

**PROVIDENCE RESOURCES P.l.c.**

**INTERIM REPORT AND FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED 30 JUNE 2004**

**Highlights**

**Financial**

- Turnover up 32% at €510,000
- Operating Profit of €113,000
- Net Profit of €12,000
- Equity fund raising of €13.35 million in May 2004 – strengthened, debt free balance sheet with shareholders’ funds of €16.9 million

**Operations - Ireland**

- Blackrock prospect – IRL49/26-1A well – good quality sandstone reservoirs and top-seals encountered - interim analysis points to further Blackrock drilling north of IRL49/26-1A location – post-well evaluation is ongoing – significant hydrocarbon potential remains within the Blackrock structure
- Collective strategy – geological and geophysical work nearing completion on 4 discoveries and 7 prospects/leads in the Celtic Sea/St. George’s Channel - multi-well programme planning underway.
- West coast - new application submitted for prospects in the Porcupine basin

**Operations - UK**

- UK North Sea – further licences have been awarded
- Average daily production at Singleton (Onshore UK) up by over 25% on 2003 levels

**Operations - International**

- International –several new large oil and gas ventures are currently under active review – technical and commercial discussions are now in hand

**Commenting on today’s results, Dr. Brian Hillery, Chairman of Providence said:**

*Thus far, 2004 has been an extremely busy and exciting period, with drilling activity, various geological work programmes and ongoing portfolio expansion. The overall favourable environment for oil and gas companies, with significant prospects, confirmed discoveries, evolving drilling plans, proven operatorship and potential international ventures, all point to a very positive outlook for Providence.*

Friday 29 October 2004

For reference:

**Providence Resources P.l.c.**

Dr. Brian Hillery, Chairman  
Tony Odone, Head of Operations  
Stephen Carroll, Finance Director

Tel: 00-353-1-6675740

**Murray Consultants**

Pauline McAlester

Tel: 00-353-1-4980300

## **PROVIDENCE RESOURCES P.l.c.**

### **INTERIM REPORT AND FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2004**

#### **Chairman's Statement**

The main highlights for Providence during the first half of 2004 and to date are:

##### Financial

- Turnover up 32% at €510,000 (2003: €385,000);
- Operating Profit achieved of €113,000 (2003: loss of €21,000)
- Net profit of €12,000 (2003: loss of €157,000)
- Equity fund raising of €13.35 million in May 2004 – strengthened, debt free balance sheet with shareholders' funds of €16.9 million

##### Operations - Ireland

- Blackrock prospect – IRL49/26-1A well – good quality sandstone reservoirs and top-seals encountered - interim analysis points to further Blackrock drilling north of IRL49/26-1A location – post-well evaluation is ongoing – significant hydrocarbon potential remains within the Blackrock structure
- Collective strategy – geological and geophysical work nearing completion on 4 discoveries and 7 prospects/leads in the Celtic Sea/St. George's Channel - multi-well programme planning underway.
- West coast - new application submitted for prospects in the Porcupine basin

##### Operations - UK

- UK North Sea – further licences have been awarded
- Average daily production at Singleton (Onshore UK) up by over 25% on 2003 levels

##### Operations - International

- International – several new large oil and gas ventures are currently under active review – technical and commercial discussions are now in hand

##### Financial

Turnover for the 6 month period to 30 June 2004 of €510,000 (first half 2003: €385,000) was generated from the Group's 20% producing interest in the onshore UK Singleton oil field. Gross profit increased to €377,000 (first half 2003: €216,000). The Group's share of production in the first half of 2004 averaged 102 barrels of oil per day (bopd) at an average oil price of \$33.70 per barrel (first half 2003: 81 bopd at an average oil price of \$29.10 per barrel).

The Group recorded an operating profit of €113,000 (first half 2003: loss of €21,000) and a profit on ordinary activities after taxation of €12,000 (first half 2003: loss of €157,000) after a non-cash interest charge arising on convertible capital bonds of €131,000 (first half 2003: €137,000) to be satisfied by the issue of ordinary shares in Providence Resources P.l.c. (see note 3).

Providence's ordinary shares are currently traded on the Exploration Securities Market of the Irish Stock Exchange. Following the May 2004 fund raising of €13.35 million, Providence's shareholder base now includes a number of UK institutions and with this in mind Providence is currently evaluating the possibility of seeking a dual UK and Irish quotation, by way of admission to AIM in London, to extend the Company's profile.

## **Ireland: Blackrock Prospect**

Following completion of the IRL49/26-1A well on the Blackrock prospect during the summer months, Providence is now conducting a thorough evaluation of the substantial volume of well data acquired. This ongoing evaluation will integrate the new information with pre-existing data to best point toward the next steps and activity on the Blackrock prospect. Final decisions on how best to progress the prospect will await the outcome of all of the ongoing post-well work on Blackrock. Blackrock may form part of a larger multi-well programme offshore Ireland.

The presence of good sandstone reservoir and substantial thickness of top-seal mudstone at the IRL49/26-1A well location confirms that the Blackrock prospect is well defined. The prospect continues to be very significant with unrisks potential to contain several hundred million barrels of oil, notwithstanding the lack of significant hydrocarbons at this year's flank well location. It is intended to convert the existing Licensing Option 03/1 into a 6 year Blackrock exploration licence prior to end 2004.

## **Ireland: Multi-well programme**

Providence's existing Irish offshore portfolio of prospects extends from Blackrock in the southwest, upwards through the North Celtic Sea Basin into St. George's Channel and contains some 4 discoveries plus 7 prospects and leads. Subsurface work on these fields and prospects is now near completion with ongoing planning for a multi-well programme which may include:

- Gas prospects in St. George's Channel close to and adjoining the proven Dragon gas field where Marathon are believed to be planning to drill an appraisal well in 2005
- The Ardmore discovery, containing proven gas, which could now possibly be developed via the existing Kinsale gas field facilities given currently improving gas prices
- The Blackrock prospect to the north of the 2004 IRL49/26-1A well
- The Hook Head oil discovery (IRL50/11-A), which has been independently verified as containing an unrisks volume of c.300 million barrels of oil in place
- The 50/6 discovery (IRL50/6-A) which flow tested oil at c.2,100 barrels of oil per day

This integrated multi-well programme is currently being targeted for 2005/2006. Efforts are being made to implement the programme in 2005 provided that all suitable commercial arrangements can be finalised.

## **Porcupine Basin**

Providence has recently submitted an application to the Irish Petroleum Affairs Division for the granting of a licence in the Porcupine Basin off the west coast of Ireland. The area under application contains a large stranded wet gas discovery. In addition, the blocks contain a tested oil discovery as well as a large deepwater exploration prospect which together provide significant upside potential. Should the application be successful, Providence will primarily focus on the deployment of new development technologies such as Gas to Liquids (GTL) in order to leverage value from the existing discovery.

## **UK**

Current oil production of c.100 bopd from the onshore UK Singleton oil field is expected to increase during 2005 where plans are advancing for the drilling of at least one in-field well. The Singleton oil field, located in West Sussex, onshore UK currently produces from 4 wells and was first brought on stream in 1991.

Offshore, Providence was recently awarded a 25% licence interest for a two year term in four UK North Sea blocks in the 22<sup>nd</sup> Round of Offshore Licensing. Block UK9/9d includes the UK9/9d-17 well which was drilled in 1997 and encountered a high pressure Upper Jurassic oil-bearing reservoir interval. Blocks UK210/20e, UK210/24c and UK210/25c contain identified prospectivity within two Jurassic reservoir targets.

### **International**

Providence is actively reviewing a selection of large, high impact, low risk appraisal and development projects internationally. While these projects are geographically widespread, they all contain synergies which leverage on Providence's experience and proven abilities. Commercial entry terms are under discussion and further announcements may be anticipated.

### **Outlook**

Thus far, 2004 has been an extremely busy and exciting period, with drilling activity, various geological work programmes and ongoing portfolio expansion. The overall favourable environment for oil and gas companies, with significant prospects, confirmed discoveries, evolving drilling plans, proven operatorship and potential international ventures, all point to a very positive outlook for Providence.

Dr. Brian Hillery  
Chairman  
29 October 2004

**Providence Resources P.I.c.**

**Consolidated Profit and Loss Account (unaudited)  
For the 6 months ended 30 June 2004**

|   | <b>6 months ended<br/>30 June<br/>2004<br/>(unaudited)<br/>€ 000</b> | <b>6 months ended<br/>30 June<br/>2003<br/>(unaudited)<br/>€ 000</b> |
|---|--|--|
| <b>Turnover</b>   | 510  | 385  |
| <b>Cost of sales</b>  | (133)  | (169)  |
|   | -----  | -----  |
| <b>Gross Profit</b>   | 377  | 216  |
| Operating expenses  | (264)  | (237)  |
|   | -----  | -----  |
| <b>Operating Profit/(Loss)</b>                              | 113  | (21)   |
| Interest receivable and similar income                      | 30   | 1  |
| Interest payable and similar charges                        | (131)  | (137)  |
|   | -----  | -----  |
| <b>Profit/(Loss) on Ordinary Activities before Taxation</b> | 12   | (157)  |
| Tax on ordinary activities                                  | -  | -  |
|   | -----  | -----  |
| <b>Retained Profit/(Loss) for the Period</b>                | 12   | (157)  |
|   | =====  | =====  |
| <br><b>Profit and Loss Account</b>                          |  |  |
| <b>At beginning of period</b>                               | (24,718)   | (24,138)   |
| Retained profit/(loss) for the period                       | 12   | (157)  |
|   | -----  | -----  |
| <b>Profit and Loss Account, end of period</b>               | (24,706)   | (24,295)   |
|   | =====  | =====  |
| <br><b>Profit/(Loss) Per Ordinary Share (cent)</b>          |  |  |
| <b>- Basic and fully diluted</b>                            | 0.0009c  | (0.015c)   |
|   | =====  | =====  |

**Providence Resources P.I.c.**

**Consolidated Balance Sheet as at 30 June 2004 (unaudited)**

|   | <b>30 June<br/>2004<br/>(unaudited)<br/>€ 000</b> | <b>30 June<br/>2003<br/>(unaudited)<br/>€ 000</b> |
|---|---|---|
| <b>Fixed Assets</b>   |   |   |
| Oil and gas interests   | 7,882   | 6,763   |
| Tangible assets   | 53  | 18  |
|   | -----   | -----   |
|   | 7,935   | 6,781   |
|   | -----   | -----   |
| <b>Current Assets</b>   |   |   |
| Debtors   | 228   | 430   |
| Cash at bank and in hand                                      | 11,103  | 93  |
|   | -----   | -----   |
|   | 11,331  | 523   |
| <b>Creditors: Amounts falling due within one year</b>         | (822)   | (731)   |
|   | -----   | -----   |
| <b>Net Current Assets/(Liabilities)</b>                       | 10,509  | (208)   |
|   | -----   | -----   |
| <b>Total Assets Less Current Liabilities</b>                  | 18,444  | 6,573   |
| <b>Creditors: Amount falling due after more than one year</b> | (9)   | (286)   |
| <b>Provision for Liabilities and Charges</b>                  | (1,531)   | (1,485)   |
|   | -----   | -----   |
| <b>Net Assets</b>   | 16,904  | 4,802   |
|   | =====   | =====   |
| <b>Capital and Reserves</b>                                   |   |   |
| Called up share capital                                       | 13,194  | 12,750  |
| Share premium   | 17,432  | 5,691   |
| Capital conversion reserve                                    | 623   | 623   |
| Convertible capital bonds                                     | 9,717   | 8,453   |
| Profit and loss account                                       | (24,706)  | (24,295)  |
| Foreign currency translation reserve                          | 644   | 1,580   |
|   | -----   | -----   |
| <b>Equity Shareholders' Funds</b>                             | 16,904  | 4,802   |
|   | =====   | =====   |

## Notes to the Interim Statement

1. The results for the six month periods ended 30 June 2004 and 2003 are neither audited nor reviewed.
2. The calculation of the profit per share is based on the profit for the period on ordinary activities after taxation of €12,000 divided by the weighted average number of ordinary shares in issue during the period on a basic and fully diluted basis of 1,398,568,098.
3. The Directors of Providence Resources Capital Limited as the issuer of the Convertible Capital Bonds have resolved that all obligations of the Bonds will be satisfied by the issue of ordinary shares in Providence Resources P.l.c. as provided for under the terms and conditions of their issue in June 2000. All Bonds have been redeemed with effect from July 2004.
4. The Interim Statement is being sent to registered shareholders and is available on the Company's website at [www.providenceresources.com](http://www.providenceresources.com). Further copies will be available from the Company's offices at 60 Merrion Road, Dublin 4.