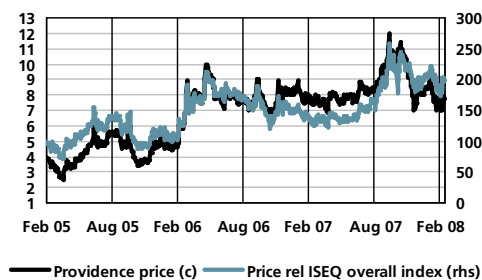




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#### Share Price Performance



#### Recent research and research resources

Recent research and financial data on [Providence](#)  
Sector research and data on [Resource](#)

**Flash Note:** Company update

## Providence

Price: 8c

### Delivers on its promise: rig secured to drill up to three wells in the Celtic Sea this summer

#### Hook Head will be the primary focus

- Providence's primary objective will be the further appraisal of the Hook Head structure. Providence reported 75 feet of net pay from drilling in September last year, with good quality reservoir containing mid-gravity sweet crude oil.
- The Hook Head structure, which is estimated on an upside basis to contain 70 mmbbls of oil, is divided into three panels (fault blocks). Previous wells have targeted the central panel; the flanking panels must also be appraised to further de-risk the project.
- Depending on the outcome of the appraisal programme, the partners may also elect to drill the nearby Dunmore discovery. Dunmore is estimated to contain up to 18 mmbbls and previously flowed oil at c.2,100 bopd.

#### Multi-well drill contract a major coup in current market

- Providence's ability to procure a multi-well contract in today's very tight market will come as a surprise to some.
- The proposed wells will maintain Providence's Celtic Sea momentum and may enable a commercial decision in 2008.
- We understand that the contract is at the current market rate (c.\$400,000 per day). Providence's interest is 43.5%.

#### 2008 shaping up to be a critical year for Providence

- An equity placing in 2007, combined with its \$250m credit facility, is allowing Providence to carry out its intensive operational programme without further equity funding.
- Together with last week's announcement that the AJE well is underway and continuing progress on its producing assets, today's news ensures a high level of significant newsflow throughout 2008.
- We maintain our risked valuation of 22c per share and highlight that success in the proposed drilling programmes this year could raise our valuation by up to 10c per share.

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