



PROVIDENCE RESOURCES P.I.c.

**INTERIM REPORT AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

Financial Highlights

- Turnover up 61% to €1,014,000 (2005: €629,000)
- Operating Profit of €52,000 (2005: Loss €15,000)
- Net Profit up 102% to €83,000 (2005: €41,000)
- €50 million financing facility agreed with Macquarie

Operational Highlights

- Singleton oil production increased following 2 new development wells being brought onstream
- Dunquin farm-out agreement reached with ExxonMobil: work programme agreed and started
- High quality 2-D Seismic data successfully acquired over Dunquin prospect
- Completion of major pre-development study on Spanish Point
- Spanish Point data room opened for ongoing commercial and farm-out discussions
- Drill rig secured for planned 2007 drilling programme offshore Ireland (announced September '06)
- Celtic Sea farm-out agreement reached with Challenger Minerals Inc.
- St. George's Channel Apollo farm-out process underway
- AJE 3 post-well analysis completed offshore Nigeria

Commenting on today's Interim Results, Tony O'Reilly Jnr., Chief Executive of Providence Resources P.I.c., said:

"So far, 2006 has been an exceptionally busy and positive period for Providence: We have entered into long term strategic partnerships, announced major farm-out programmes, arranged acquisition & development financing, increased oil production and conducted major seismic programmes. Looking ahead, we see a continuation of this level of activity. Importantly, the securing of a rig slot will facilitate targeted drilling in 2007.

Full Interim Report, Financial Statements and Company Outlook are set out below.

CONTACTS

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FINANCIAL

Turnover for the six month period to 30 June 2006 of €1,014,000 (H1 2005: €629,000) was generated from the Group's 20% interest in the producing onshore UK Singleton oil field. Gross profit increased to €729,000 (H1 2005: €493,000). The Company's share of production in the first half of 2006 averaged 105 barrels of oil per day (BOPD) at an average oil price of \$65.69 per barrel (H1 2005: 89 BOPD at an average oil price of \$49.58 per barrel). The Company recorded an operating profit of €52,000 and a profit on ordinary activities after taxation of €83,000 (H1 2005: €41,000). The financial results incorporate the impact of FRS 20.

PRODUCTION

- Increased Singleton production
- €50 million Macquarie financing facility
- New investment club
- Joint study with Island Oil & Gas on oil assets in Celtic Sea

The Company has a stated strategy to substantially increase its daily production by a combination of increasing existing production rates at its 20% owned Singleton onshore oilfield, as well as acquiring new production/development interests and developing existing assets within its portfolio.

The drilling of 2 development wells at Singleton in late 2005 has resulted in an increase in production during the first 6 months of 2006. Further work is being carried out with the Operator, Star Energy Plc, to evaluate further methodologies to increase production rates and financial returns from the Singleton Field.

As reported in the Annual Report, Providence has arranged a €50 million revolving production acquisition/development financing facility with Macquarie Bank. This gives the Company the financial capability to invest in production and development opportunities, with the support of Macquarie. Over the past 6 months, the Company has reviewed a number of producing field opportunities, but to date, no deals have been concluded. The Company will continue to evaluate both production and development opportunities with the long term view of enhancing shareholder value.

Externally, the Company has affiliated with a private industry grouping who identify, procure and execute production and near production/development opportunities in various parts of the world. The benefits of this are apparent in that not only does Providence get a wider selection of potential opportunities, but it also accrues the benefits of third party technical and financial evaluation that will complement its own analysis. Currently, the Company is evaluating a number of proposals in areas including the Gulf of Mexico, the North Sea and in other proven producing areas.

Within the existing portfolio, a number of assets in the Celtic Sea and St George's Channel areas are being re-evaluated in terms of commerciality and various development and drilling

options are being considered. As announced earlier this week, Providence has agreed to work together with Island Oil & Gas Plc to develop a common strategy report for the joint development of both companies' Celtic Sea assets based on a shared floating production facility. This report will be based on the extensive work Providence has conducted on floating facilities in the Celtic Sea, suitably modified to take into account the differing reservoirs for joint development purposes and economic savings.

DRILLING

- Petrolia Rig secured for drilling in 2007
- Potential for 2nd slot
- Additional rig slots being sought

Earlier this week, the Company announced an agreement with Island Oil & Gas Plc ("Island") for the provision of the semi-submersible drilling unit "Petrolia" in 2007, which Island had contracted for a 150-day drilling programme. Under the terms of an agreement reached between Island and Providence, Island will assign 1 firm drilling slot to Providence in 2007. This will allow Providence to progress its drilling plans offshore Ireland for 2007, further details of which will be announced in the coming months. The results of the recently announced Gardline seismic survey will also be factored into the decision making process on drilling locations. A further slot may become available in 2007 depending on the duration of the respective drilling programmes being carried out by the two companies.

Additionally, due to the substantial number of prospects available within Providence's portfolio for both appraisal and exploration drilling in Ireland, West Africa, and the United Kingdom, the Company continues to search the market for additional rig slots, at competitive market prices, for further 2007 drilling, as well as 2008 drilling.

ASSET DEVELOPMENT

OPERATIONS – PORCUPINE

- Dunquin programme on track
- Spanish Point farm-out process underway

Dunquin (16% Interest)

In February 2006, Providence announced that it had reached agreement on a farm-out programme with ExxonMobil on its **Dunquin** Prospect in the Porcupine Basin, off the west coast of Ireland. Under the terms of the farm-out agreement, ExxonMobil will earn an 80% interest in the prospect for investing in an extensive success based work programme, which provides for seismic surveys and drilling. In return, Providence's stake will move to 16% whilst its other partner, Sosina Exploration Limited, will move to 4%.

An initial phase of this farm-out programme was the acquisition of 1,500km 2-D long offset seismic survey which Providence, as Operator, successfully acquired this summer. This very high quality seismic data, which was licenced from Fugro Data Surveys AG, will now be processed, prior to interpretation and integration with the existing data, the results of which will better define the future work programme on the Dunquin Prospect.

In addition to the specific farm-out agreement over the Dunquin Prospect, ExxonMobil, Providence and Sosina have also entered into an Area of Mutual Interest (AMI) over the South Porcupine Basin, covering an area of some 270 blocks. Currently, most of this extensive area

is not open for licensing, but it is understood that the terms for the Porcupine Licensing Round will be announced later in the year by the Minister for Communications, Marine and Natural Resources.

Spanish Point (80% interest)

In the Central Porcupine Basin, work on the **Spanish Point** Project has progressed considerably in the past year. Already a proven discovery, Providence carried out extensive pre-development work, including reservoir and development engineering, to demonstrate potential development scenarios on this large field which has estimated recoverable reserves of 1.4 TSCF and 160 MMBO, with significant upside potential both within the field as well as in adjacent prospects.

In May 2006, Providence assembled all this new work into a major farm-out process, when it opened the Spanish Point data room for the industry. This farm-out process continues on schedule with active interest being shown by major industry players. .

OPERATIONS – CELTIC SEA AND ST GEORGE’S CHANNEL

- Licence Interests
- Farm-out deal with CMI
- Seismic programme
- Apollo farm-out launched

Licence Interests

In the Celtic Sea, the higher oil and gas price environment, combined with enhanced geological and engineering work, has allowed Providence to upgrade the economic feasibility of a number of its prospects in the Celtic Sea. These interests historically have been held under a Licensing Option whose term was due to expire and so Providence has exercised its right under the 1992 Licensing Terms, to formally apply to the Minister for Communications, Marine and Natural Resources to have the Licensing Option converted to a Standard Exploration Licence, which carries a well commitment. The Celtic Sea portfolio (75% interest) consists of **Hook Head, Ardmore, Helvick** and Block 50/6-7 (now named “**Dunmore**”). As part of this application process, your Company relinquished its interest in the Glandore prospect. The **Blackrock** project is held under a separate Licensing Option.

In the St George’s Channel area, Providence has applied to have its Licensing Option over the Apollo prospect (100% interest) extended and to have its Licensing Option over the **Dionysus** and **Pegasus** structures (95% interest) converted into a Standard Exploration Licence, which carries a well commitment. On that portion of the Marathon operated **Dragon** Field (where a discovery well was drilled) that extends into the Irish sector, Providence has made application for a Lease Undertaking as a pre-cursor to potential development plans being finalised. These applications are all subject to the standard terms and conditions of the 1992 Licensing Terms and are subject to Ministerial approval.

Farm out Deal with CMI

At the beginning of September 2006, your Company announced that it had signed a farm-out agreement with Challenger Minerals Inc. (“CMI”), a wholly owned subsidiary of GlobalSantaFe Corporation, one of the world’s largest international oil & gas drilling contractors, on its Celtic Sea interests.

Under the terms of the agreement, Providence has agreed with CMI, subject to approval from the Minister for Communications, Marine and Natural Resources, to allow CMI to farm into 20% of its Celtic Sea interests in return for CMI paying 26.7% of the costs of the seismic

programme in 2006. Thereafter, CMI will be responsible for 20% of all future licence, drilling and development costs. As a result of this farm-out, Providence will retain a stake of 75% in these Celtic Sea interests with its partner, Midmar Energy Limited, retaining a 5% stake. CMI has also been granted an option, exercisable until 31st October, 2006, to farm-in to an additional 20% stake in these interests, on the same terms as above.

Seismic Programme

In mid September 2006, the Company announced that it had awarded a comprehensive 2-D and pseudo 3-D seismic survey contract to Gardline Geosurvey Ltd over specific areas within its Celtic Sea and St George's Channel Basin licence portfolio. Expected to commence within the next month, the programme is intended to provide a total of 500 km of high resolution 2-D seismic data on the Hook Head and Pegasus structures, together with a 16 sq km pseudo 3-D seismic survey over the Ardmore gas field. The survey, which is designed to better define future work programmes, including drilling locations, is planned to take approximately 3 weeks to acquire, subject to weather.

Apollo Farm-out Process Underway (100% interest)

Located in the St George's Channel area, offshore Ireland, the **Apollo** exploration prospect is on trend with the Pegasus and Dionysus exploration structures. Based on regional data and nearby well test results, Apollo is thought to be a large un-drilled Jurassic fault block structure that has the potential to have good reservoir qualities and oil mature source rocks. If hydrocarbon bearing, it is estimated that it could contain estimated recoverable reserves of circa. 400 MMBOE. Located just 80 km offshore, in shallow waters, Apollo is an attractive exploration target where Providence is now inviting industry participation by way of a farm out process, which commenced in August 2006.

OPERATIONS - NIGERIA

AJE, OML 113 (7.04% Interest)

- AJE 3 post well analysis completed
- Plans for AJE 4

The AJE 3 well offshore Nigeria was the third well drilled on the **AJE** Field in OML 113, offshore Lagos, Nigeria and was spudded in 2005. Whilst the well achieved its geological objectives, confirming the presence of both oil and gas in both target reservoir intervals, it was deep to prognosis which prompted further seismic evaluation by the partners. The partners carried out 3-D seismic reprocessing to link this well result with the existing two discovery wells (AJE 1 and AJE 2), as well as identifying a potential location for the AJE 4 appraisal well. The AJE 3 post well analysis has been completed and overall, the revised analysis of the field suggests that the AJE field could have the potential for both oil and gas production. Currently, plans are being considered for the future drilling of AJE 4. Further news regarding the next steps for AJE are expected in the coming months.

OPERATIONS - UNITED KINGDOM

Singleton (20% interest)

The Company is working with the Operator, Star Energy Plc, on a number of exploration and production enhancing initiatives, to realise the full potential of the **Singleton** licence.

UK110/14c-6, West Lennox & Crosby (10% Interest)

Providence has been in this area since 2005 when the 110/14c-6 well was drilled at **West Lennox** to test a seismic anomaly south and east of an existing proven oil-bearing reservoir. On completion of drilling operations, well 110/14c-6 was declared “tight hole” status by the Operator (CMI) and remains so. Further geological work continues in this area, including the adjacent **Crosby** Prospect.

UK 24th Seaward Round Application

In June 2006, Providence applied, as a member of a consortium, for 2 licence interests, offshore United Kingdom in the east Irish Sea under the UK 24th Seaward Round. Providence has no information as to whether its application will be successful or not, and any award of licences will be subject to the UK Dept. of Trade and Industry.

North Sea Assets (25% interest)

In North Sea, the Company holds a 25% interest in **Block 210/19(p)**, which is near the Shell operated Tern Field. Providence also holds a 25% interest in **Block 9/9d**, which contains an existing small oil discovery. These fields are currently the subject of a farm-out campaign being managed by the operator, Midmar.

ENERGY AND THE ENVIRONMENT

The Company believes that it has a role to play in addressing energy supply in an environmentally responsible manner. In addition to its ongoing exploration and development initiatives, which are carried out in accordance with all environmental rules and regulations, the Company is also a contributing player to the Irish Government sponsored initiative on new energy sources, including methane gas hydrates.

OUTLOOK

Providence expected 2006 to be a period of high activity and, to date, this has proved to be the case. It is anticipated that the level of activity in the second half of the year is likely to match, or exceed, the amount of activity in the first half of the year. The Company will continue to focus on its portfolio approach with an added emphasis on securing the right production/development opportunities. Providence’s recent affiliation with CMI, coming just months after its major deal with ExxonMobil, clearly demonstrates a pattern of working together with world class companies to advance Providence’s wide portfolio of assets. We anticipate building upon this model going forward.

Looking ahead, further farm-out and farm-in possibilities, more drilling opportunities and potentially new licence interests as well as production opportunities will enhance the existing portfolio of assets. At a very exciting time in the oil and gas industry, we believe these developments, in addition to our existing operations, positions your Company for further growth.

**Tony O’Reilly Jnr.,
Chief Executive Officer**

September 27th, 2006

Notes to Editors

Providence Resources Plc is an independent oil and gas exploration company listed on the AIM market in London and on Dublin's IEX market. The Company was founded in 1997, but has roots going back to 1981 when its predecessor company, Atlantic Resources Plc was formed by a group of investors led by Sir Anthony O'Reilly.

Providence's active oil and gas portfolio includes interests in Ireland (offshore), the UK (onshore and offshore) and West Africa (offshore Nigeria). Providence's portfolio is balanced between production, appraisal and exploration assets, as well as being diversified geographically.

Recent corporate announcements include;

- Secures Rig Slot for 2007 (announced September 25th 2006);
- Gardline Geosurveys Ltd Survey (announced September 15th, 2006);
- 20% Farm-out Deal agreed with CMI on Celtic Sea Licences (announced September 5th, 2006);
- Completion of Dunquin Seismic (announced on August 8th, 2006);
- Annual General Meeting Statement (announced on June 20th, 2006);
- Annual Results (announced on May 17th, 2006);
- Dunquin Farm-out to ExxonMobil (announced on February 13th, 2006);
- €50 million Revolving Credit Finance Facility with Macquarie Bank (announced on February 2nd, 2006); and increased production at its Singleton oilfield (announced March 7th, 2006).

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

Glossary of technical terms used in this announcement

'estimated recoverable reserves'	those quantities of hydrocarbons which are estimated to be commercially recoverable from discovered accumulations
'BOPD'	barrels of oil per day
'TSCF'	trillion standard cubic feet of gas
'MMBO'	millions of barrels of oil equivalent
'MMBOE'	millions of barrels of oil

Providence Resources P.l.c.

Consolidated Profit and Loss Account For the six months ended 30 June 2006

	Unaudited 30 June 2006	Unaudited 30 June 2005
	€000	€000
Turnover	1,014	629
Cost of sales	(285)	(136)
	-----	-----
Gross Profit	729	493
Operating expenses	(677)	(228)
AIM admission costs	-	(280)
	-----	-----
Operating Profit/(Loss) before Taxation	52	(15)
Interest receivable and similar income	32	57
Interest payable and similar charges	(1)	(1)
	-----	-----
Profit on Ordinary Activities	83	41
Tax on ordinary activities	-	-
	-----	-----
Retained Profit for the Period	83	41
	=====	=====
Profit Per Ordinary Share (cent)	0.004c	0.002c
- Basic and fully diluted	=====	=====

Providence Resources P.l.c.

Consolidated Balance Sheet as at 30 June 2006

	Unaudited 30 June 2006	Unaudited 30 June 2005
	€000	€000
Fixed Assets		
Oil and gas interests	22,239	15,743
Tangible assets	123	57
	-----	-----
	22,362	15,800
	-----	-----
Current Assets		
Debtors	686	442
Cash at bank and in hand	1,569	4,555
	-----	-----
	2,255	4,997
Creditors: Amounts falling due within one year	(1,288)	(917)
	-----	-----
Net Current Assets	967	4,080
	-----	-----
Total Assets Less Current Liabilities	23,329	19,880
Creditors: Amount falling due after more than one year	(1)	(6)
Provision for Liabilities and Charges	(1,622)	(1,592)
	-----	-----
Net Assets	21,706	18,282
	=====	=====
Capital and Reserves		
Called up share capital	13,784	13,712
Share premium	30,931	27,801
Capital conversion reserve	623	623
Profit and loss account	(24,230)	(24,507)
Foreign currency translation reserve	598	653
	-----	-----
Shareholders' Funds	21,706	18,282
	=====	=====

Providence Resources P.l.c.

Consolidated Cash Flow Statement For the six months ended 30 June 2006

	Unaudited 30 June 2006	Unaudited 30 June 2005
	€000	€000
Net cash inflow from operating activities	50	233
	-----	-----
Returns on investments and servicing of finance		
Interest received	32	57
Interest paid	(1)	(1)
	-----	-----
	31	289
	-----	-----
Taxation	-	-
	-----	-----
Capital expenditure and financial investment		
Expenditure on oil and gas interests	(554)	(3,193)
Capitalisation of operating costs	(827)	(534)
Purchase of tangible fixed assets	(85)	(12)
AIM admission costs	-	(280)
	-----	-----
	(1,466)	(4,019)
	-----	-----
Net cash outflow before use of liquid resources and financing	(1,385)	(3,730)
	-----	-----
Financing		
Issue of ordinary share capital	-	1,001
Foreign exchange	(38)	-
	-----	-----
	(38)	1,001
	-----	-----
Decrease in cash	(1,423)	(2,729)
	=====	=====

Notes to the Interim Statement

1. The results for the six month periods ended 30 June 2006 and 2005 are neither audited nor reviewed.
2. The financial information has been prepared on a consistent basis and using the same accounting policies as the audited financial statements for the year ended 31 December 2005 with the exception of the adoption of FRS 20 'Share-based Payment' which was adopted with effect from 1 January 2006 and in general requires the fair value of share options granted to employees and directors to be recognised in the financial statements. The impact on the 2006 financial statements has been €113,000 with no material impact on the restated comparative 2005 financial statements.
3. The calculation of the profit per share is based on the profit for the period on ordinary activities after taxation of €83,000 divided by the weighted average number of ordinary shares in issue during the period on a basic and fully diluted basis of 2,097,831,000.
4. The Interim Statement will be sent to registered shareholders and is available on the Company's website at www.providenceresources.com. Further copies will be available from the Company's offices at 60 Merrion Road, Dublin 4.