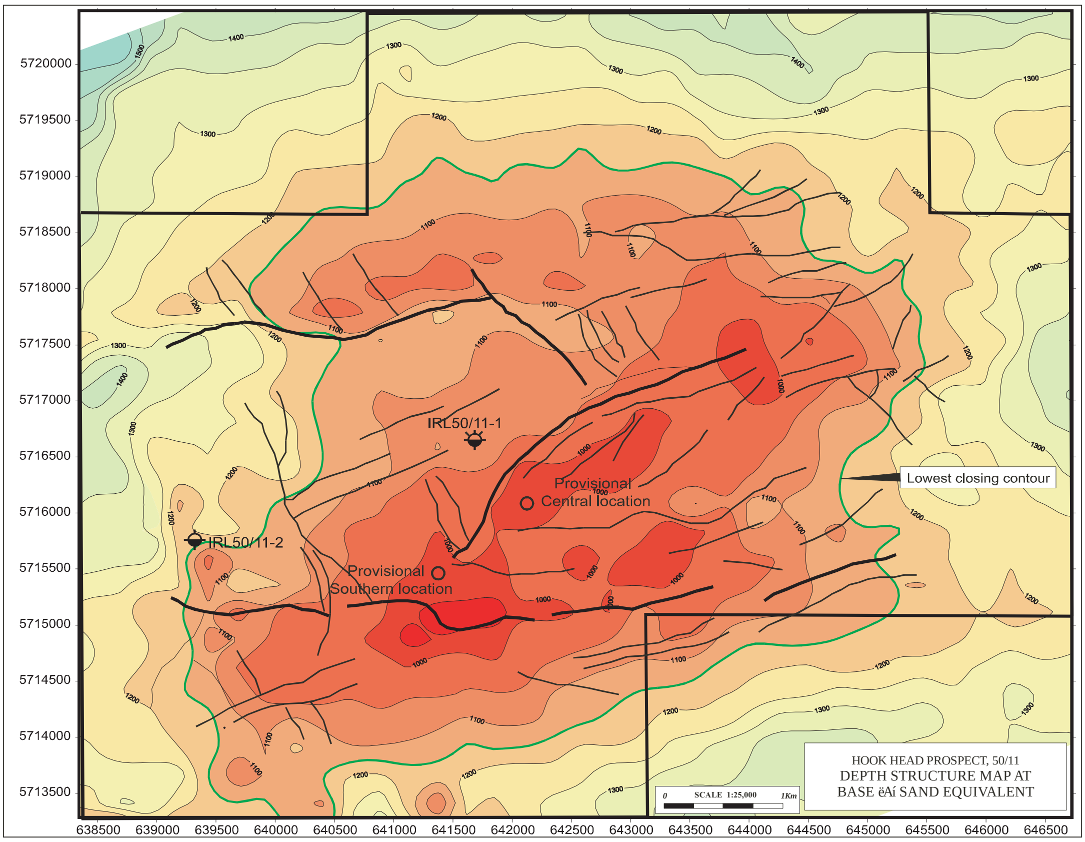


Figure 2.5 Hook Head prospect—Depth map

The Hook Head prospect lies approximately 60 kms off the south coast of Ireland and is in approximately 70 metres of water. In 1971, the then operator, Marathon, drilled a well, which encountered four hydrocarbon bearing reservoirs. Due to operational difficulties at the time, the well was not tested, so there is some uncertainty whether the reservoirs contain oil, gas or a combination of each.

In July, 1998, Providence, as Operator, acquired a high resolution 2D seismic survey. The results of this survey confirmed the existence of a 4-way dip closure and also demonstrated that the original discovery well was drilled some way off the crest of the structure.

The discovery well, 50/11-1, has been independently re-analysed using modern petrophysical techniques, which when combined with the re-mapping of the structure, indicate that the reservoirs could contain up to 300 MMB STOIIP, or 300 BSCF GIIP, if the hydrocarbon type is gas. While the 2004 farm-out campaign attracted industry interest from a variety of potential partners it has been decided that the Hook Head prospect is likely to form part of a multi-well programme in the future in order to improve cost effectiveness and economies of scale.

1.32 Glandore – part Blocks 50/8, 50/9

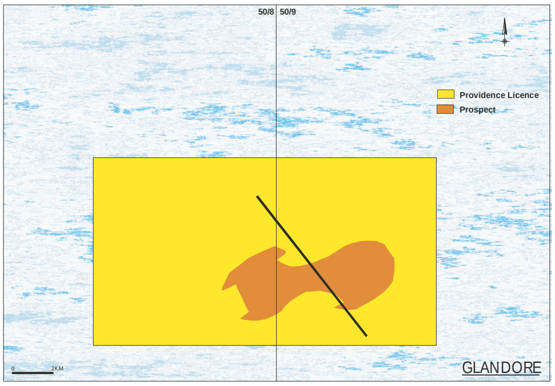


Figure 2.6 Map showing location of Glandore prospect

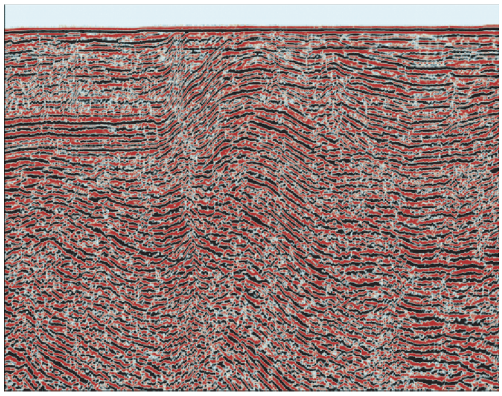


Figure 2.7 Seismic line showing Glandore structure (line location shown in figure 2.6)

The Glandore prospect is located some 40 kms north-east of the Hook Head 0/11-A prospect and some 45 kms south-west of the Marathon-operated Dragon gas field.

The prospect comprises a large faulted 4-way dip closed mid-basinal anticline which lies along the axis of the basin and is on–trend with the Kinsale Head, Ardmore, 50/11-1 and Dragon discoveries. Cuttings analysis from the Mobil-operated 50/10-1 well, which lies to the north-east of the prospect, indicates reservoir potential within sands of Upper Jurassic age, which are similar to those in the Dragon field. Interestingly, Mobil reported oil shows in the well when this section was being drilled. Remapping of the prospect is currently being finalised.

1.33 Helvick – part Blocks 49/8, 49/9, 49/13, 49/14

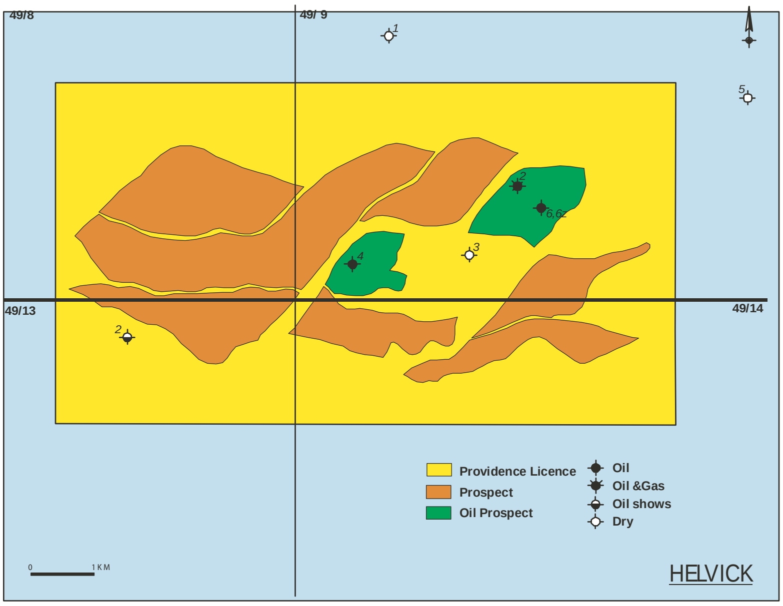


Figure 2.8 Map showing location of Helvick oil field and prospects

The offshore Helvick oil field is located in the south-west corner of Block 49/9, some 36 kms off the south coast of Ireland. It lies approximately 50 kms north-east of the Kinsale Head gas field.

The Helvick discovery well, 49/9-2 was drilled by the then Operator, Gulf Oil in 1983 and flowed at 9,900 BOPD and 7.5 MMSCFGD. Three further appraisal wells were drilled in the late 1980's to delineate the field. In 2000 Providence drilled the 49/9-6Z well which was flow tested at rates of approximately 5,200 BOPD which confirmed the good reservoir and fluid characteristics seen on the original 49/9-2 discovery well. Further detailed analysis however, indicated that the Helvick reservoir is compartmentalised and would require further appraisal, particularly in the surrounding area. Providence concluded that development of Helvick on a stand alone basis could not be justified given market conditions at that time.

Recent modern analysis of the well test data from the Helvick oil field suggests that wells could produce oil at significant rates under primary depletion. This, together with improved commodity prices, indicates that Helvick could provide an incremental oil development project in the future.

1.34 Ardmore Gas Field - part Blocks 49/13, 49/14, 49/18 and 49/19

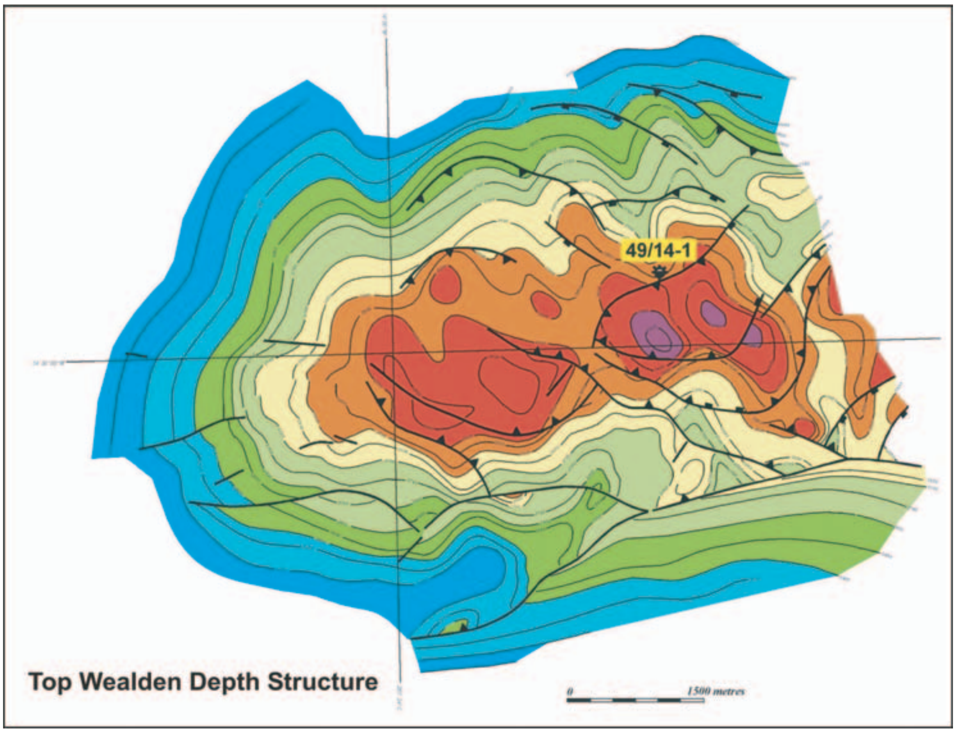


Figure 2.9 Ardmore field—Top Wealden depth map

The Ardmore gas field lies approximately 48 kms north-east of the Kinsale Head gas field.

The Ardmore discovery well, 49/14-1, was drilled by the then Operator, Marathon in 1975, and flowed at an aggregate rate of 8 MMSCFGPD. In 1997, Providence completed a high resolution 2D seismic survey over Ardmore and reprocessed this data using seismic inversion techniques. The Ardmore structure was mapped using this improved data set and the volume of gas-in-place was independently estimated at 150 BSCF. Considering its' size and lack of proximate infrastructure, Ardmore is considered as an incremental conventional gas project in terms of Providence's Celtic Sea asset portfolio. However, Providence is also currently assessing alternate development scenarios in order to monetise value from the Ardmore asset.

1.35 50/6-A Discovery

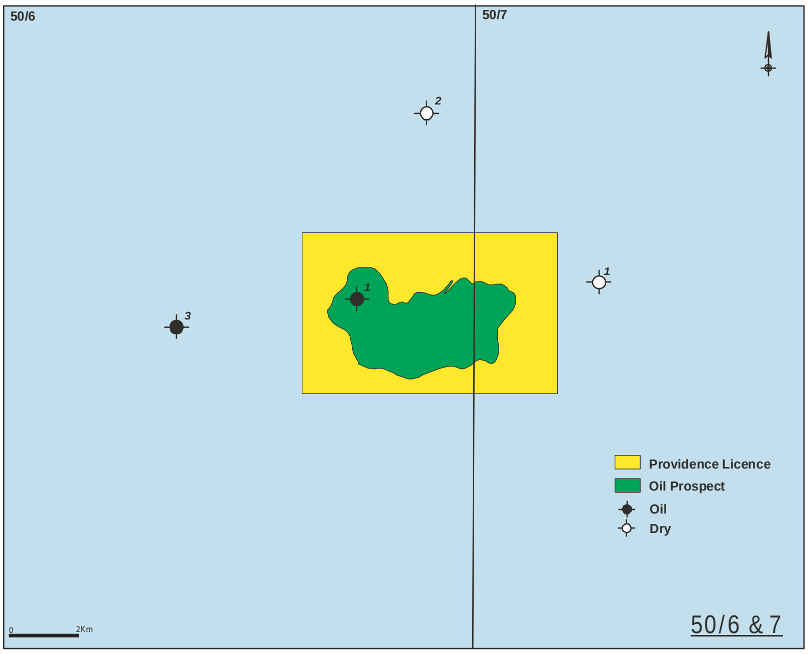


Figure 2.10 Map showing location of 50/6-A prospect

Block 50/6-A is located approximately 20 kms north of the Hook Head prospect (50/11-A).

The discovery well, 50/6-1, was drilled by the then Operator, Gulf Oil in 1985/86, and flowed at a rate of approximately 2,100 BOPD of high quality (44^{o} API) oil. The current in-house work programme which involved the reanalysis of existing seismic data together with a re-evaluation of the drill stem test data from the discovery well suggest that the structure contains potential recoverable reserves of 12 MMBO. Considering the size and lack of proximate infrastructure, 50/6-A discovery is considered as an incremental oil project in terms of Providence's Celtic Sea asset portfolio.

1.4 Licensing Option 03/1 – 'Blackrock', North Celtic Sea Basin (Providence – Operator - 83%)

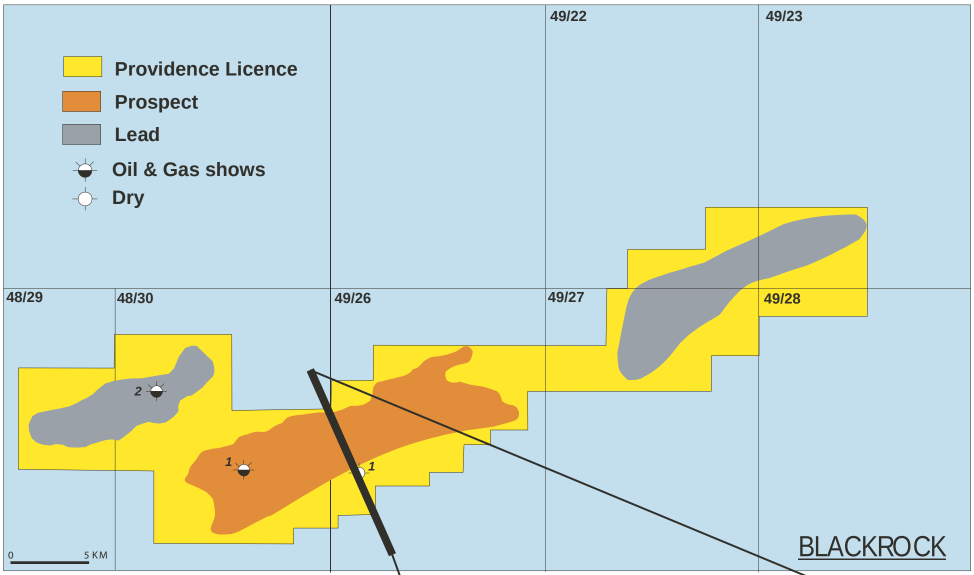


Figure 2.11 Map showing location of Blackrock North East leads and Skibereen prospects

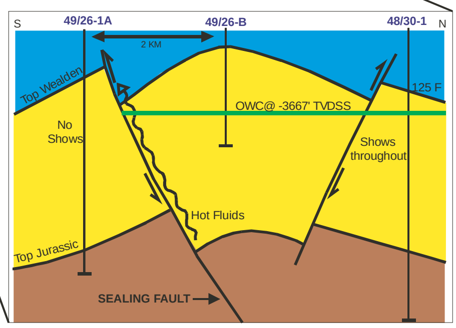


Figure 2.12 NW-SE Cross Section through Blackrock

The Blackrock prospect lies in about 100 metres of water some 35 kilometres south of the Marathon-operated Kinsale Head gas field. The results of the work programme completed in 2004, which involved a comprehensive evaluation of existing seismic and well data, together with the drilling and analysis of the 2004 49/26-1A well, have demonstrated the presence of a substantial (c.18,000 acre) fault and dip closed anticlinal structure with three separate target reservoir horizons (estimated by Providence management to contain an un-risked potential recoverable volume of up to 180 million barrels of oil). The recent well demonstrated the presence of excellent reservoir and top-seal potential, which had been identified as the primary pre-drill risks. The remaining risk is considered to be the presence of hydrocarbon charge and the Group is advancing plans to acquire a marine electromagnetic survey over the prospect in order to assess the best location for the next exploration well on the structure.

2 LICENSES – IRELAND - PORCUPINE BASIN LICENSES

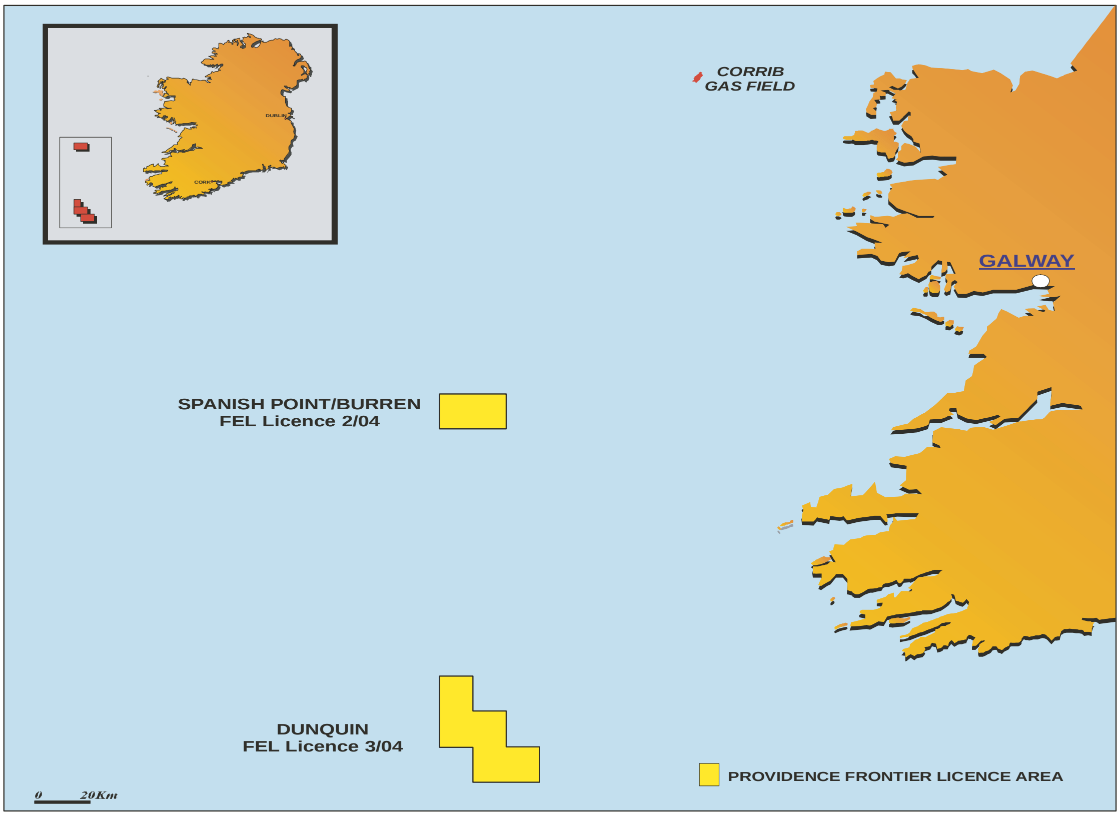


Figure 2.13 PORCUPINE BASIN LICENCES

2.1 Frontier Exploration Licence FEL 3/04 – Porcupine Basin – Dunquin (Providence – Operator – 80%)

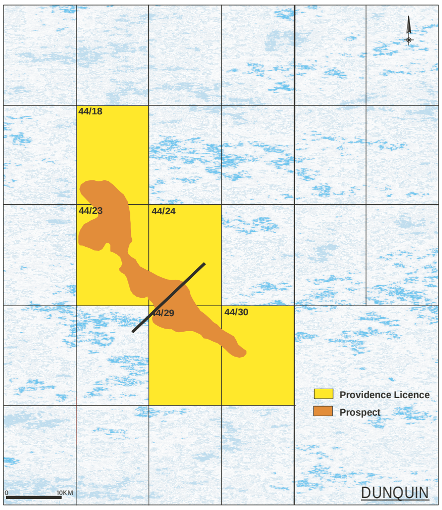


Figure 2.14 Map showing location of Dunquin prospect

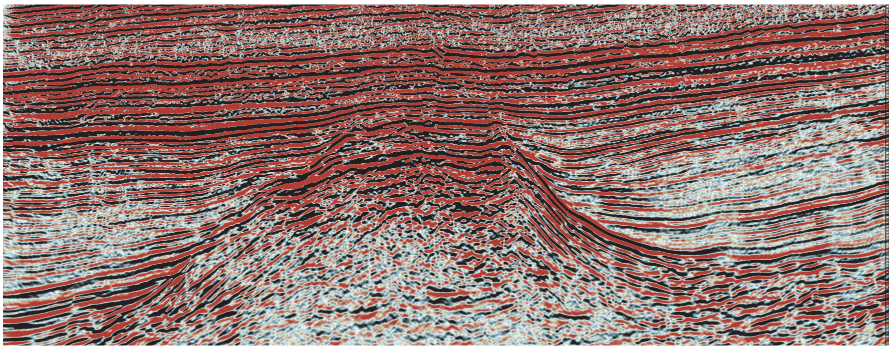


Figure 2.15 Seismic line through Dunquin prospect (line location shown on figure 2.14)

Providence holds an 80% interest in FEL 3/04 which is for a 16-year term commencing November 15th 2004. The licence covers blocks 44/18, 44/23, 44/24, 44/29 & 44/30 located in the South Porcupine Basin, off the west coast of Ireland. The licence contains the giant deepwater Dunquin North and South exploration prospects. Seismic interpretation over the area has demonstrated the presence of two highly significant exploration prospects. Seismic inversion and modelling analysis is indicative of the presence of porous hydrocarbon-bearing intervals. This analysis is further supported by seismic anomalies and seabed gravity cores both indicating the presence of hydrocarbons.

Dunquin North, which lies in 1,600 metres of water is ~16,000' TVDSS being 200 kilometres off the west coast of Ireland. The prospect comprises a reefal build-up similar to EnCana's Deep Panuke field offshore Nova Scotia, Canada. It is estimated by the Directors that Dunquin North could contain an unrisked potential recoverable volume of c. 5.5 TSCFG and 850 MMBO.

A further prospect, Dunquin South has been identified within the licence. This prospect comprises fractured chalk overlying the reefal build-ups, as is strongly evidenced by multi-attribute seismic inversion over the prospect area. It is estimated by the Directors that the Dunquin South prospect which is analogous to the Fife Field in the Central North Sea could contain an unrisked potential recoverable volume of c. 20 TSCFG and 3,280 MMBO. Providence has commenced partnering discussions with a number of major oil companies with a view to progressing to drilling wells as soon as possible.

Frontier Exploration Licence FEL 2/04 – Porcupine Basin - Spanish Point/Burren (Providence – Operator – 80%)

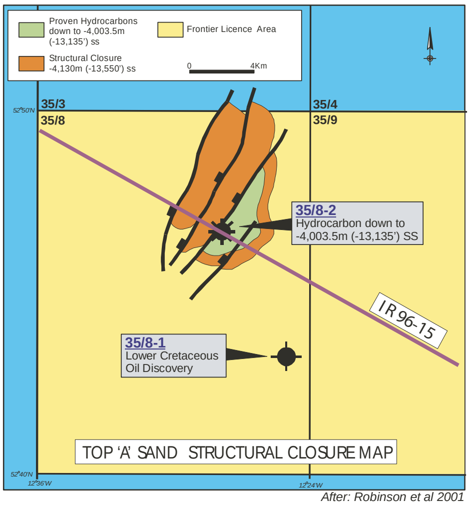


Figure 2.16 Map showing location of Spanish Point discovery

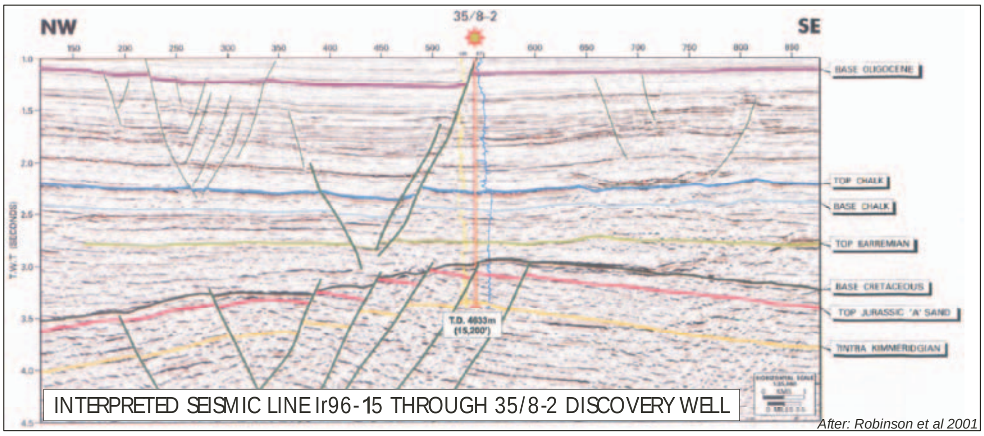


Figure 2.17 Seismic line through Spanish Point structure (line location shown in figure 2.16)

Providence holds an 80% interest and is operator of FEL 2/04, which is for a 15-year term commencing, November 15th 2004. The licence covers blocks 35/8 & 9 which are located in the main Porcupine Basin off the west coast of Ireland. The blocks are situated in ~1,400 feet of water and are ~200 km off the coast. The blocks contain the Spanish Point gas condensate and Burren oil discoveries.

The Spanish Point gas condensate discovery (35/8-2) was made by Phillips Petroleum in 1981. The discovery well flowed c.1,000 BOPD and c. 5 MMSCFGPD from sandstones of Upper Jurassic age. Post-drill analysis suggested that while the field could have contained up to 1.1 TSCGF recoverable and 112 MMBO recoverable, it was deemed to be uneconomic due to a combination of commodity prices and production costs at that time. Providence's re-evaluation currently indicates that the field may contain up to 1.25 TSCFG recoverable and up to 206 MMBO recoverable and the Board therefore believes that recent improvements in technology together with improved oil/gas prices suggest that a commercial development of the Spanish Point field may be feasible.

The Burren oil discovery (35/8-1) was made by Phillips Petroleum in 1978. The discovery well encountered thin oil bearing sands of Lower Cretaceous age. The well flowed good quality 44° API oil at c.700 BOPD. These sands are known to be in a 'pinch-out' morphology and may therefore thicken considerably away from the well location. Providence plans to utilise modern seismic inversion technologies in order to map the sands and to ascertain the potential presence of hydrocarbons in thicker sands within the block.

3 LICENCES – UNITED KINGDOM

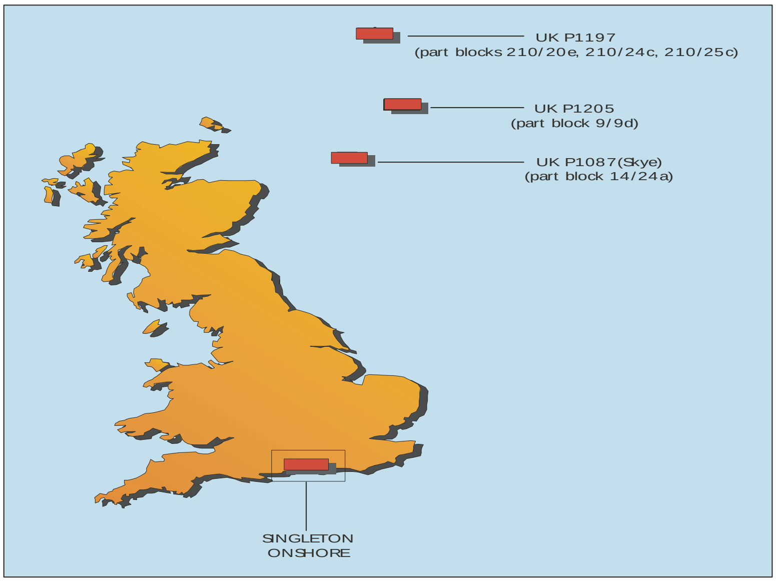


Figure 2.18 Map showing location of UK assets

3.1 UK Onshore Licence PL240 ("Singleton")

PL240 is operated by Star Energy Limited with Providence holding 20%

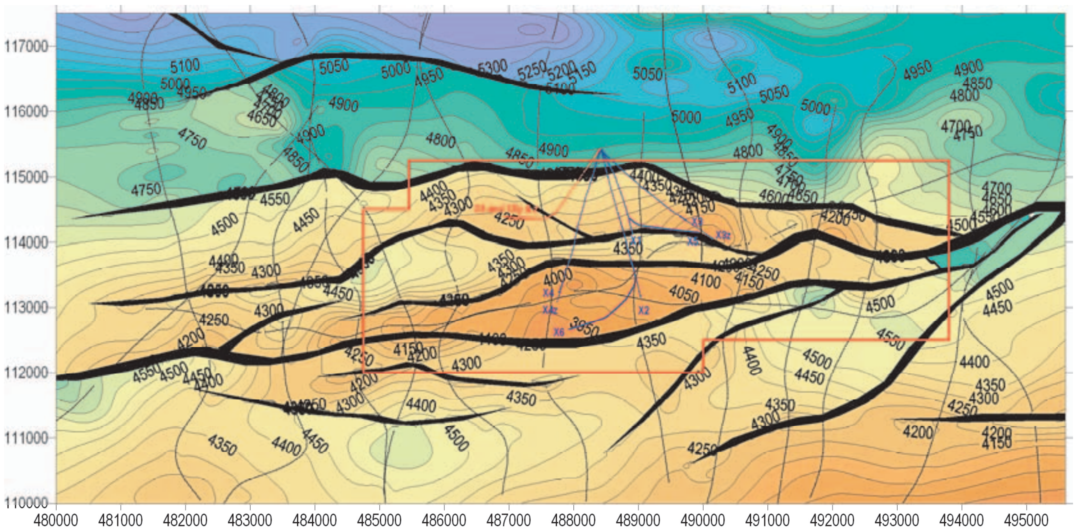


Figure 2.19 PL240—Singleton oil field-Top Cornbrash Depth Map

The Singleton oil field is located in West Sussex, onshore UK. The field was brought on stream in 1991 with peak production of 1,000 BOPD being achieved in 1996. Production in calendar 2004 was approximately 500 BOPD from 4 wells. Star Energy plc operates the field on behalf of the Singleton partners. The Singleton field has been assessed as having 74 MMBO STOIIP of which approximately 3 MMBO have been produced to date. In order to improve field recovery, planning has commenced for up to two new production wells on Singleton which are expected to increase production by 50-100% (50-100 BOPD Providence share).

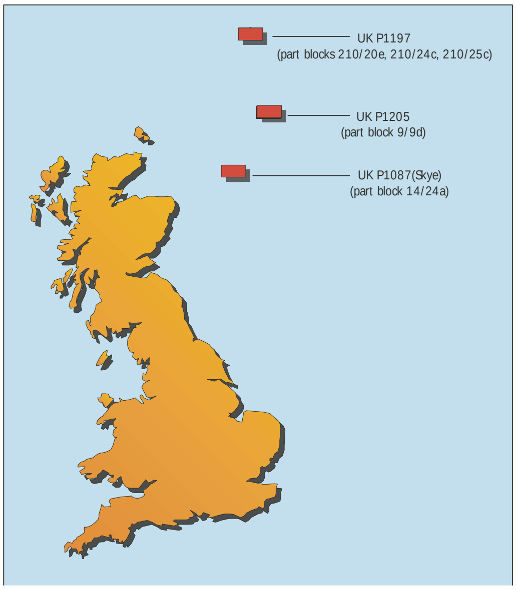


Figure 2.20 Map showing Offshore North Sea UK assets

3.2 UK P1197 part blocks 210/20e, 210/24c & 210/25c

P1197 is operated by Midmar Energy Limited (55%) with Providence (25%) and Sosina Exploration Limited (20%) as partners

P1197 contains a number of leads and prospects at Upper Jurassic Magnus level which are currently under evaluation.

3.3 UK P1205 part block 9/9d

P1205 is operated by Midmar Energy Limited (55%) with Providence (25%) and Sosina Exploration Limited (20%) as partners

P1205 contains the 9/9d-17 Upper Jurassic Katrine member high pressure oil discovery and the area is currently under evaluation with a view to estimation of possible recoverable reserves together with potential appraisal drilling locations

3.4 UK North Sea Licence P1087 ("Skye")

Licence P1087 is operated by Midmar Energy Limited with Providence (45%) and Sosina Exploration Limited (10%) as partners

Licence P1087 is for a two year term commencing 1 October, 2003. The licence which covers part-block UK14/24a located in the UK Central North Sea and is adjacent to the Witch Ground Graben, a prolific hydrocarbon producing province.

The block contains the Skye prospect from which both oil and gas were recovered in a 1973 Shell operated UK14/24-1 well. However, this well was never tested as the anticipated Jurassic reservoir target was not present. The work programme undertaken by Midmar has revealed that while the Devonian section is hydrocarbon bearing, a combination of low oil saturations together with a low pressure regime may hinder conventional extraction technologies.

4 LICENSES – NIGERIA

4.1 Oil Mining Lease 113 - Aje Structure

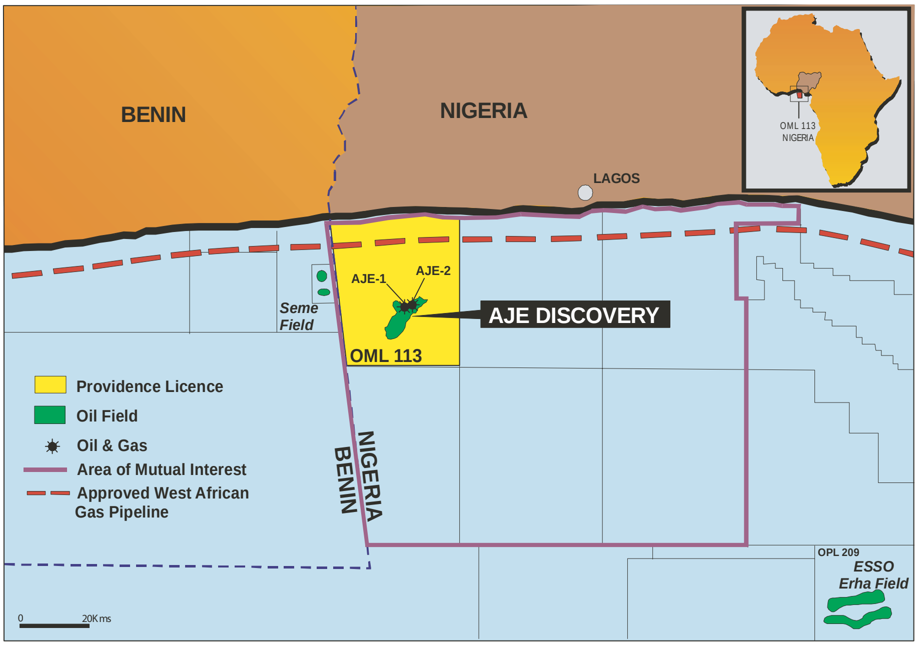


Figure 2.21 OML 113—Map showing location of Aje Discovery Offshore Nigeria

The Aje Structure is situated in Oil Mining Lease 113 (OML 113) in water depths of c. 3,000 feet and is 15 miles offshore Nigeria, being some 40 miles southwest of Lagos.

Under the Aje Participation Agreement (as announced on 13 January 2005) entered into by the members of the Aje Consortium, Providence is entitled to 6.328% of net revenues (post payback) from any developments within OML 113 which includes Aje. Providence's strong fellow participants in OML 113 include Lundin Petroleum (Technical Advisor), Challenger Minerals (part of the GlobalSantaFe Corporation), Palace Exploration Company, Howard Energy, Syntroleum Corporation and Yinka Folawiyo Petroleum. The participants have also entered into an area of mutual interest agreement covering areas adjoining OML 113.

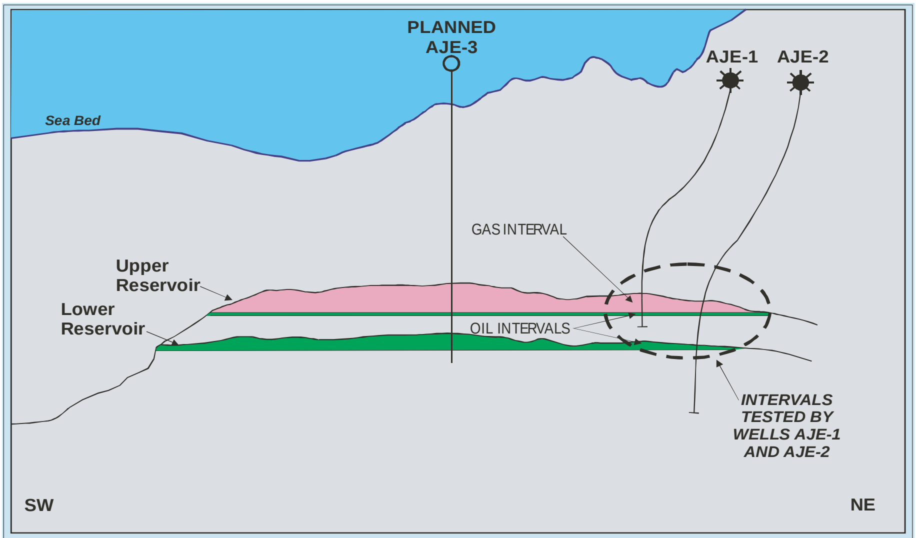


Figure 2.22 SCHEMATIC CROSS SECTION THROUGH THE AJE DISCOVERY- SHOWING CRESTAL AJE-3 PLANNED LOCATION

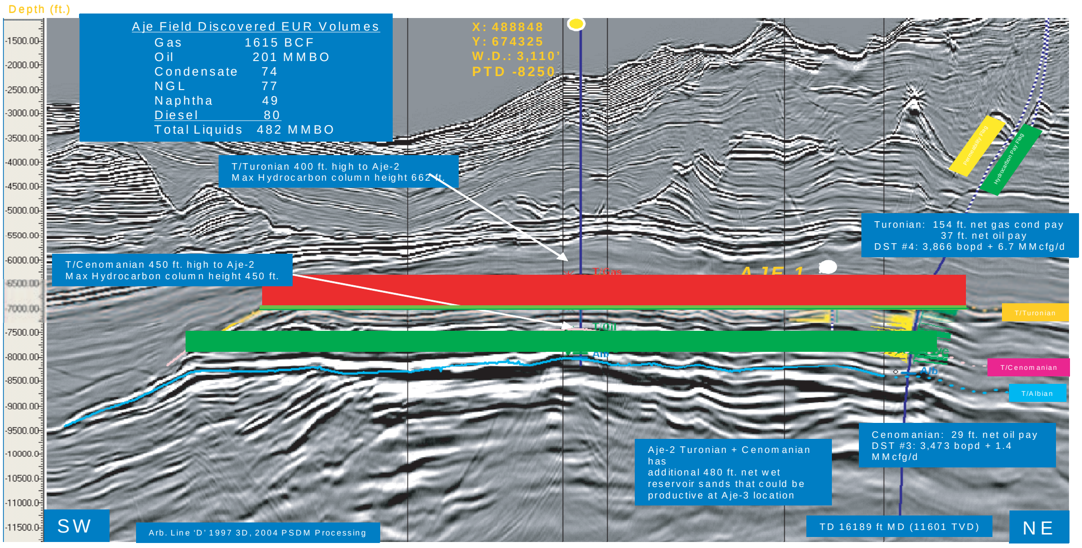


Figure 2.23 Seismic section through the Aje Field showing location of wells Aje-1 and Aje-2 and proposed Aje-3 location

The discovery well, Aje-1, which was drilled in 1996 encountered oil and gas in reservoirs of Cretaceous age, and flowed at an aggregate rate of 42 MMSCFGD and 2,262 BOPD over three zones. An appraisal well, Aje-2, which was drilled in 1997 flowed 3,866 BOPD from a deeper separate additional zone which had not been encountered in Aje-1.

Netherland Sewell, as of 1 June 2005, estimate the probabilistic gross (100 per cent.) P10 volumes of contingent oil and gas resources in the Aje field to be 288.8 MMBBL of crude oil, 63.0 MMBBL of condensate and 1,553.3 BSCF of gas.

OML 113 contains a number of further undrilled exploration leads and prospects in addition to the Aje Structure.

Further information on the Aje Structure and OML 113 is set out the Competent Persons Report reproduced in Part 2(A) of this document

PART 3 – RISK FACTORS

IN ADDITION TO THE OTHER INFORMATION SET OUT IN THIS DOCUMENT, THE FOLLOWING SPECIFIC FACTORS SHOULD BE CONSIDERED CAREFULLY IN EVALUATING WHETHER TO MAKE AN INVESTMENT IN THE COMPANY. AN INVESTMENT IN PROVIDENCE MAY NOT BE SUITABLE FOR ALL POTENTIAL INVESTORS. AS WITH ANY STOCK MARKET INVESTMENT, THE VALUE OF SHARES MAY GO DOWN AS WELL AS UP.

POTENTIAL INVESTORS SHOULD ALSO NOTE THAT THE GENERAL RISKS ASSOCIATED WITH OIL AND GAS EXPLORATION, APPRAISAL, DEVELOPMENT AND PRODUCTION ACTIVITIES AND THE GROUP'S ACTIVITIES IN PARTICULAR, INCLUDE (BUT ARE NOT LIMITED TO) THE RISKS DETAILED BELOW. ANY ONE OR MORE OF THESE RISKS COULD HAVE A MATERIAL ADVERSE EFFECT ON THE VALUE OF ANY INVESTMENT. ADDITIONAL RISKS AND UNCERTAINTIES NOT CURRENTLY KNOWN TO THE GROUP, OR THAT ARE CURRENTLY BELIEVED TO BE IMMATERIAL, COULD ALSO IMPAIR THE GROUP'S ACTIVITIES.

General Industry Risks

Providence's business may be affected by the general risks associated with all companies in the oil and gas industry. The availability of a ready market for oil and gas to be sold by Providence depends upon numerous factors beyond its control, the exact effects of which cannot be accurately predicted. These factors (the list of which is not exhaustive) include: general economic activity, the world oil and gas prices, the marketability of the hydrocarbons produced, action taken by other oil-producing nations, the availability of transportation capacity, the availability and pricing of other competitive fuels, and the extent of governmental regulation and taxation.

All drilling to establish productive hydrocarbon reserves is inherently speculative. The techniques currently available to geophysicists, geologists, petro-physicists, reservoir and petroleum engineers, and other technical specialists to seek to identify the existence and location of pools of oil and gas are indirect, and therefore, a considerable amount of personal judgement is involved in the selection of any prospect for drilling or identifying potentially profitable producing hydrocarbons. In addition, even when drilling successfully encounters oil and gas and a well is completed as a producing oil or gas well, unforeseeable operating problems may arise which render it uneconomical or impossible to produce such oil and natural gas.

Operational and environmental risks

Drilling, appraisal, construction, development and production activities may involve operational hazards and environmental, technical and logistical difficulties. These include, *inter alia*, the possibility of uncontrolled hydrocarbon emissions, fires, earthquake activity, extreme weather conditions, coastal erosion, explosions, blowouts, cratering, over-pressurised formations, unusual or unexpected geological conditions, unpredictable drilling-related problems, equipment failure and the absence of economically viable reserves. These hazards may result in cost overruns, substantial losses and/or exposure to substantial environmental and other liabilities.

Uncertainty of estimates of reserves and future net revenues

Estimates of potential reserves by the Company include a substantial proportion which are undeveloped. These reserves require further capital expenditure in order to bring them into production. No guarantee can be given as to the success of drilling programmes in which the Group has interests. In addition, drilling, development and production may be delayed or adversely effected by factors outside the control of the Company and the companies operating those drilling programmes.

Actual future production, oil and gas prices, revenues, taxes, transportation costs, capital expenditures, operating expenses, geologic success and quantities of recoverable oil and gas reserves may significantly vary from those assumed in this document, and could affect the estimated quantity and value of reserves set out herein.

Past performance is not a reliable indication for future performance

Historical facts, information gained from historic experience, present facts, circumstances and information, and assumptions from all or any of these are not a guide to the future. Aims, targets, plans and intentions referred to herein are no more than that and do not imply forecasts.

Foreign currency exchange rates may fluctuate which can affect financial results

Oil and gas revenues from the Group's oil and gas interests arise principally in US dollars. Many of the operational and other expenses incurred by Providence are paid in US dollars or in the local currency of that country where operations are performed. The assets and liabilities of Providence (including reserve information) are recorded in euro. As a result, fluctuations in the US dollar against the euro and each of these currencies against local currencies in jurisdictions where properties of Providence are located, could result in unanticipated fluctuations in Providence's financial results.

There are political and economic risks associated with operations in Nigeria.

The Aje Structure is located offshore Nigeria. Providence's activities in Nigeria may be adversely affected in varying degrees by political or economic instability. These risks include, but are not limited to, terrorism, military repression, arbitrary interference with private contract rights, extreme fluctuations in currency exchange rates, high rates of inflation, exchange controls, taxation and other laws or policies affecting foreign trade, investment or taxation. Any changes in oil and gas or investment regulations and policies or a shift in political attitudes in Nigeria are beyond the control of Providence and may adversely affect its business and future financial results. Operations may be impacted in various degrees by such factors as government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation, land use, water use, land claims of local people and workplace safety. The impact of these factors on Providence's future results of operations cannot be accurately predicted.

Infrastructure development in Nigeria is limited. In addition, the Aje Structure is located in a relatively remote area which is difficult to access. These factors may affect the Aje Consortium's ability to explore and develop the Aje Structure and to store and transport oil and gas production. There can be no assurance that future instability in one or more of the countries in which Providence operates or will operate in the future, actions by companies doing business there, or actions taken by the international community will not have a material adverse effect on the countries in question and in turn on Providence's operations or financial condition.

Competition

A number of oil and gas companies operate and are allowed to bid for exploration and production licences and other services in the countries in which Providence operates, thereby providing competition to Providence. Larger, foreign owned companies, in particular, may have access to greater resources than Providence, may be more successful in the recruitment and retention of qualified employees and may conduct their own refining and petroleum marketing operations, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

Title matters

Providence has investigated the rights to explore the various oil and gas properties it holds or proposes to participate in and, to the best of its knowledge, those rights are in good standing. However, no assurance can be given that applicable governments will not revoke, or significantly alter the conditions of, the applicable exploration and development authorisations and that such exploration and development authorisations will not be challenged or impugned by third parties. There is no certainty that such rights or additional rights applied for will be granted or renewed on terms satisfactory to Providence. There can be no assurances that claims by third parties against Providence's properties will not be asserted at a future date.

Providence has not obtained legal title opinions on its properties, and therefore there is no absolute assurance that defects in rights or title do not exist. If a title defect does exist it is possible that Providence may lose all or a portion of its interest in properties to which the title defect pertains.

Requirement for Permits and Licenses: Exceptions to Law

The operations of Providence require licenses, permits and in some cases renewals of existing licenses and permits from various governmental authorities. The Board believes that Providence currently holds or has applied for all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations in respect of its properties, and also believes that Providence is complying in all material respects with the terms of such licences and permits. However, Providence's ability to obtain, sustain or renew such licenses and permits on acceptable terms is subject to change in regulations and policies and to the discretion of the applicable governments.

Additional Requirements for Capital

The Company's ability to advance all of its planned initiatives will depend on the availability of required financial resources and Providence may decide to prioritise or accelerate certain of these projects and to delay certain other projects in accordance with its objective of maximising shareholder value. Providence is committed to contributing its share of costs for the drilling of the planned appraisal well on the Aje Structure, and will finance same from existing financial resources. To the extent that the costs of parallel implementation of plans on the other aspects of the 2005 work programme exceed available cash resources, Providence would delay certain aspects of these plans or seek additional funding. For example, a decision to contribute its share of costs to increase production on Singleton may necessitate a delay in other targeted discretionary expenditure pending receipt of the resultant enhanced cash flow from Singleton. The Company's operational flexibility would however be considerably improved in the event that the Relevant Warrants in which Sir Anthony O'Reilly is interested (and which he has committed to exercise upon receipt of the Whitewash (further detail in relation to which is set out in section 3 of Part 5 of this document) are exercised. This would yield the Company approximately €3.0 million in cash with such funds becoming available in July, 2005.

The development of any reserves found on Providence's exploration properties depends upon Providence's ability to obtain financing through any or all of the following: joint venturing of projects, debt financing, equity financing or other means. There are no assurances that Providence will be successful in obtaining the required financing or as to the terms on which such financing can be obtained. The location of certain of Providence's oil and gas interests in developing countries may make it more difficult to obtain such financing. Failure to obtain additional financing on a timely basis could cause Providence to forfeit its interest in such properties and reduce or terminate its operations. If Providence's revenues decrease as a result of lower oil and natural gas prices or otherwise it will affect Providence's ability to expend the necessary capital to replace its reserves or to maintain production at current levels. If Providence's cash flow from operations and its existing available resources is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements.

Reliance on Strategic Relationships

Providence's existing business relies on strategic relationships in the form of joint ventures with local government bodies, other oil and gas companies and other overseas companies. There can be no assurances that these strategic relationships will continue to be maintained although at present management is not aware of any issues regarding its strategic relationships.

Attraction and Retention of Key Personnel Including Directors

Providence has a small management team and the loss of key individuals or an inability to attract suitably qualified staff could have a material adverse impact on its business. The success of the Company depends on the ability of the Directors to interpret market and geological data correctly and to interpret and respond to economic, market and other conditions in order to locate and adopt appropriate investment opportunities, monitor such investments, and ultimately, if required, successfully divest such investments. Further, no assurance can be given that the Company's investment strategies can be successfully implemented in the future, that individuals with the required skills will continue their association or employment with the Company or that replacement personnel with comparable skills can be found. The Board has sought to and will continue to ensure that Directors and key employees are appropriately incentivised. However, their services cannot be guaranteed.

AREAS OF INVESTMENT RISK

Share Price Volatility

The share prices of publicly quoted companies can be volatile. The price of shares is dependent upon a number of factors some of which are general or market or sector specific and others which are specific to the Company.

The Ordinary Shares will not be listed on the Official List of the UK Listing Authority and/or the Official List of the Irish Stock Exchange and although the Ordinary Shares will be traded on AIM, and are currently traded on IEX, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is often less liquid than for larger public companies and this problem may be accentuated in the case of Providence due to the existence of a single significant shareholder, Sir Anthony O'Reilly, who owns and controls 45.81% of the Existing Issued Ordinary Share Capital of the Company. Therefore an investment in the Ordinary Shares may be difficult to realise and the share price may be subject to greater fluctuations than might otherwise be the case.

An investment in shares quoted on AIM and on IEX may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. IEX has been in existence since April, 2005. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

Market Perception

Market perception of small oil and gas exploration companies may change which could impact on the value of investors' holdings and impact on the ability of Providence to raise further funds by issue of further shares in Providence.

Offshore drilling involves increased risk and expense

A number of Providence's properties, including the Aje Structure, are located offshore. Exploration, production and development of offshore oil, condensate and natural gas properties involves an increased degree of risk and expense relative to onshore exploration, production and development due primarily to greater technical obstacles. Providence will therefore face higher costs in exploring, developing and producing its offshore properties.

Drilling new wells could result in liabilities

There are many and varied risks associated with the drilling of oil, condensate and natural gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, craterings, sour gas releases, fires and spills. Reduced revenues or losses resulting from the occurrence of any of these risks could have a materially adverse effect on Providence and its future results of operations. Providence may become subject to liability for pollution, blow-outs or other hazards. Providence seeks to maintain insurance with respect to hazards such as these, however, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. The payment of such liabilities could reduce the funds available to Providence or could in an extreme case, result in a total loss of its properties and assets. Moreover, there can be no assurance that Providence will be able to maintain adequate insurance in the future in respect of such risks at rates that Providence considers acceptable. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

No assurance of commerciality

There is no assurance that oil, condensate or natural gas will be capable of production in sufficient quantities to make existing fields or future discoveries commercially viable or economic for Providence or that the existing producing interest will be able to maintain their economic viability as projected. The long-term viability of Providence depends on its ability to find or acquire, develop and commercially produce additional oil, condensate and gas reserves. Without the addition of reserves through exploration, acquisition or development activities, the reserves and production of Providence will decline over time as reserves are exploited. The future of Providence's reserves will depend not only on Providence's ability to develop its present properties, but also on its abilities to select and acquire suitable producing properties or prospects. In the case of natural gas, to be economic, Providence will either have to find or establish a commercial market for its gas.

Prices and markets for oil are subject to unpredictable fluctuation

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of Providence. World prices for oil, natural gas and condensate have fluctuated widely in recent years. Future price fluctuations in world prices are expected and will have a significant impact upon the projected revenue of Providence, the projected return from its existing and future reserves and the general financial viability of Providence.

The risks noted above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

An investment may not be suitable for all its recipients. Investors are accordingly advised to consult an investment adviser, who, in the UK, is authorised under the Financial Services and Markets Act 2000, and in the case of Ireland an organisation or firm authorised or exempted pursuant to the Investment Intermediaries Act 1995 or Stock Exchange Act 1995, before making any investment in the Company.

PART 4 – FINANCIAL INFORMATION ON THE PROVIDENCE GROUP

COMPARATIVE TABLE OF FINANCIAL INFORMATION ON THE PROVIDENCE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER, 2002, 2003 AND 2004

Nature of Financial Information

The financial information on Providence contained in this Part 4 does not constitute statutory accounts within the meaning of Section 149 of the Act. The information in this section has been extracted without material adjustment from the audited consolidated accounts of Providence for the financial years ended 31 December, 2002, 31 December, 2003 and 31 December, 2004, which were approved by the Directors on, 30 June, 2003, 14 June, 2004 and 16 June, 2005 respectively. The auditors, KPMG Chartered Accountants and Registered Auditors of 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland have reported without qualification for the financial years ended 31 December, 2002, 2003 and 2004.

The Auditors Report for the year ended 31 December, 2004 is reproduced below.

"Independent Auditors' Report to the Members of Providence Resources P.L.C.:

We have audited the financial statements on pages 34 to 51.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors in relation to the Annual Report

The directors are responsible for preparing the Annual Report. As described on page 26, this includes responsibility for preparing the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board, the Listing Rules of the Irish Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. As also required by the Acts, we state whether we have obtained all the information and explanations we require for our audit, whether the Company's balance sheet is in agreement with the books of account and report to you our opinion as to whether:

- the Company has kept proper books of account;
- the Directors' report is consistent with the financial statements;
- at the balance sheet date a financial situation existed that may require the Company to hold an extraordinary general meeting, on the grounds that the net assets of the Company, as shown in the financial statements, are less than half of its share capital.

We also report to you if, in our opinion, information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Oil and gas interests

In forming our opinion, we have considered the adequacy of the disclosures made in Note 8 to the financial statements in relation to the Directors' assessment of the carrying value of the Group's oil and gas interests, both inside and outside the cost pool, amounting to €12 million. Our opinion is not qualified in this respect.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2003 and all Regulations to be construed as one with those Acts.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The Company's balance sheet is in agreement with the books of account.

In our opinion, the information given in the Directors' report on pages 23 to 31 is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 39, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 2004, a financial situation which, under Section 40(1) of the Companies (Amendment) Act 1983, would require the convening of an extraordinary general meeting of the company.

KPMG
Chartered Accountants and Registered Auditors
Dublin

16 June, 2005"

Consolidated Profit and Loss Accounts

	Notes	31-Dec 2004 €'000	31-Dec 2003 €'000	31-Dec 2002 €'000
Turnover	**1**	1,051	757	864
Cost of Sales		(316)	(412)	(430)
Gross Profit		735	345	434
Operating expenses	**2**	(640)	(508)	(398)
Operating Profit/(Loss)		95	(163)	36
Interest receivable and similar income		216	2	2
Interest payable and similar charges	**3**	(146)	(419)	(435)
Profit/(Loss) on Ordinary Activities before Taxation		165	(580)	(397)
Tax on profit/(loss) on ordinary activities	**4**	—	—	—
Profit/(Loss) for the Financial Year		165	(580)	(397)
Profit and Loss Account, beginning of year		(24,718)	(24,138)	(23,741)
Profit and Loss Account, end of year		(24,553)	(24,718)	(24,138)
Earnings/(Loss) Per Ordinary Share				
Basic and Diluted (cents)	**7**	€0.01	(€0.055)	(€0.041)

Consolidated Balance Sheets

	Notes	*31-Dec 2004 €'000*	*31-Dec 2003 €'000*	*31-Dec 2002 €'000*
Fixed Assets				
Oil and gas interests	**8**	12,004	7,175	6,595
Tangible assets	**9**	52	20	18
		12,056	7,195	6,613
Current Assets				
Debtors	**10**	369	183	407
Cash at bank and in hand		7,284	181	324
		7,653	364	731
Creditors: Amounts falling due within one year	**11**	(897)	(1,403)	(721)
Net Current Assets/(Liabilities)		6,756	(1,039)	10
Total Assets Less Current Liabilities		18,812	6,156	6,623
Creditors: Amount falling due after more than one year	**11**	(6)	(13)	(286)
Provision for Liabilities and Charges	**12**	(1,571)	(1,526)	(1,488)
Net Assets		17,235	4,617	4,849
Capital and Reserves				
Called up share capital	**13**	13,690	12,751	12,750
Share premium	**13**	26,822	5,720	5,691
Capital conversion reserve	**13**	623	623	623
Convertible capital bonds	**14**	—	9,595	8,324
Profit and loss account		(24,553)	(24,718)	(24,138)
Foreign currency translation reserve		653	646	1,599
Shareholders' Funds — Equity		17,235	4,617	4,849

Consolidated Cash Flow Statements

	Notes	*31-Dec 2004 €'000*	*31-Dec 2003 €'000*	*31-Dec 2002 €'000*
Net Cash Inflow/(Outflow) from Operating Activities	**17A**	244	31	(41)
Returns on Investments and Servicing of Finance	**17B**	210	(12)	(40)
Taxation	**17B**	—	—	—
Capital Expenditure and Financial Investment	**17B**	(4,873)	(595)	(316)
Net Cash Outflow before Use of Liquid Resources and Financing		(4,419)	(576)	(397)
Financing	**17B**	11,522	433	124
Increase/(Decrease) in Cash	**17C**	7,103	(143)	(273)

Statement of Accounting Policies

The following accounting policies have been applied consistently, throughout the year and the preceding year, in dealing with items which are considered material to the Group's financial statements.

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries; all intercompany transactions and balances have been eliminated in their preparation. The results of subsidiaries acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Turnover

Oil and gas turnover has been derived from the Group's share of oil and gas revenues from producing properties during the year. Revenues from the sale of oil and gas are recognised when the product passes out of the ownership of the Group to external customers pursuant to enforceable sales contracts.

Pension costs

The Group provides for pensions for certain employees through defined contribution pension schemes.

The amount charged to the profit and loss account in respect of the scheme is the contribution payable in that year.

Any difference between amounts charged to the profit and loss account and contributions paid to the pension scheme is included in Debtors' or Creditors' in the balance sheet.

Taxation

Current tax is provided on taxable profits at current rates.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Oil and gas interests

The Group accounts for oil and gas expenditure under the full cost' method of accounting.

(i) Exploration, appraisal and development expenditure

Exploration, appraisal and development expenditure is incurred either through consortium operations or directly on acquiring, exploring or testing exploration prospects. All lease, licence and property acquisition costs, geological and geophysical costs and other direct costs of exploration, appraisal and development are capitalised. The amount capitalised includes operating expenses directly related to these activities, interest expense and foreign exchange differences incurred on loans prior to the commencement of production.

(ii) Cost pools

Costs are capitalised within separate geographic cost pools, which comprise Ireland and the United Kingdom in one pool and the Rest of the World in the other pool.

Costs relating to the exploration and appraisal of oil and gas interests which the Directors consider to be unevaluated are initially held outside the cost pools. Costs held outside cost pools are reassessed at each year end. When a decision to develop these interests has been taken, or there is evidence of impairment, the related costs are transferred to the relevant cost pools.

(iii) Depreciation

Expenditure within each cost pool is depreciated using the unit of production method based on commercial reserves. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the anticipated future costs of development of the undeveloped reserves at current year end unescalated prices. Changes in cost and reserve estimates are dealt with prospectively.

(iv) Abandonment

Provision is made for the anticipated costs of future restoration. Management estimate the future costs associated with removal of production facilities discounted to take account of risk and the time value of money. These costs have been determined with reference to current legal requirements and current technology. The present value of those future costs is recorded as a provision in the balance sheet.

A corresponding abandonment asset is recorded in Oil and Gas Interests and is depreciated in accordance with the Group's depreciation policy set out at (iii) above.

Annually, the unwinding of the discount factor is recorded as an expense in the profit and loss account and disclosed under Interest payable and similar charges'. Changes in estimates which result in a revision of the net present value of the provision are accounted for by adjusting the provision, with a corresponding entry to Oil and Gas Interests.

(v) Impairment test

An impairment test is carried out at each balance sheet date to assess whether the net book value of capitalised costs in each pool, together with the future costs of development of undeveloped reserves, is covered by the discounted future net revenues from the reserves within that pool, calculated at prices prevailing at the year end. Any deficiency arising is provided for to the extent that, in the opinion of the Directors, it is considered to represent a permanent diminution in the value of the related asset, and, where arising, is dealt with in the profit and loss account as additional depreciation.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provisions for impairment.

Depreciation is provided on all tangible assets on a straight line basis to write off the cost (net of estimated residual value) over the expected useful economic lives of these assets as follows:

Property	3 - 10 years
Furniture and equipment	3 - 10 years

Financial fixed assets

Financial fixed assets consist of the Company's investment in its subsidiaries and are stated at cost less, where considered necessary in the opinion of the Directors, provisions for impairment.

Leases

Assets held under finance leases, which transfer substantially all the risks and rewards of ownership to the Group, are initially recorded at their fair value at the inception of the lease. The equivalent liability, categorised as appropriate, is included under Creditors'. Assets are depreciated over the lease term or their useful economic lives, as appropriate. Finance lease charges are allocated over the periods of the leases to produce constant rates of return on the outstanding balances.

Rentals under operating leases are charged on a straight line basis over the lease terms.

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction or, where appropriate, at the rates of exchange in related forward exchange contracts. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

For the purposes of consolidation, the closing rate/net investment method is used, under which the balance sheets and the profit and loss accounts of the foreign subsidiaries are translated at the closing exchange rate and average rate for the year respectively and any translation gains or losses are shown as a movement on the foreign currency translation reserve.

Issue expenses and share premium account

Issue expenses arising on the issue of equity securities are written off against the share premium account.

Notes to the Financial Statements

1. Segmental Reporting

Substantially all of the Group's revenue arises from sales of oil and gas in Europe. Sales to third parties by geographical destination are not materially different from the analysis of sales by origin.

2. Operating Expenses

	2004 *€ 000*	*2003* *€ 000*	*2002* *€ 000*
Corporate, exploration and development expenses	1,315	764	541
Foreign exchange differences	80	10	(17)
	1,395	774	524
Capitalised in Oil and Gas Interests (Note 8b)	(755)	(266)	(126)
	640	508	398

3. Interest Payable and Similar Charges

	2004 *€ 000*	*2003* *€ 000*	*2002* *€ 000*
Bank loans and overdrafts repayable within five years, not by instalment	6	14	14
Site restoration provision	45	44	28
	51	58	42
Interest on convertible capital bonds (Note 14)	95	361	393
	146	419	435

4. Tax on Ordinary Activities

	2004 *€ 000*	*2003* *€ 000*	*2002* *€ 000*
Corporation tax at 25%	—	—	—

There was no unprovided deferred tax at 31 December 2004 (2003: Nil; 2002: Nil). The Group has exploration tax losses and unutilised capital allowances carried forward of € 62 million (2003: €58 million; 2002: €58 million), for which no deferred tax asset has been recorded.

5. Statutory and Other Information

Directors' Remuneration 2004

	Salaries and other Emoluments *€ 000*	*Fees* *€ 000*	*Pensions* *€ 000*	*Total* *€ 000*
Brian Hillery	—	65	—	65
Stephen Carroll	122	8	10	140
Peter Kidney	—	8	—	8
Philip Nolan	—	13	—	13
Tony O'Reilly Jnr	—	8	—	8
Total	**122**	**102**	**10**	**234**

Directors' Remuneration 2003

	Salaries and other Emoluments € 000	*Fees € 000*	*Pensions € 000*	*Total € 000*
Brian Hillery	—	27	—	27
Stephen Carroll	125	8	7	140
Peter Kidney	—	8	—	8
Tony O'Reilly Jnr	—	8	—	8
Total	**125**	**51**	**7**	**183**

Directors' Remuneration 2002

	Salaries and other Emoluments € 000	*Fees € 000*	*Pensions € 000*	*Total € 000*
Brian Hillery	—	19	—	19
Stephen Carroll	51	9	5	65
Peter Kidney	—	9	—	9
Tony O'Reilly Jnr	—	9	—	9
Total	**51**	**46**	**5**	**102**

Directors' emoluments comprise all of the fees, salaries, pension contributions, bonuses and other benefits payable in respect of the Directors. The basis of the executive Directors' remuneration is fixed by the Remuneration Committee of the Board which is comprised solely of non-executive Directors of the Company. Other than the employee share options scheme, the Company does not have any long term incentive scheme in place for Directors.

	2004 € 000	*2003 € 000*	*2002 € 000*
Auditors' remuneration	21	17	12
Operating lease rentals	74	74	60
Depreciation	20	11	6
Directors' emoluments			
– fees	102	51	46
– other	132	132	56

6. Personnel Costs

Employee costs (including the executive Director) during the year amounted to:

	2004 € 000	*2003 € 000*	*2002 € 000*
Wages and salaries	254	168	87
Social welfare costs	29	17	9
Pension costs	17	10	7
	300	195	103

The average number of persons employed during the year, by activity, was as follows:

	2004 € 000	*2003 € 000*	*2002 € 000*
Exploration, development and production	2	1	1
Corporate management and administration	2	1	1
	4	2	2

In addition the Group incurred consultancy costs during 2004 of €363,000 (2003: €209,000; 2002: €85,000).

7. Earnings/(Loss) per Ordinary Share

The computation of basic and diluted earnings/(loss) per share is set out below:

	2004 € 000	2003 € 000	2002 € 000
Profit/(loss) on ordinary activities after taxation	165	(580)	(397)
Weighted average number of shares in issue during the year (000's)	1,720,369	1,062,654	971,374
Earnings/(loss) per share – basic and diluted (cents)	€0.01	(€0.055)	(€0.041)

There is no material difference between the computation of basic and diluted earnings per ordinary share in 2004 by reference to the impact of relevant outstanding share options at 31 December 2004.

8. Oil and Gas Interests

	2004 € 000	2003 € 000	2002 € 000
Cost pools (a)	3,242	3,236	3,238
Expenditure held outside cost pools (b)	8,762	3,939	3,357
	12,004	7,175	6,595

(a) The movement on expenditure, held within the cost pool, is analysed as follows:

	2004 Ireland and UK € 000	2003 Ireland and UK € 000	2002 Ireland and UK € 000
Cost			
Balance 1 January	23,453	23,548	23,633
Development expenditure	8	2	—
Foreign exchange	(14)	(97)	(85)
Balance 31 December	23,447	23,453	23,548
Depreciation			
Balance 1 January	20,217	20,310	20,391
Charge for year	2	2	4
Foreign exchange	(14)	(95)	(85)
Balance 31 December	20,205	20,217	20,310
Net Book Value			
At 31 December	3,242	3,236	3,238

Oil and gas interests, held within the cost pool, comprise the Group's 20% interest in the Singleton onshore oil field and the Helvick oilfield.

The Directors are satisfied that the net book value of capitalised costs at 31 December 2004, within the cost pool, is recoverable by reference to the projected future discounted net revenues and that no provision for any permanent diminution in their carrying values is necessary.

(b) The movement on expenditure, held outside the cost pool, pending further evaluation is analysed as follows:

	2004 Ireland and UK € 000	2003 Ireland and UK € 000	2002 Ireland and UK € 000
Cost			
Balance 1 January	3,939	3,357	3,041
Exploration and appraisal expenditure	4,068	316	190
Transfer from operating expenses	755	266	126
Balance 31 December	8,762	3,939	3,357

The Group's principal interests, held outside the cost pool, includes the Blackrock Prospect (licensing option 03/1), the Collective Strategy (licensing options 03/08 and 03/7, excluding Helvick), and the UK

Skye Oil prospect. The Group undertook exploration activity in each of these areas in 2004, including drilling on the Blackrock Prospect, and additional activity is planned for 2005. New licences were awarded in the Porcupine Basin and in the UK North Sea during 2004.

The directors are satisfied that while there are no current indications of impairment, they recognise that the future realisation of these oil and gas interests is dependent on future successful exploration and appraisal activities and the subsequent economic production of hydro-carbon reserves.

9. Tangible Fixed Assets

	Property *€ 000*	*Furniture & Equipment* *€ 000*	*Total* *€ 000*
Cost			
Balance at 1 January 2004	8	81	89
Additions	—	50	50
Balance at 31 December 2004	8	131	139
Depreciation			
Balance 1 January 2004	6	63	69
Charge for year	—	18	18
Balance 31 December 2004	6	81	87
Net Book Value			
At 31 December 2003	2	18	20
At 31 December 2004	2	50	52

	Property *€ 000*	*Furniture & Equipment* *€ 000*	*Total* *€ 000*
Cost			
Balance at 1 January 2003	8	70	78
Additions	—	11	11
Balance at 31 December 2003	8	81	89
Depreciation			
Balance 1 January 2003	5	55	60
Charge for year	1	8	9
Balance 31 December 2003	6	63	69
Net Book Value			
At 31 December 2002	3	15	18
At 31 December 2003	2	18	20

	Property *€ 000*	*Furniture & Equipment* *€ 000*	*Total* *€ 000*
Cost			
Balance at 1 January 2002 and 31 December 2002	8	70	78
Depreciation			
Balance 1 January 2002	4	54	58
Charge for year	1	1	2
Balance 31 December 2002	5	55	60
Net Book Value			
At 31 December 2001	4	16	20
At 31 December 2002	3	15	18

10. Debtors

	2004 € 000	2003 € 000	2002 € 000
Trade debtors	82	77	83
VAT	193	25	247
Prepayments and accrued income	94	81	77
	369	183	407

All of the above amounts fall due within one year.

11. Creditors

Amounts Falling Due Within One Year:

	2004 € 000	2003 € 000	2002 € 000
Trade creditors	387	179	248
Accruals and deferred income	510	396	373
Short term loan (a)	—	400	100
Secured bank loans (b)	—	428	—
	897	1,403	721

Amounts Falling Due After More than One Year:

	2004 € 000	2003 € 000	2002 € 000
Secured bank loans (b)	—	—	278
Obligations under finance leases	6	13	8
	6	13	286

(a) These loans were originally advanced by Indexia Holdings Limited, a company controlled by the principal shareholder, Sir Anthony O'Reilly and were repaid during 2004. They were unsecured and non-interest bearing.

(b) These bank loans were repaid during 2004 and were secured by first and fixed floating charges over all of the assets of the Group, and supported by a guarantee from the principal shareholder, Sir Anthony O'Reilly.

12. Provision for Liabilities and Charges — Abandonment Provision

	2004 € 000	2003 € 000	2002 € 000
Balance 1 January	1,526	1,488	1,467
Unwinding of discount	45	44	28
Foreign exchange	—	(6)	(7)
Balance 31 December	1,571	1,526	1,488

13. Called Up Share Capital and Share Premium

Authorised:

	Number (000's)	€ 000
At 31 December 2002, 2003 and 2004:		
Deferred Shares of €0.011 each	1,062,442	11,687
Ordinary Shares of €0.001 each	12,313,136	12,313

The deferred shares do not entitle the shareholder to receive a dividend or other distribution, do not entitle the shareholder to receive notice of or vote at any general meeting of the Company, and do not entitle the shareholder to any proceeds on a return of capital or winding up of the Company.

Issued:

	Number (000's)	Share Capital € 000	Share Premium € 000
Balance at 1 January 2002	895,421	10,746	4,355
Conversion of Capital Bonds	167,021	2,004	1,336
Balance at 31 December 2002	1,062,442	12,750	5,691
Conversion of Capital Bonds	1,536	1	29
Balance at 31 December 2003	1,063,978	12,751	5,720
Share subscription (a)	338,333	338	9,812
Rights Issue (b)	107,045	107	3,104
Exercise of Warrants (c)	9,335	9	410
Conversion of Capital Bonds (d)	484,535	484	9,206
Exercise of share options (e)	1,000	1	19
Share issue costs (f)	—	—	(1,449)
Balance at 31 December 2004	2,004,226	13,690	26,822

(a) Share subscription

In May 2004, the Company raised gross cash proceeds of €10.15 million through the issue of 338,333,333 new Ordinary Shares at a total consideration of €0.03 per share in a Share Subscription offering and the issue of 84,583,333 Subscription warrants at an exercise price of €0.045 with a number of UK and Irish institutional investors together with Sir Anthony O'Reilly.

(b) Rights Issue

Similarly in May 2004, the Company raised gross cash proceeds of €3.2 million through the issue of 26,761,255 Rights Issue Units at a price of €0.12 per Unit. Under the terms of the Rights Issue, each Unit comprised of four Rights Issue Shares at €0.03 per share and one Warrant to subscribe for one new Ordinary Share at an exercise price of €0.045.

(c) Warrants

As noted in (a) and (b) above, each Rights Issue Unit and Share Subscription included one Warrant to subscribe for one new Ordinary Share at an exercise price of €0.045 per share. During 2004, 9,334,334 Warrants were exercised, resulting in the issue of 9,334,334 new Ordinary Shares for a total cash consideration of €419,000.

Subsequent to 31 December 2004 further Warrants were exercised resulting in the issue of number of 24,497,746 new Ordinary Shares for a total cash consideration of €1.1 million which included 22,181,445 Warrants (€998,165) exercised by the principal shareholder, Sir Anthony O'Reilly.

In June 2005, Sir Anthony O'Reilly acquired 66,218,766 additional Warrants from other warrant holders. He has indicated to the Directors that he would seek to exercise these Warrants subject to the grant of a waiver from Rule 9 by the Takeover Panel and approval of such waiver by independent shareholders in general meeting. The exercise of the Warrants would result in the issuance of an equal number of new Ordinary Shares for a total cash consideration of €2.98 million.

(d) Convertible capital bonds

During 2004, 484,535,000 (2003: 1,536,500; 2002: 167,021,250) Ordinary Shares were issued at a price of €0.02 each in conversion and exchange of the Convertible capital bonds (Note 14).

(e) Share Option Scheme

Under the 1997 Scheme the Directors, at their discretion, may grant options over ordinary shares to employees, consultants and directors at the higher of par and market value on the date the option is granted. Options may be exercised at any time within the subsequent ten year period. During the year 1,000,000 options were exercised under this scheme at a price of €0.02 per share and 13,500,000 options were granted at €0.05 per share. At 31 December 2004 options over 48.8 million (2003: 35.4 million) shares remained outstanding at subscription prices ranging from €0.0124 to €0.05 (having been adjusted for the impact of the Rights Issue noted above). These options expire at varying dates up to June 2014.

On 30 May 2005, the Directors adopted a new share option scheme, the 2005 Scheme, and options over a total of 14 million ordinary shares were granted to participants at an exercise price of €0.0378 per share.

(f) Share Issue costs

Share issue costs relate to the Share Subscription and Rights Issue and amounted to €1.45 million. They have been written off against the Share Premium account in accordance with the Group's accounting policies.

14. Convertible Capital Bonds

	2004		*2003*		*2002*	
	Number	*€ 000*	*Number*	*€ 000*	*Number*	*€ 000*
At 1 January	8,859,771	9,595	8,532,360	8,324	11,069,174	12,958
Issued during the year	249,579	265	356,306	379	602,235	604
Interest accrual movement	—	(170)	—	(18)	—	(211)
Converted and exchanged for ordinary shares	(9,109,350)	(9,690)	(28,895)	(30)	(3,139,049)	(3,340)
Foreign exchange	—	—	—	940	—	(1,687)
At 31 December	—	—	8,859,771	9,595	8,532,360	8,324

During 2004, the Company received valid conversion notices relating to Bonds of US$9,109,350 which, pursuant to the underlying conversion terms were exchanged for 484,534,750 new ordinary shares, credited as fully paid. These included 451,186,400 new Ordinary Shares allotted to Sir Anthony O'Reilly in respect of his holding of Convertible Capital Bonds.

15. Pension Arrangements

The Group contributes to an externally funded defined contribution pension scheme to satisfy the pension arrangements in respect of certain management personnel.

The pension cost charged in 2004 was €17,000 (2003: €10,000; 2002: €7,000).

16. Commitments and Contingencies

a) Exploration, Appraisal and Development Activities

The Group has estimated financial commitments of approximately €5.9 million to contribute to its share of costs of exploration and appraisal activities under its various exploration programs during 2005.

b) Operating Leases

The Group has annual commitments of €74,000 under operating leases in respect of property, which expire in 2008.

17. Cash Flow Statement

A. Reconciliation of Operating Profit to Net Cash Inflow/(Outflow) from Operating Activities

	2004 € 000	2003 € 000	2002 € 000
Operating profit/(loss)	95	(163)	36
Depreciation	20	11	27
(Increase)/Decrease in debtors	(186)	224	119
Increase/(Decrease) in creditors	315	(41)	(223)
Net cash inflow/(outflow) from operating activities	244	31	(41)

B. Analysis of Cash Flows

	2004 € 000	2003 € 000	2002 € 000
Returns on investments and servicing of finance			
Interest received	216	2	2
Interest paid	(6)	(14)	(42)
Net Cash Inflow/(Outflow)	210	(12)	(40)
Taxation			
Tax paid	—	—	—
Net Cash Outflow	—	—	—
Capital expenditure and financial investment			
Expenditure on oil and gas interests	(4,068)	(318)	(190)
Capitalisation of operating expenses	(755)	(266)	(126)
Purchase of tangible fixed assets	(50)	(11)	—
Net Cash Outflow	(4,873)	(595)	(316)
Financing			
Issue of Ordinary Share Capital	12,351	—	—
Short term loans	(400)	300	100
Secured bank loans	(428)	150	27
Foreign exchange	(1)	(17)	(3)
Net Cash Inflow	11,522	433	124

C. Analysis and Reconciliation of Net Funds

	31 December 2001 € 000	Cash Flow € 000	31 December 2002 € 000	Cash Flow € 000	31 December 2003 € 000	Cash Flow € 000	31 December 2004 € 000
Cash at bank and in hand	570	(246)	324	(143)	181	7,103	7,284
Secured bank loans	(251)	(27)	(278)	(150)	(428)	428	—
Short term loans	—	(100)	(100)	(300)	(400)	400	—
Net funds	319	(373)	(54)	(593)	(647)	7,931	7,284

PART 5 – ADDITIONAL INFORMATION

1. Incorporation and Status of the Company

(a) The Company was incorporated in Ireland under the Irish Companies Acts 1963 to 1990 as a public limited company on 5 July, 1997 with registered number 268662. On 1 September, 1997 a certificate to commence trading was issued to the Company by the Registrar of Companies in Ireland. On 27 August, 1997 the hydrocarbon interests in ARCON International Resources P.l.c. ("ARCON") were transferred into the Company by way of an issue of Ordinary Shares on a *pro rata* basis to shareholders in ARCON.

(b) The Company's head and registered office is at 60 Merrion Road, Ballsbridge, Dublin 4, Ireland.

(c) The Company's objects are to explore, prospect and search for oil, petroleum, gas and minerals and to deal in same and any products or substance produced therefrom. Providence's stated strategy is to focus on the appraisal and development of undeveloped hydrocarbon discoveries that could be profitably exploited by the Company.

(d) The Company is the ultimate holding company of the Group. The principal country of operation of each subsidiary is its country of incorporation, save for Providence Resources (NI) Limited which operates principally in the UK. Details of these subsidiaries are set out below:

Name and Registered Office	Interest in Share Capital	Principal Activity
Atlantic Resources (UK) Limited, 10 Upper Bank Street, London E14 5JJ, England.	100%	Oil and gas exploration and development
Providence Resources (NI) Limited, 13 Lombard Street, Belfast, Northern Ireland.	100%	Oil and gas exploration and development
Providence Resources Capital Limited, 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands.	100%	Investment Company
Providence Resources (Nigeria Holdings) Limited, Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands.	100%	Holding Company
Providence Resources (International) Limited, Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands.	100%	Holding Company
P.R. Oil & Gas Nigeria Limited, 7th Floor, St. Nicholas House, Catholic Mission Street, Lagos, Nigeria.	100%	Holding Company

Name and Registered Office	Interest in Share Capital	Principal Activity
Providence Resources Holding Limited, Ground Floor, Atlantic House, 4 – 8 Circular Road, Douglas, Isle of Man, IM1 1AG.	100%	Holding Company

2. Share Capital

(a) The following issues of Ordinary Shares have taken place in the three years preceding the date of this document:

(i) from 1 January, 2002 to 31 December, 2002 167,021,250 new Ordinary Shares were issued, arising from the conversion of principal and interest due on Convertible Capital Bonds;

(ii) from 1 January, 2003 to 31 December, 2003 1,536,500 new Ordinary Shares were issued, arising from the conversion of principal and interest due on Convertible Capital Bonds;

(iii) from 1 January, 2004 to 26 April, 2004 461,412,900 new Ordinary Shares were issued, arising from the conversion of principal and interest due on Convertible Capital Bonds;

(iv) from 27 April, 2004 to 2 July, 2004 23,121,850 new Ordinary Shares were issued, arising from the conversion of principal and interest due on Convertible Capital Bonds;

(v) on 29 April, 2004 the Company issued 338,333,333 Ordinary Shares pursuant to the 2004 Subscription;

(vi) on 26 May, 2004 the Company issued 107,045,020 Ordinary Shares pursuant to the 2004 Rights Issue;

(vii) on 11 June, 2004 the Company issued 1,000,000 Ordinary Shares pursuant to the exercise of Options; and

(viii) from 28 April, 2004 to 17 June, 2005 (being the latest practicable date prior to the publication of this document) 33,832,080 Ordinary Shares were issued pursuant to the exercise of 2004 Warrants.

(b) The present authorised and issued share capital is as follows:

	Number	Amount €
Existing Authorised and Issued Share Capital		
Authorised Ordinary Shares of €0.001 each	12,313,136,207	12,313,136.21
Authorised Deferred Shares of €0.011 each[(i)]	1,062,442,163	11,686,863.79
Total Authorised		24,000,000.00
Ordinary Shares allotted, called up and fully paid	2,028,723,846	2,028,723.85
Deferred Shares allotted, called up and fully paid	1,062,442,163	11,686,863.79
Total Issued		13,715,587.64

(i) The holders of the Deferred Shares are not entitled to receive any dividends or other distributions nor are they entitled to notice of or to vote at any general meeting. On a return of capital on a winding up holders of Deferred Shares are entitled to receive the amount paid up on such shares after the holders of the Ordinary Shares receive the sum of €1,000,000 for each Ordinary Share held. The Company can appoint any person to execute a transfer of the Deferred Shares to such persons as the Company determines. The Shareholders have authorised the cancellation of all the issued Deferred Shares subject to confirmation of the High Court. The Company is in the process of making application to the High Court for such confirmation.

(c) On 27 August, 1997 the Company adopted the Providence Resources P.l.c. Share Option Scheme 1997, details of which are set out in section 9 below. Options over a total of 48,818,178 Ordinary Shares have been granted, 38,069,692 of which have been granted to Directors (as set out in section 4 below) and the remaining 10,748,486 have been granted to other members of staff and consultants.

(d) On 30 May, 2005 the Company adopted the 2005 Scheme, details of which are set out in section 9 below. Options over a total of 14,000,000 Ordinary Shares have been granted, all of which have been granted to members of staff and consultants.

(e) Save for the Options which have been granted under the Share Option Schemes, no share or loan capital of the Company has been put under option by the Company or has been agreed conditionally or unconditionally to be put under option by the Company.

(f) Pursuant to an ordinary resolution passed on 24 September, 2003, the Directors are authorised to exercise the powers of the Company to allot and issue relevant securities (as defined by Section 20 of the Companies (Amendment) Act 1983 of Ireland (the "1983 Act")). The amount of relevant securities which may be allotted under the authority is the authorised but unissued share capital of the Company, at the close of business on the date of the meeting (being 11,250,694,044 Ordinary Shares of nominal value €0.001 each). This authority expires at the close of business on 24 September, 2008 unless previously revoked, varied or renewed by the Company.

(g) Pursuant to a special resolution passed on 19 July, 2004, the Directors are authorised pursuant to Section 24 of the 1983 Act, to allot equity securities (as defined by Section 23 of the 1983 Act) for cash as if Section 23 (1) of that Act did not apply to any such allotment provided these powers are limited to:

    (i) the allotment of equity securities in connection with a rights issue or open offer or otherwise in favour of ordinary shareholders and/or any person having a right to subscribe for or convert securities into ordinary shares of the Company (including any holders of options under the Share Option Scheme for the time being) in proportion (as nearly as may be) to their respective holdings of ordinary shares on a record date fixed by the Directors and subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlement or legal or practicable problems under the laws of any territory, or the requirements of any recognised regulatory body or any stock exchange in any territory;

    (ii) the allotment of equity securities pursuant to the terms of any scheme for Directors and/or employees of the Company and its subsidiaries approved by the Shareholders in general meeting;

    (iii) otherwise than pursuant to the authority conferred by sub-paragraphs (i) and (ii) above of equity securities up to a maximum aggregate nominal value not exceeding €197,246 (corresponding to 10% of the issued ordinary share capital of the Company at that date);

    The authority will expire unless revoked or renewed in accordance with the provision of Section 24 of the 1983 Act on the earlier of fifteen months from 19 July, 2004 or the next annual general meeting of the Company.

(h) At an extraordinary general meeting of the Company held on 29 April, 2004 the Directors were authorised, pursuant to Rule 4.33 of the Listing Rules and pursuant to Section 24 of the 1983 Act, to allot the 2004 Subscription Shares, the 2004 Subscription Warrants and the new Ordinary Shares to be issued pursuant to the exercise of the 2004 Subscription Warrants.

3. Warrants

2004 Warrants

In 2004, the Company issued 111,344,588 warrants pursuant to the 2004 Subscription and 2004 Rights Issue. These warrants were each convertible into 1 Ordinary Share in the capital of the Company at a subscription price of €0.045 per Ordinary Share. The original expiry date of 28 April, 2005 was extended by the Company to 16 May, 2005 and then subsequently extended to 27 May, 2005 and on 27 May, 2005 the Company extended the Warrants indefinitely. Of the Warrants issued in 2004, 33,832,080 have been converted into Ordinary Shares as at 17 June, 2005, (the latest practicable date prior to the date of this document) and 77,512,508 remain outstanding.

Sir Anthony O'Reilly has given a commitment to the Company that, subject to the grant of a waiver from Rule 9 of the Takeover Rules by the Panel, and approval of such waiver by Independent Shareholders in general meeting, he will exercise 66,218,766 Warrants held by him on 17 June, 2005 (the latest practicable date prior to the publication of this document). Such exercise would yield approximately €3.0 million of funds to the Company.

4. Directors' and Other Interests

(a) As at 17 June, 2005, being the latest practicable date prior to the publication of this document, the interests of each Director and of the Secretary and those of any person connected with that Director or the Secretary, within the meaning of Section 26 of the Companies Act 1990 ("Connected Person") in the share capital of the Company which (i) are required to be notified to the Company pursuant to Sections 53 and 64 of the Companies Act 1990 or (ii) are required pursuant to Section 59 of the Companies Act 1990 to be entered in the register referred to therein or (iii) are interests of a Connected Person which would, if the Connected Person were a Director, be required to be disclosed under (i) or (ii) above and the existence of which is known or could with reasonable diligence be ascertained by that Director, are as follows:

	No of Ordinary Shares	No of Warrants	Percentage Of Existing Issued Ordinary Share Capital
Dr Brian Hillery	1,051,656	—	0.05
Stephen Carroll	842,110	—	0.04
William P. Kidney	781,779	12,816	0.04
Tony O'Reilly Jnr	7,997,037	—	0.39
Dr Philip Nolan	3,000,000	—	0.15
James S.D. McCarthy	1,000,000	—	0.05
Secretary			
Michael Graham	354,324	—	0.02

(b) As at 17 June, 2005, being the latest practicable date prior to the publication of this document, the interests of each Director and the Secretary and those of any person connected with that Director or the Secretary, within the meaning of Section 26 of the Companies Act 1990 ("Connected Person") in Options over Ordinary Shares which (i) are required to be notified to the Company pursuant to Sections 53 and 64 of the Companies Act 1990 or (ii) are required pursuant to Section 59 of the Companies Act 1990 to be entered in the register referred to therein or (iii) are interests of a Connected Person which would, if the Connected Person were a Director, be required to be disclosed under (i) or (ii) above and the existence of which is known or could with reasonable diligence be ascertained by that Director, are as follows.

	No of Options	Price (Cent)	Exercise Period From	Exercise Period To
Dr Brian Hillery	855,783	1.94	12 September, 1997	12 September 2007
	855,783	1.24	6 June, 1999	6 June, 2009
	10,269,400	1.46	4 August, 2003	4 August, 2013
	5,134,700	2.73	7 November, 2003	7 November, 2013
	17,115,666			
Peter Kidney	855,783	1.94	12 September, 1997	12 September, 2007
	2,567,350	1.46	4 August, 2003	4 August, 2013
	2,500,000	5.0	15 June 2004	15 June 2014
	5,923,133			
Stephen Carroll	5,134,700	1.24	6 June, 1999	6 June 2009
	5,134,700			
Tony O'Reilly Jnr	342,313	1.94	12 September, 1997	12 September, 2007
	2,053,880	1.46	4 August, 2003	4 August, 2013
	5,000,000	5.0	15 June 2004	15 June 2014
	7,396,193			

	No of Options	Price (Cent)	Exercise Period From	To
Dr Philip Nolan	2,500,000	5.0	15 June 2004	15 June 2014
	2,500,000			
Company Secretary				
Michael Graham	171,157	1.94	12 September, 1997	12 September 2007
	1,026,940	1.46	4 August, 2003	4 August, 2013
	500,000	5.0	15 June 2004	15 June 2014
	1,698,097			

Notes:

The Company has been advised pursuant to sections 53 and 64 of the Companies Act 1990 that Indexia Holdings Limited, a company controlled by Sir Anthony O'Reilly, has granted an option to Mr Stephen Carroll to purchase 36,250,000 of its holding of Providence Ordinary Shares, (which are included in the amount of Ordinary Shares held by Sir Anthony O'Reilly as outlined in section 7 below), at an exercise price of €0.006 per share. This option may be exercised at any time up to 23 February, 2007.

(c) Save as disclosed in paragraphs 4(a) and 4(b) above, no Director has any interest in the Company's issued share capital. No Director or member of a Director's family has a related financial product referenced to the Company's Ordinary Shares.

(d) There are no outstanding loans granted by any member of the Group to any of the Directors, nor any guarantees provided by any member of the Group for the benefit of any of the Directors.

(e) Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole and which was effected by the Company or any other member of the Group during the current or immediately preceding financial year, or during any earlier financial year which remains in any respect outstanding or unperformed.

5. Additional Information on Directors

(i) In addition to directorships of the Company, the Directors hold or have held the following directorships or are or have been partners in the following partnerships within the five years prior to the date of this document:

Director Name	Current Directorships	Previous Directorships
Dr. Brian Hillery	Independent News & Media PLC	Pioneer Investment Management Limited
	Providence Resources (Nigeria Holdings) Limited	ICC Bank plc
	Providence Resources (International) Limited	
	P.R. Oil & Gas Nigeria Limited	
	Unicredito Italiano Bank (Ireland) plc	
Peter Kidney	ARCON Exploration P.l.c.	
	ARCON International Resources P.l.c.	
	ARCON Mines Limited	
	ARCON Resources P.l.c.	
	ARCON Zinc Limited	
	Atlantic Resources US Limited	
Stephen Carroll	Atlantic Resources UK Limited	
	Providence Resources Capital Limited	
	Providence Resources (International) Limited	
	Providence Resources (Nigeria Holdings) Limited	
	Providence Resources (N.I.) Limited	
	P.R. Oil & Gas Nigeria Limited	

Director Name	Current Directorships	Previous Directorships
Tony O'Reilly Jnr	Fitzwilton Limited Josiah Wedgwood & Sons (Exports) Limited Josiah Wedgwood & Sons Limited Independent News & Media PLC Lundin Mining Corporation Statum Limited Waterford Wedgwood Australia Limited Waterford Wedgwood Canada Inc Waterford Wedgwood Holdings plc Waterford Wedgwood Japan Limited Waterford Wedgwood plc Waterford Wedgwood Retail Limited Waterford Wedgwood USA Inc Wedgwood Limited	ARCON Exploration P.l.c. ARCON International Resources p.l.c. ARCON Mines Limited ARCON Resources P.l.c. ARCON Zinc P.l.c. E-Mat, Inc. Lockwood Financial Group Tedcastle Holdings Ltd.
Dr. Philip Nolan	De La Rue plc eircom Funding eircom Funding (Holdings) Limited eircom Group plc eircom (Holdings No. 1) eircom (Holdings No. 2) eircom (Holdings No. 3) eircom (Holdings No. 4) eircom (Holdings No. 5) eircom (Initial Funder) Limited eircom Limited Irish Management Institute Irish Telecommunications Investments Limited Valentia Telecommunications	186K Limited Advantica Technologies Limited BG Group Limited BG Group plc Lattice Group Holdings Limited Lattice Group plc Transco Holdings plc Transco plc
James S.D. McCarthy	Brabco No. 107 (1999) Limited CFI Limited CFI Equity Fund Limited Corporate Finance International Limited Corporate Finance Ireland Limited Ecofin Services Limited Rockall Technologies Limited SYUK Limited	ARCON International Resources P.l.c. Forrister Financial Limited The Carphone Warehouse Limited

(ii) As at the date of this document, none of the Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) had any bankruptcy order made against him or entered into any individual voluntary arrangements;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

6. Directors Service Agreements

There are no existing or proposed Director's Service Contracts between any member of the Providence Group and any Director, or any equivalent arrangements regulating the terms and conditions of their employment.

The aggregate remuneration and benefits in kind paid to the Directors for the year ending 31 December, 2004 was €234,000. None of the Directors has agreed to waive his entitlement to future emoluments nor was there any such waiver in respect of the year ended 31 December, 2004.

7. Substantial Shareholding

(a) So far as the Company is aware, the names of persons who directly or indirectly are interested in 3% or more of the Company's Existing Issued Ordinary Share Capital as at 17 June, 2005 (the latest practicable date prior to the publication of this document) are as follows:

	Number of Ordinary Shares	% of Existing Issued Ordinary Share Capital
Sir Anthony O'Reilly's holdings[(1)]	929,955,288	45.84%

Note

(1) The Ordinary Shares in which Sir Anthony O'Reilly is interested are held in a number of different accounts.

(b) As at 17 June 2005, (being the latest practicable date prior to publication of this document), and save as disclosed in this section 7, the Directors are not aware of any person or persons who directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

(c) The Company is satisfied that it is capable at all times of operating and making business decisions independently of Sir Anthony O'Reilly and of his associates and that all transactions between the Company and Sir Anthony O'Reilly and/or his associates are and will continue to be conducted at arm's length and on a normal commercial basis.

The Company has entered into a Relationship Agreement with Sir Anthony O'Reilly accordingly. Pursuant to this agreement, which is dated 27 April, 2004, Sir Anthony O'Reilly has undertaken to the Company, that for so long as he owns or controls 30% or more of the equity share capital of the Company, he shall exercise his voting rights so as to procure, so far as he is able, that the Company is capable at all times of carrying on its business and making decisions independently of him; and that all transactions and relationships between him and the Company are conducted on an arm's length and on at least a normal commercial basis.

8. Articles of Association

A summary of certain provisions of the Articles of Association of the Company (the "Articles") concerning the rights attaching to the Ordinary Shares is set out below:

(i) Votes of Members

Votes may be given either personally or by proxy. On a show of hands every member present in person or by proxy shall have one vote and, on a poll, every member shall have one vote for every share carrying voting rights of which he is the registered holder. Where there is an equality of votes, the chairman of the meeting shall be entitled to a casting vote in addition to any other vote he may have.

Unless the Directors otherwise determine, no member shall be entitled to vote at any general meeting or any separate class meeting either in person or by proxy, in respect of any share held by him, unless all monies then payable by him in respect of that share have been paid.

If at any time the Directors shall determine that, in relation to any share or shares, the person whose name is entered in the register of members as the holder thereof or any of the holders thereof shall have failed to comply, to the satisfaction of the Directors, with all or any of the terms of article 7 of the Articles or section 81 of the 1990 Act in respect of any notice or notices given to him or any of them thereunder in connection with the disclosure to the Company of particulars relating to interests in and arrangements concerning shares, the Directors may serve a notice to such effect on any such holder and upon expiry of 14 days of such notice no holder of the share or shares specified in such notice shall be entitled, for so long as such notice shall remain in force, to attend, speak or vote at any general meeting or any separate meeting of any class of shares in the Company, either personally or by proxy.

(ii) Variation of Rights Attached to Classes of Shares

Without prejudice to any special rights conferred on the holders of any existing shares of any class and subject to the provisions of the Companies Acts 1963 to 1990, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by special resolution determine.

Whenever the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

(iii) Alteration of Share Capital

The Company may, by ordinary resolution, increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe. The Company may, by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amount;

(b) subject to the provisions of the Companies Acts 1963 to 1990, subdivide its shares, or any of them, into shares of smaller amount; or

(c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital accordingly.

The Company may, by special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised and consent required by law.

(iv) Transfer of Shares

Subject to such of the restrictions of the Articles and to such of the conditions of issue as may be applicable, the shares of any member may be transferred by instrument in writing in any usual or common form or in any other form which the Directors may approve. The instrument of transfer of any share shall be executed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. Title to any shares may also be evidenced and transferred without a written instrument in accordance with Section 239 of the Companies Act 1990. The Directors in their absolute discretion and without assigning any reason therefor may refuse to register the transfer of a share or any renunciation of any allotment made in respect of a share which is not fully paid provided in the case of any partly paid share which is listed or dealt in the Irish Stock Exchange, this restriction shall not be such so as to prevent dealings in such shares from taking place on an open and proper basis.

In addition, the Directors may refuse to register any instrument of transfer unless:

(a) it is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) it is in respect of one class of share only;

(c) it is in favour of not more than four transferees; and

(d) it is lodged at the registered office of the Company or at such other place as the Directors may appoint.

The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in each year) as the Directors may determine.

(v) Dividends

Subject to the provisions of the Companies Acts 1963 to 1990:

(a) the Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors; and

(b) the Directors may declare and pay interim dividends if it appears to them they are justified by the profits of the Company available for distribution.

Except as otherwise provided for by the rights attaching to the shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid (and, for this purpose, no amount paid on a share in advance of calls shall be treated as paid on a share). Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amount paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly. The Directors may deduct from any dividend or other monies payable to any member in respect of any share held by him any monies then payable by him to the Company in respect of such share. A general meeting declaring a dividend may direct, upon the recommendation of the Directors, that it shall be satisfied wholly or partly by the distribution of assets.

No dividend or other monies payable in respect of any share shall bear interest against the Company unless otherwise provided for by the rights attaching to the share. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same may be payable to the members registered as such at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered. If the Directors so resolve, any dividend which has remained unclaimed for twelve years from the date that it became due for payment shall be forfeited and cease to remain owing by the Company.

(vi) Winding Up

If the Company is wound up, the liquidator, with the sanction of a special resolution of the Company and any other sanctions required by the Companies Acts 1963 to 1990, may divide among the members in specie or kind the whole or any part of the assets of the Company and, for such purpose, may value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator, with the like sanction, may vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as, with the like sanction, he determines but so that no member shall be compelled to accept any assets upon which there is any liability.

(vii) Directors

The remuneration of the Directors shall be determined by the Company.

The Directors may elect and remove a Chairman and a Deputy Chairman and determine the period for which they respectively are to hold office. The Directors may appoint a Chief Executive for such period and on such terms as to remuneration and otherwise and for such period as they may determine.

The Directors may guarantee all or any part of the undertaking, property and assets and uncalled capital of the Company or by any such methods the performance of the obligations of and the repayment or payment of the principal amount of and premiums, interest and dividends on any securities of any person, firm or company including any company which is for the time being a subsidiary of the Company.

A Director may hold any other office or place of profit in the Company and he may act by himself or his firm in a professional capacity for the Company except in the capacity of Auditor.

A Director must declare the nature of his interest in any contract or arrangement at a meeting of the Directors.

A Director shall not be counted in the quorum at a meeting at which a vote is taken in respect of any contract or arrangement in which he is interested and he shall not vote in respect of any such contract or arrangement, but this prohibition does not apply to:

(a) any arrangement for giving any Director any security or indemnity in respect of money lent, or obligations incurred by him for the benefit of the Company or any of its subsidiaries or associates;

(b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries or associates for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries or associates for subscription or purchase or exchange in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

(d) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in 1% or more of the issued shares of any class of the equity share capital of such company or of the voting rights available to members of the relevant company;

(e) Any proposal concerning the adoption modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Revenue Commissioners for taxation purposes; and

(f) Any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including the Directors.

(viii) Borrowing Powers of Directors

Subject to the provisions of the Articles, the Directors may exercise all of the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries it can procure) that the aggregate principal amount (including any premium payable on final repayment) for the time being remaining undischarged of all monies borrowed or secured by the Group (exclusive of inter Group borrowings) shall not except with the sanction of the Company in general meeting exceed an amount equal to six times the aggregate of:

(a) the amount paid up or credited as paid up on the share capital of the Company; plus

(b) the amount standing to the credit of the consolidated capital and revenue reserves (including share premium account and any balance of the consolidated profit and loss account), all as shown in the latest published consolidated balance sheet of the Company and its subsidiaries but:

 (A) adjusted in respect of any variation in the paid up share capital and share premium account of the Company since the date of the balance sheet;

 (B) excluding any amount set aside for taxation and any amount attributable to outside shareholders in subsidiaries; and

 (C) deducting any debit balance on the consolidated profit and loss account as at the date of that balance sheet.

(ix) Notices

A notice or document to be given, served on, or delivered to any member of the Company may be effected (i) by handing the same to him or his authorised agent; (ii) by leaving the same at his registered address; (iii) by sending the same by pre-paid post to his registered address; or (iv) in the event of the suspension or curtailment of postal services within Ireland, a general meeting may be convened by appropriate notice in 2 national daily newspapers in Ireland and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day of which the said advertisement shall appear and the Company shall send confirmatory copies of the notice to those members whose registered addresses are outside Ireland.

9. Share Option Schemes

(i) 1997 Scheme

(a) General

On 27 August, 1997 the Company approved and adopted the Providence Resources P.l.c. Share Option Scheme 1997 (the "1997 Scheme"). The 1997 Scheme is administered by the Board of Directors.

(b) Eligibility

Participation in the 1997 Scheme is limited to any person (including an employee, a director or a consultant) in the service of the Company or of any subsidiary of the Company, nominated by the Board, who in their absolute discretion shall determine whether or not the person is eligible as aforesaid.

(c) Limitations on grant of Options

(i) No option may be granted under the 1997 Scheme which would result in the aggregate of the number of shares which immediately prior to that day remain to be issued pursuant to options granted pursuant to the 1997 Scheme, exceeding 5% of the Company's issued share capital at the date of the grant;

(ii) No option may be granted under the 1997 Scheme which when aggregated with the number of shares which immediately prior to that day;

(a) shall have been or remain to be issued pursuant to options granted within the three years prior to that day;

(b) shall have been appropriated within such period of three years to or to the benefit or account of profit sharing 1997 Schemes operated or to be operated by the Company for and in respect of its participants; exceed 3% of the nominal value of all shares in issue at such date.

(d) Grant of Options

Options under the 1997 Scheme may be granted within 42 days following the announcement by the Company of its annual or half yearly results for any period. No Option may be granted more than 10 years after the date of adoption of the 1997 Scheme. The consideration for the grant of an option under the 1997 Scheme is €12.70. An option is personal to the optionholder and is not transferable. Options may be accepted and exercised in whole or in part.

(e) Option Price

The price per share at which options may be exercised will not be less than the market price per share on the Irish Stock Exchange on the day immediately preceding the day the option was offered to a participant.

(f) Exercise of Option

An option will normally be exercisable in whole or in part at any time and from time to time on or immediately following the expiry of the period of eighteen months from the date on which it was granted and no later than ten years after such date.

Options will normally lapse on cessation of the participants relationship with the Company. However, options may be exercised within 12 months of the death of the optionholder or on cessation of his relationship with the Company due to retirement and in the case of cessation for any reason other than death or retirement. The Board may in its absolute discretion decide whether an option or portion thereof shall be capable of exercise on or after such cessation provided such option is exercised before the tenth anniversary of the date of grant of that option or three months after cessation whichever is the earlier.

(g) *Variation of Capital*
In the event of any variation of the share capital of the Company, the number of shares subject to any option and the price payable for each of those shares on its exercise shall be adjusted in such a manner as the Board or any duly authorised committee thereof, may determine.

(h) *Alterations*
The Directors may at any time alter or amend the 1997 Scheme, provided always that the purpose of the 1997 Scheme shall not be altered, no variation or alteration shall increase the amount payable by any option holder or otherwise impose more onerous obligations on any option holder in respect of the exercise of an option which has already been granted. No amendment to the advantage of option holders shall be made without the prior approval of the Company in general meeting.

(ii) 2005 Scheme

(a) *General*
On 30 May 2005 the Directors approved and adopted the Providence Resources P.l.c. Share Option Scheme 2005 (the "2005 Scheme"). The 2005 Scheme is administered by the Board of Directors.

(b) *Eligibility*
Participation in the 2005 Scheme is limited to any person (including an employee, a director or a consultant) in the service of the Company or of any subsidiary of the Company, nominated by the Board, who in their absolute discretion shall determine whether or not the person is eligible as aforesaid.

(c) *Limitations on grant of Options*

(i) No option may be granted under the 2005 Scheme which would result in the aggregate of the number of shares which immediately prior to that day remain to be issued pursuant to options granted pursuant to the 2005 Scheme exceeding 5% of the Company's issued share capital immediately prior to that day;

(ii) The number of options which may be granted under the 2005 Scheme to which each of the conditions referred to in paragraph (g) (i) and (ii) below shall not exceed to 2.5% of the Ordinary Share Capital or Issued Ordinary Share Capital of the Company.

(d) *Grant of Options*
Options under the 2005 Scheme may be granted within 42 days after the adoption of the 2005 Scheme, and following the announcement by the Company of its annual or half yearly results for any period. No option may be granted more than 10 years after the date of adoption of the 2005 Scheme. Options may be granted at other times when the remuneration committee consider there are exceptional circumstances. The consideration for the grant of an option under the 2005 Scheme is €10.00. An option is personal to the optionholder and is not transferable. Options may be accepted and exercised in whole or in part.

(e) *Option Price*
The price per share at which options may be exercised will not be less than the market value per share on the Irish Stock Exchange less 10% thereof on the day immediately preceding the day the option was offered to a participant.

(f) *Exercise of Option*
An option will normally be exercisable in whole or in part at any time and from time to time on or immediately following the expiry of a period of (1) one year in the case of options to which the condition at (g) (i) below applies and (2) two years in the case of options to which the condition at (g) (ii) below applies and in any event no later than seven years after the date on which such option was granted.

Options will normally lapse on cessation of the participants relationship with the Company. However, options may be exercised within 12 months of the death of the optionholder or on cessation of his relationship with the Company due to retirement and in the case of cessation for any reason other than death or retirement. The Board may in its absolute discretion decide whether an option or portion thereof shall be capable of exercise on or after such cessation provided such option is exercised before the seventh anniversary of the date of grant of that option or three months after cessation whichever is the earlier.

(g) *Share Growth*

(i) Except where paragraph (g) (ii) applies to an option, the condition for exercise shall be that the market value of the Company's shares shall have increased and been maintained over a period of three months beyond the market value of the Company's shares as at the date of offer of such option, by 50% and

(ii) where this paragraph applies to an option the condition for exercise shall be that the market value of the Company's shares shall have increased and been maintained over a period of three months beyond the market value of the Company's shares as at the date of offer of such option by 100%.

(h) *Variation of Capital*
In the event of any variation of the share capital of the Company, the number of shares subject to any option and the price payable for each of those shares on its exercise shall be adjusted in such a manner as the Board or any duly authorised committee thereof, may determine.

(i) *Alterations*
The Directors may at any time alter or amend the 2005 Scheme, provided always that the purpose of the 2005 Scheme shall not be altered, no variation or alteration shall increase the amount payable by any option holder or otherwise impose more onerous obligations on any option holder in respect of the exercise of an option which has already been granted.

10. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and its subsidiaries, in the two years immediately preceding the date of this document and are/or may be material;

(a) *NOMAD Agreement*
An agreement dated 16 June, 2005 between the Company and Davy (the "NOMAD Agreement) pursuant to which the Company appointed Davy to act as Nominated Adviser and broker to the Company for the purposes of its proposed admission to AIM, and to continue to act as IEX Adviser for the purposes of its quotation on IEX. The Company has agreed to pay Davy the following fees in respect of this arrangement: (i) in respect of Admission, a fee of €150,000 and (ii) an annual retainer of €20,000.

(b) *2004 Rights Issue Underwriting Agreement*
An agreement dated 27 April, 2004, between the Company, the Directors and Davy (the "Underwriter"), (the "Underwriting Agreement") pursuant to which the Underwriter agreed, subject to the fulfilment of certain conditions and on the terms set out in the Underwriting Agreement, to procure subscribers or, to the extent that such subscribers were not procured, itself to subscribe for any Underwritten Rights Issue Units (as defined in the Underwriting Agreement) not taken up under the 2004 Rights Issue. In consideration of its agreement to underwrite the Underwritten Rights Issue Units, the Underwriter was to be paid a commission of 3% of the value at the 2004 Rights Issue Price of the Underwritten Rights Issue Units. Out of this commission, the Underwriter agreed to pay each sub-underwriter a sub-underwriting commission (to the extent that sub-underwriters are or have been procured). The Company agreed to pay all costs and expenses of, or in connection with, the 2004 Rights Issue, the allotment and issue of the 2004 rights issue units and its own and the Underwriter's legal, accountancy and other professional fees. The Underwriting Agreement contained certain representations, warranties, undertakings and indemnities by the Company in favour of the Underwriter.

The Underwriting Agreement was conditional, *inter alia*, upon the Company and the Underwriter having received irrevocable undertakings, in agreed form from Sir Anthony O'Reilly and from each of the Directors in respect of their respective entitlements under the 2004 Rights Issue, none of the representations, warranties and undertakings in the Underwriting Agreement being untrue or inaccurate or misleading on the date of the Underwriting Agreement or at any time before admission of the rights issue units to dealing, nil paid, the posting of the 2004 rights issue document and of the provisional allotment letter no later than 11.59 p.m. on the last Business Day prior to admission, nil paid; and admission, nil paid becoming effective no later than 8.00 a.m. on the first Business Day after publication of the 2004 rights issue document (or such later time and date as the Company and the Underwriter may agree, being not later than 15 May, 2004).

In addition, the Underwriting Agreement entitled the Underwriter to terminate its obligations under the Underwriting Agreement at any time prior to admission, nil paid if, *inter alia*, there was any change in national or international financial, monetary, military, economic, political or stock market conditions which, in the reasonable opinion of the Underwriter, would or would be likely to, be materially prejudicial to the Company or to any member of the Group or to the application for admission or to the offering constituted by the rights issue or to the acquisition of the rights issue units by persons pursuant thereto at any time prior to admission, nil paid. Upon admission, the Underwriting Agreement became wholly unconditional.

11. Property

Details of the principal properties occupied by the Company are as follows:

Address	Years remaining	Annual rent payable	Next review date
60 Merrion Road, Ballsbridge, Dublin 4, Ireland.	3	€74,000	2008

12. Litigation

No member of the Group is involved in any legal or arbitration proceedings which may have nor has had during the 12 months preceding the date of this document, a significant effect on the Group's financial position nor are there any such proceedings pending or threatened by or against the Company or any of its subsidiaries.

13. Working Capital

The Directors are of the opinion that having made due and careful enquiry, and having regard to existing cash resources and available bank and other financing facilities, the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months from Admission.

14. Taxation

(i) General

The following summary, which is intended as a general guide only, outlines certain aspects of legislation and Revenue practice in Ireland and the United Kingdom regarding the ownership and disposition of Ordinary Shares. It relates only to the position of Shareholders who are resident or ordinarily resident in Ireland or the United Kingdom for tax purposes and who hold Ordinary Shares as capital assets and not for the purpose of a trade. This summary does not address the position of certain classes of Shareholders such as dealers in securities, to whom special rules apply. This summary is not exhaustive and Shareholders are advised to consult their own tax advisers as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares. The summary is based on current Irish and United Kingdom tax legislation and on the current Double Taxation Agreement between Ireland and the United Kingdom. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

(ii) Taxation of the Company

The Company is an Irish incorporated company and is managed and controlled in Ireland and accordingly it is resident in the Republic of Ireland for tax purposes.

(iii) Withholding Tax

Withholding tax at the standard rate of income tax (currently 20%) applies to dividend payments and other profit distributions by an Irish resident company. The following categories of Shareholders can receive dividends free of dividend withholding tax provided they supply relevant declarations or certificates:

- an Irish resident company;
- an Irish pension fund or Irish charity approved by the Irish Revenue Commissioners;
- a Collective Investment Undertaking, as defined;
- a qualifying employee share ownership trust;
- an individual who is neither resident nor ordinarily resident in Ireland and is resident in another EU Member State or in a treaty country;
- a company, or a 75% subsidiary of a company, the principal class of share of which is substantially and regularly traded on a recognised stock exchange located in an EU Member State (other than Ireland), or in a country with which Ireland has a double tax treaty or another approved stock exchange;
- a company resident in a treaty country or another EU Member State that is not controlled by Irish residents;
- a company resident in another EU Member State and holding at least 5% of the share capital of the paying company;
- companies wholly owned directly or indirectly by two or more companies the principal class of shares of each of which is substantially and regularly traded on a recognised stock exchange in a treaty country, another EU Member State or another approved stock exchange.

Dividends paid to a UK company that do not fall within the above exemptions, will be subject to withholding tax. The Ireland/UK Tax Treaty reduces this withholding tax to:

(aa) 5% of the gross amount of the dividends if the beneficial owner is a company which controls directly or indirectly 10% or more of the voting power in the company paying the dividends;

(bb) in all other cases 15% of the gross amount of the dividends.

This summary does not address the position for intermediaries and qualifying intermediaries, as defined in the Finance Act 1999.

(iv) Taxation of Dividends

(a) Receipt by Irish Resident Shareholders

Irish resident Shareholders who are individuals will be subject to income tax and levies on the aggregate of the net dividend received and the withholding tax deducted. The withholding tax deducted will be available for offset against the individual's income tax liability. A Shareholder may claim to have the withholding tax refunded to him to the extent it exceeds his income tax liability. An Irish resident Shareholder, which is a company, will not be subject to Irish corporation tax on dividends received from the Company and tax will not be withheld at source by the paying Company provided the appropriate declaration is made. A Company, which is a close company, as defined under Irish legislation, may be subject to a corporation tax surcharge on such dividend income to the extent that it is not distributed.

Shareholders who are Irish approved pension funds or Irish approved charities are generally exempt from tax on their dividend income and will not have tax withheld at source by the paying Company from dividends received provided the appropriate declaration is made.

(b) Payment to United Kingdom Resident Shareholders — withholding tax

Dividends paid to a United Kingdom resident Shareholder will not be subject to Irish withholding tax on the understanding that the Shareholder satisfies the necessary legislative conditions described above.

(c) Receipt by UK Resident Companies

A United Kingdom resident Shareholder that is a company which either directly or indirectly controls, or is a subsidiary of a company which either directly or indirectly controls, less than 10% of the voting power of the Company, will be subject to corporation tax in the United Kingdom on dividends received. If Irish tax is withheld on the dividend because the company does not fall within legislative conditions described above then the company will be subject to United Kingdom corporation tax on the gross amount (i.e. net dividend received plus withholding tax) and a deduction can be claimed against the UK tax liability for the Irish withholding tax suffered.

A United Kingdom resident Shareholder that is a company which either directly or indirectly controls, or is a subsidiary of a company which either directly or indirectly controls, 10% or more of the voting power of the Company will be liable to United Kingdom corporation tax on the aggregate of the dividend (plus any withholding tax suffered) and the underlying Irish corporation tax. The underlying Irish corporation tax (and any Irish withholding tax suffered) will be available for set off against the United Kingdom corporation tax liability on the aggregate amount.

A United Kingdom resident Shareholder which is not a company controlling directly or indirectly 10% or more of the voting power of the Company and which is not subject to tax in the United Kingdom by reason of the United Kingdom law affording relief to charities and certain superannuation schemes or to insurance companies in respect of their pension business may not be subject to tax in the United Kingdom on a dividend from the Company.

(d) Receipt by UK Resident Individuals

In respect of dividends on Ordinary Shares, individual shareholders who are resident in the UK for tax purposes, and who are only liable to tax at the lower or basic rates, are taxed at 10% on UK and foreign dividends. In the case of UK dividends they also entitled to a tax credit at the rate of one ninth of the cash dividend or 10% of the aggregate of the cash dividend and the associated tax credit. Dividend income will be treated as the top slice of an individual's income. It is likely that the dividends received from the Company will be treated as foreign dividends from an Irish company and therefore the only tax credit available will be of any withholding tax deducted. Consequently shareholders receiving dividends will be liable to income tax on the aggregate of the dividend and the withholding tax credit at, in the case of starting and basic rate taxpayers, the Schedule F ordinary rate of 10% in 2005-2006 or, in the case of higher rate taxpayers, the Schedule F upper rate 32.5% (in 2005-2006). The tax credit will be offset against their total income tax liability.

(e) Receipt of dividends by shareholders not resident in Ireland or the UK

Non-UK resident shareholders and shareholders subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser concerning their liabilities to tax on dividends received.

(v) Capital Gains Tax

(a) Ireland

The Company's Ordinary Shares constitute chargeable assets for Irish capital gains tax purposes and, accordingly, Shareholders who are resident or ordinarily resident in Ireland, depending on their circumstances, may be liable to Irish tax on capital gains on a disposal of Ordinary Shares. Shareholders of the company who are neither resident nor ordinarily resident in Ireland are not typically subject to Irish tax on capital gains arising on the disposal of these Ordinary Shares. However, a person who is neither resident nor ordinarily resident in Ireland is liable to capital gains tax on the disposal of specified assets, which include, shares deriving the greater part of their value directly or indirectly from Irish minerals or any related rights to such Irish minerals. Accordingly, if the Company were to derive more than 50% of its value from Irish oil interests at the date of a share disposal then its shareholders would be liable to Irish CGT on the disposal of its shares.

(b) United Kingdom

The Company's Ordinary Shares constitute chargeable assets for UK capital gains tax purposes and, accordingly, Shareholders who are resident or ordinarily resident in the UK, depending on their circumstances, may be liable to UK tax on capital gains on a disposal of Ordinary Shares.

UK Resident Companies
UK resident companies within the charge to corporation tax on chargeable gains will be subject to corporation tax on the proceeds received less the sum of the base cost of their Ordinary Shares plus indexation allowance and incidental selling expenses.

UK Resident Individuals
In the case of individuals, if a chargeable gain does arise taper relief may be available to reduce the taxable gain. The amount of the reduction will depend on the length of time the shares have been held and whether the Ordinary Shares are regarded as business or non business assets for taper relief purposes. If the company and the shareholder meet all the qualifying criteria for business asset taper relief the maximum that the capital gain will be reduced by is 75%. It should be noted that the Inland Revenue accept that shares listed on the AIM are treated as unlisted for UK capital gains tax taper relief purposes and consequently that a disposal of the shares by an individual may qualify for enhanced taper relief rates as a business asset. Taper relief availability will depend upon the individual's circumstances.

Subject to other capital gains arising in the tax year individuals will be entitled to an annual capital gains exemption which for the tax year 2005-06 amounts to stg£8,500. Individuals should note that the annual capital gains exemption is an annual exemption available in respect of the total chargeable gains of an individual for the relevant tax year. The exemption may not be transferred between spouses.

For individuals, gains exceeding their annual capital gains tax exemption are liable to tax at 10 percent, 20 percent or 40 percent depending on their taxable income.

Non- UK resident individuals
Individual Shareholders of the Company who are neither resident nor ordinarily resident in the UK and who do not hold the Ordinary Shares as part of the assets of a trade carried on in the UK by them through a branch or agency may not be subject to UK capital gains tax arising on the disposal of these Ordinary Shares.. Individuals who were previously resident or ordinary resident in the UK and who subsequently sell shares during a period of non residence, may suffer a capital gains tax charge if they do not remain non UK resident for at least five complete tax years. If they do not do so, the gain will crystallise in the tax year of return. Gains arising to individuals in the year they leave the UK or return to the country may also be taxed.

Gains arising to holders of Ordinary Shares taxed as dealers in securities may be treated as income and taxed as such.

Where a Shareholder who is resident and ordinarily resident in the United Kingdom is subject to both Irish capital gains tax and UK capital gains tax on disposal of Ordinary Shares any Irish capital gains tax may be offset against the liability to UK capital gains tax on the same disposal.

(vi) Stamp Duty

(a) Irish Stamp Duty
Irish stamp duty will be charged at the rate of 1% of the amount or value of the consideration on any conveyance or transfer on sale or voluntary disposition of Ordinary Shares. In relation to a conveyance or transfer on sale or voluntary disposition of Ordinary Shares under the CREST System, Irish stamp duty at the rate of 1% will be payable on the amount or value of the consideration.

(b) UK Stamp Duty
Other than in respect of arrangements for depositary receipts and clearance services (to which special rules apply):

(i) the allotment and issue of Ordinary Shares by the Company pursuant to the Placing does not give rise to a charge to stamp duty;

(ii) a charge to stamp duty will arise only on the transfer of the Ordinary Shares where there is a matter or thing to be done in the UK or where the document of transfer is executed in the UK. Where the transfer is within the charge to stamp duty the rate of tax is 0.5% of the actual consideration paid (rounded up to the nearest multiple of £5). Where a stamp duty liability arises, this is payable by 30 days after the date on which the stampable transfer is executed. Interest and penalties are normally charged if stamp duty is paid after the due date;

(iii) there is normally no additional stamp duty where Ordinary Shares are taken out of CREST (otherwise than pursuant to a transfer on sale) or where Ordinary Shares are deposited in CREST for conversion into uncertificated form (otherwise than pursuant to a transfer on sale or in contemplation of such sale).

(iv) Where stamp duty has already been paid in Ireland in respect of the transfer, then no further stamp duty is payable in the UK.

(c) UK Stamp Duty Reserve Tax

Settlement of Ordinary Shares within CREST is not subject to SDRT.

(vii) Irish Capital Acquisitions Tax

Capital acquisitions tax (CAT) covers both gift tax and inheritance tax. A CAT liability arises where the disponer or beneficiary is resident or ordinarily resident (unless not domiciled, in which case must be resident for 5 consecutive years immediately preceding the year of assessment and resident/ordinarily resident in that year) in Ireland or where the subject matter of the gift or inheritance is Irish property. Registered shares are located in the country of the register. Accordingly the Ordinary Shares are located in Ireland and a CAT liability may arise on a gift or inheritance of Ordinary Shares, notwithstanding that the gift or inheritance is between two non Irish resident and non ordinarily Irish resident individuals.

(viii) UK Inheritance Tax

UK domiciled individuals are chargeable to UK Inheritance Tax in respect of property situated anywhere in the world. Non-UK domiciled individuals are chargeable only to UK inheritance tax in respect of property situated in the UK.

The UK Inheritance Tax legislation contains no specific rules for determining where property is situated therefore the normal situs rules apply. As regards registered shares, they are generally situated where they are registered unless they are transferable to more than one jurisdiction and in such cases they are situated in the country in which they are likely to be dealt with in the normal course of affairs.

Where property is regarded as situated in the UK for UK Inheritance Tax purposes, a gift of such a property by, or on the death of an individual holder of such property may (subject to certain exemptions and reliefs in particular, Business Property relief.) give rise to a liability to UK Inheritance Tax. This is regardless of whether or not the individual holder is domiciled or deemed to be domiciled in the UK and whether or not the holder is resident and/or ordinarily resident in the UK for tax purposes. For Inheritance Tax purposes a transfer of assets at less than full market value may be treated as a gift and particular rules apply where the donor reserves or retains some interest or benefit in the property being transferred. A gift of an asset is potentially exempt from UK Inheritance Tax and falls outside the individual's estate provided the donor lives for 7 years.

Where the shares are treated as Irish assets they may be liable to Irish Capital Acquisitions Tax as well as UK Inheritance Tax. However, where an individual is subject to Irish Capital Acquisitions Tax as well as UK Inheritance Tax, a double taxation agreement is available between the UK and Ireland to provide relief from double taxation.

15. Consents

(i) Davy, Davy House, 49 Dawson Street, Dublin 2, Ireland has given and not withdrawn its written consent to the issue of this document with inclusion herein of their name and references thereto in the form and in the context in which they are included.

(ii) KPMG, Chartered Accountants and Registered Auditors, St. Stephen's Green, Dublin 2, Ireland have given and not withdrawn their written consent to the issue of this document with the inclusion herein of their report and the references to their name in the form and context in which they are included and have authorised the contents of Part 4 of this document for the purposes of Regulation 13(1)(g) of the POS Regulations.

(iii) Netherland Sewell & Associates Inc. has given and has not withdrawn its written consent to the inclusion herein of its report and the references to its name in the form and context in which they are included and have authorised the contents of Part 2(A) of this document for the purposes of Regulation 13(1)(g) of the POS Regulations.

16. Significant Change

There has been no significant change in the financial or trading position of the Providence Group since 31 December, 2004, being the date to which the most recent financial statements of the Company have been published.

17. Miscellaneous

(a) The total costs and general expenses payable by the Company in connection with the AIM Admission are estimated to amount to approximately €304,000 (exclusive of value added tax).

(b) The Secretary of the Company is Michael Graham, 60 Merrion Road, Ballsbridge, Dublin 4, Ireland.

(c) The Company's Registrars are Capita Corporate Registrars Plc, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland.

(d) No shares of the Company are currently in issue with a fixed date on which entitlements to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

(e) There were no interruptions in the Group's business in the last twelve months which may have or had a significant effect on the Group's financial position.

(f) The Existing Ordinary Shares are in registered form and the liability of members is limited to the amount, if any, unpaid on their shares.

(g) The Directors are unaware of any exceptional factors which have influenced the Company's activities.

(h) Save as disclosed in this document, the Directors are not aware of any patents or other intellectual property rights, licenses or particular contracts which are or may be of fundamental importance to the Company's business.

(i) There are no investments by the Group in progress which are significant.

(j) The accounting reference date of the Company is 31 December.

(k) Save as disclosed in this document and for trade suppliers and fees payable to the Company's advisers named on pages 4 and 5 of this document, no person has received, directly or indirectly, from the Company within the 12 months preceding the Company's application for Admission to trading on AIM or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more calculated by reference to the expected opening price or any other benefit with a value of £10,000 or more at the date of Admission.

18. Documents Available for Inspection

Copies of the following documents will be available for inspection at the offices of Matheson Ormsby Prentice at 30 Herbert Street, Dublin 2, Ireland and Matheson Ormsby Prentice, 3rd Floor, Pinnacle House, 23-26 St. Dunstan's Hill, London EC3R 8HN, United Kingdom during normal business hours for at least one month following Admission.

(a) Memorandum and Articles of Association of the Company;

(b) the audited consolidated accounts of the Company for the accounting periods ended 31 December, 2004, 2003 and 2002;

(c) the rules of the Share Option Schemes;

(d) the material contracts referred to at section 10 above;

(e) the consents of Davy, KPMG and NSA referred to in section 15 above;

(f) the Relationship Agreement referred to in section 7(c) above;

(g) the Competent Person's Report; and

(h) this document.

Dated: 21 June, 2005

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires or unless it is otherwise specifically provided:

"Act"	the Companies Act 1963 of Ireland (as amended);
"the 1983 Act"	the Companies (Amendment) Act 1983 of Ireland and every statutory extension, modification or re-enactment thereof from time to time in force;
"the 1990 Act"	the Companies Act 1990 of Ireland and every statutory extension, modification or re-enactment thereof from time to time in force;
"the 1996 Regulations" or "the Regulations"	the Companies Act 1990 (Uncertificated Securities) Regulations 1996 of Ireland (S.I. No 68 of 1996);
"the 1997 Scheme"	the Company's 1997 share option scheme;
"the 2005 Scheme"	the Company's 2005 share option scheme;
"Admission"	admission of the Existing Issued Ordinary Share Capital to AIM;
"AGM" or "Annual General Meeting"	the annual general meeting of the Company to be held at The Burlington Hotel, Upper Leeson Street, Dublin 4, Ireland at 11 a.m. on 5 August, 2005;
"AIM"	the Alternative Investment Market of the London Stock Exchange;
"AIM Rules"	the rules for AIM published by the London Stock Exchange;
"Aje Area"	OML 113 and surrounding areas as indicated on the map in Section 4.1 of Part 2(B) of this document;
"Aje Consortium"	Providence, together with Lundin Petroleum B.V., Challenger Minerals Inc., Palace Exploration Company, Howard Energy Co. Inc., Syntroleum Nigeria Limited and Yinka Folawiyo Petroleum Company Limited;
"Aje Discovery"	the discovery of hydrocarbons in OML 113 as evidenced by the drilling of two flow tested wells;
"Aje Participation Agreement"	the participation agreement entered into by the members of the Aje Consortium;
"Aje Structure"	an undefined accumulation of hydrocarbons on which the Aje Discovery was made, such structure which is currently the subject of an appraisal and development programme by the Aje Consortium;
"Annual Report"	the 2004 annual report of Providence Resources P.l.c.;
"Apollo"	the name given to the prospect contained in St. George's Channel basin as described in section 1.2 of Part 2(B) of this document;
"ARCON"	ARCON International Resources P.l.c.;
"Argo"	the name given to a gas discovery in Block 48/9a in which the Company had an interest under Licence PL459, such interest having been disposed of in 2001;
"Articles" or "Articles of Association"	the Articles of Association of the Company;
"Australia"	the Commonwealth of Australia, its states, territories and possessions;

"Blackrock Prospect" or "Blackrock"	a large faulted four-way dip closed anti-cline which is within the Licensing Option 03/1 and which lies in approximately 100 metres of water, approximately 35 kilometres south of the Kinsale Head gas field in the Irish Celtic Sea;
"Board" or "Directors"	the directors of the Company;
"Business Day"	any day (other than a Saturday or Sunday or bank holiday) on which lending banks in both Dublin and London are open for business;
"Canada"	Canada, its provinces and territories and all areas subject to its jurisdiction and any political subdivision thereof;
"CCSS"	the CREST Courier and Sorting Service established by CRESTCo to facilitate, *inter alia*, the deposit and withdrawal of securities;
"Celtic Sea"	for the purposes of this document, the North Celtic Sea Basin and the St. George's Channel Basin;
"certificated" or "in certificated form"	an Ordinary Share which is not in uncertificated form;
"Challenger Minerals"	Challenger Minerals Inc., a wholly owned subsidiary of GlobalSantaFe, one of the largest international oil and gas drilling contractors;
"Claymore"	The name given to a oil field in Block 14/19 in which the Company had an interest under Petroleum Production Licence No PL459, such interest having been disposed of in 2001;
"Combined Code (1998)"	principles of good governance and code of best practice dated June 1998;
"Combined Code (2003)"	the combined code of corporate governance dated July, 2003;
"Company", "Providence" or "Providence Resources"	Providence Resources P.l.c.;
"Competent Person"	Netherland Sewell;
"Competent Person's Report"	the report prepared by Netherland Sewell, a copy of which is reproduced in Part 2(A) of this document;
"Concert Party"	Sir Anthony O'Reilly (including attributable holdings) and members of his family, deemed to be acting in concert for the purposes of the Takeover Rules;
"Convertible Capital Bonds"	the convertible capital bonds issued in 2000 and subsequent issues of convertible capital bonds in 2001, 2002, 2003 and 2004 in satisfaction of interest due, by Providence Resources Capital Limited a wholly owned subsidiary of the Company, all of which have been converted into Ordinary Shares in the capital of the Company;
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the operator;
"CRESTCo"	CrestCo Limited, the operator of CREST;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755);
"Daily Official List"	the Daily Official List of the Irish Stock Exchange;
"Davy"	J&E Davy, trading under its registered business name Davy, registered in Ireland with number 106680, whose office is at Davy House, 49 Dawson Street, Dublin 2, Ireland;

"Deferred Shares"	deferred shares of €0.011 each in the capital of the Company which are non-voting, which carry no dividend rights and for which no application for admission to dealing on IEX or AIM is being made, or is intended to be made;
"Dionysus"	the name given to a prospect contained in License Option 03/7;
"Dragon Area"	collectively, Dionysus, Pegasus and Apollo, so called due to their proximity to Marathon's Dragon field;
"ESM"	the Exploration Securities Market of the Irish Stock Exchange on which Providence was previously quoted and which market has now been replaced by the IEX;
"Existing Ordinary Shares" or "Existing Shares" or "Existing Issued Ordinary Share Capital"	the 2,028,723,846 Ordinary Shares of nominal value €0.001 each in the capital of the Company in issue as of 17 June, 2005 (being the latest practicable date prior to the publication of this document);
"Existing Shareholders"	holders of Existing Ordinary Shares;
"FSMA"	the Financial Services and Markets Act 2000 of the United Kingdom;
"Group" or "Providence Group"	the Company and its subsidiaries and subsidiary undertakings;
"Helvick"	the name given to an oilfield located in block 49/9;
"IEX" or "Irish Enterprise Exchange"	the Irish Enterprise Exchange Market of the Irish Stock Exchange;
"IEX Rules"	the rules for IEX published by the Irish Stock Exchange;
"Independent Shareholders"	for the purpose of approving the proposed waiver from Rule 9 of the Takeover Rules, the Shareholders other than members of the Concert Party
"Ireland"	the island of Ireland, excluding Northern Ireland and the word Irish shall be construed accordingly;
"Irish Sector"	Irish offshore waters, including for the avoidence of doubt, the Celtic Sea and the Porcupine Basin;
"Irish Stock Exchange"	The Irish Stock Exchange Limited;
"Irish Takeover Panel"	The Irish Takeover Panel, established under the Irish Takeover Panel Act, 1997;
"Japan"	Japan, its possessions and territories and all areas subject to the jurisdiction or any political sub-division thereof;
"Licensing Option 03/1"	the licence option covering a 1,000 square kilometres area of the North Celtic Sea Basin, which includes blocks 49/26 and part blocks 48/30, 48/29, 57/4 and 57/5 and which includes the Blackrock Prospect;
"Listing Rules"	the listing rules of the Irish Stock Exchange and the UKLA;
"London Stock Exchange"	London Stock Exchange plc;
"Marathon"	Marathon Oil Corporation;
"Midmar"	Midmar Energy Limited, Providence's partner in the Blackrock Prospect and other licences;
"NSA" or "Netherland Sewell"	Netherland Sewell & Associates Inc;
"Odegaard"	Odegaard UK Limited, a member of the Odegaard & Danneskiold-Samsoe Group;

"Official List(s)"	the Official List of the Irish Stock Exchange and/or the Official List of the UKLA;
"OML 113"	Oil Mining Lease 113, which contains the Aje Structure;
"Optionholders"	the holders of options to subscribe for Ordinary Shares under the Company's Share Option Schemes;
"Ordinary Shares"	ordinary shares of nominal value €0.001 each in the capital of the Company;
"Palace Exploration"	Palace Exploration Company, an independent oil and gas company with worldwide interests;
"Panel" or "Irish Takeover Panel"	the Irish Takeover Panel established under the Irish Takeover Act 1997;
"Pegasus"	the name given to a prospect contained in block 42/26 as described in section 1.1 of Part 2(B) of this document;
"POS Regulations"	The Public Offers of Securities Regulations 1995 of the United Kingdom (as amended);
"Prohibited Territories"	USA, Canada, Australia and Japan;
"Registrars"	Capita Corporate Registrars Plc;
"Relationship Agreement"	the agreement dated 27 April, 2004 entered into between Sir Anthony O'Reilly and the Company, details of which are outlined in section 7 of Part 5 of this document;
"2004 Rights Issue"	the fully underwritten issue in 2004 to qualifying shareholders of 1 rights issue unit (each such unit comprising 4 Ordinary Shares and 1 2004 Rights Issue Warrant) for every 57 Ordinary Shares held by them;
"2004 Rights Issue Unit(s)"	26,761,255 units issued to Shareholders pursuant to the 2004 Rights Issue, where each such unit comprised of 4 Ordinary Shares and 1 2004 Rights Issue Warrant;
"2004 Rights Issue Warrant(s)"	26,761,255 warrants issued to the participants in the 2004 Rights Issue, each such warrant carrying an entitlement on exercise at a price of €0.045, to 1 new Ordinary Share and being exercisable from the date of grant up to 28 April, 2005 (subsequently extended indefinitely by the Company on 27 May 2005, following two earlier extensions);
"Securities Act"	United States Securities Act of 1933, as amended;
"Shareholders"	holders of Ordinary Shares;
"Share Option(s)" or "Option(s)"	options granted pursuant to the terms of the Share Option Schemes;
"Share Option Schemes"	the 1997 Scheme and the 2005 Scheme;
"Stock Exchange(s)"	the Irish Stock Exchange and the London Stock Exchange;
"2004 Subscription"	the issue of the 2004 Subscription Shares and the 2004 Subscription Warrants;
"2004 Subscription Shares"	338,333,333 new Ordinary Shares of nominal value €0.001 each, issued pursuant to the Subscription;

"2004 Subscription Warrants"	84,583,333 warrants issued to the participants in the Subscription on the basis of 1 warrant for every 4 Subscription Shares subscribed for, each such warrant carrying an entitlement on exercise at a price of €0.045, to 1 new Ordinary Share and being exercisable from the date of grant up to 28 April, 2005 (subsequently extended indefinitely by the Company on 27 May 2005, following two earlier extensions);
"subsidiary"	shall be construed in accordance with the Act;
"subsidiary undertakings"	shall have the meaning given by the European Communities (Companies: Group Accounts) Regulations 1992;
"Takeover Rules" or "Irish Takeover Rules"	the Irish Takeover Panel Act, 1997, Takeover Rules, 2001 incorporating the amendments contained in the Irish Takeover Panel Act, 1997, Takeover (Amendment) Rules, 2002;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"UK Listing Authority" or "UKLA"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part 6 of the Financial Services & Markets Act 2000 of the United Kingdom;
"United States" or "US"	United States of America, its territories and possessions, any state of the United States, the District of Columbia and all other areas subject to the jurisdiction of the United States of America;
"uncertificated" or "in uncertificated form"	Ordinary Shares recorded on the Company's register of Ordinary Shares as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of an instruction and in accordance with the rules of CREST;
"2004 Waiver"	the waiver of the obligation of the Concert Party to make a general offer for the balance of the issued share capital of the Company which was approved by the independent shareholders of the Company in general meeting on 19 July 2004;
"2004 Warrants"	the 2004 Subscription Warrants and the 2004 Rights Issue Warrants Warrants in aggregate; and
"Witch Ground Graben"	a prolific hydrocarbon producing province in the UK North Sea.

Notes:

(i) Unless other stated in this document, all reference to statutes or other forms of legislation shall refer to statutes or forms of legislation of Ireland. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

(ii) The symbols "€" and "c" refer to euro and euro cent respectively, the lawful currency of Ireland pursuant to the provisions of the Economic & Monetary Unit Act 1998. The symbols "Stg£" or "£" or "p" refer to sterling and the symbols "US$" or "$" refer to US dollars.

(iii) Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.

"2D"	two dimensional;
"3D"	three dimensional;
"API"	Oil Gravity in America Petroleum Institute (API) units;
"BBL"	barrels of oil;
"BOE"	barrels of oil equivalent, which assumes that 6 mscf of gas has the same calorific equivalent of 1 barrel of oil;
"BOEPD"	barrels of oil equivalent per day;
"BOPD"	barrels of oil per day;
"Brent"	the name attributed to the benchmark crude oil from the Brent Field in the UK North Sea;
"BSCF"	billions of standard cubic feet of gas;
"Cretaceous"	one of the geological ages;
"discovery"	an accumulation of hydrocarbons which has been proven to exist by physical penetration through the horizon containing such hydrocarbons;
"E&P"	exploration and production;
"farm-in"	means the purchase of an interest from the owner ("farminor") by a party ("the farminee") in return for a consideration, which includes the assumption by the farminee of a proportion of the benefits, liabilities and obligations of that licence. Industry practice allows the consideration to take many forms, some of the most common being cash or the payment of some or all of the farminor's share of future costs on the licence, or the granting of an overriding royalty interest;
"GIIP"	gas initially in place;
"Joint Operating Agreements" or "JOA"	joint operating agreement which governs the relationship between participants in a Petroleum Lease or Licence and sets out the terms and conditions under which these participants shall operate;
"km(s)"	kilometres;
"Licensing Option(s)"	gives the holder an exclusive right to apply for an exploration licence (a) for a defined period; (b) in return for undertaking an agreed work programme;
"MBPD"	thousand barrels per day;
"MM"	million;
"MMB"	million barrels;
"MMBBLS"	million barrels;
"MMBO"	million barrels;
"MMSTB"	million of stock tank barrels;
"MSCF"	thousands of standard cubic feet of gas;
"MMSCFGPD"	millions of standard cubic feet of gas per day;

"OML"	Oil Mining Lease;
"Operator"	the company which under a Petroleum Lease, licence or any successor authorisation has responsibility for the operation of the licence;
"Petroleum Lease"	lease giving the holder an exclusive right to produce hydrocarbons for an agreed period;
"possible reserves"	those reserves which are not yet "proven or probable" but which, on the available evidence and taking into account technical and economic factors, have a better than 10% chance of being produced;
"probable reserves"	those reserves which are not yet "proven"but which, on the available evidence and taking into account technical and economic factors, have a better than 50% chance of being produced;
"Prospecting Licence" or "PL"	a licence to explore anywhere in the Irish Continental Shelf that is not the subject of any other licence;
"proven reserves"	those reserves which, on the available evidence and taking into account technical and economic factors, have a better than 90% chance of being produced;
"REC"	recoverable;
"SCF"	standard cubic feet;
"seismic"	a geophysical survey based on the reflection of sound signals. A sound signal from a source transmitted through the earth and reflected from the layers of sedimentary rocks is recorded. The results enable detailed maps of the subsurface layers to be made;
"spud"	initial penetration at commencement of drilling operations;
"sq km(s)"	square kilometres;
"STB"	stock tank barrel as measured at 60° Fahrenheit and 14.65 pounds per square inch absolute (psia);
"STOIIP"	stock tank oil initially in place;
"TSCF"	trillions of standard cubic feet of gas;
"TVDSS"	true vertical death sub-sea;
"Upper Jurassic"	one of the geological ages; and
"working interest" or "WI"	the interest in oil and gas production that bears its share of the costs of exploration, development and operation of the property and of a proportionate share of royalties and any other similar burdens.

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