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April 2<sup>nd</sup>, 2012



**PROVIDENCE RESOURCES P.I.c.**

**PLACING OF 13,148,930 NEW ORDINARY SHARES**

**TO RAISE £63.1 MILLION (US\$100.0 MILLION)**

The Directors of Providence Resources P.I.c. ("Providence" or the "Company"), the London (AIM) and Dublin (ESM) quoted oil and gas exploration and production company, are today pleased to announce that they have agreed the terms of a conditional placing for cash of up to 13,148,930 new ordinary shares of €0.10 each ("New Ordinary Shares") at 480p per share, raising gross proceeds of up to approximately £63.1 million (up to approximately US\$100.0 million) before expenses (the "Placing"). Cenkos Securities plc is sole bookrunner for the transaction and Cenkos Securities plc and J&E Davy are acting as co-managers.

The Company has, over the past number of years, assembled a leading acreage position offshore Ireland with licence authorizations over both existing oil and gas discoveries, as well as oil and gas exploration assets. Having advanced this portfolio to a stage where the majority of assets and prospects were ready to drill, and having secured a number of international co-venture partners, the Company took a strategic decision to embark on a multi-year, multi-well drilling campaign in six of the eight basins in which the Company has licence interests offshore Ireland. This drilling campaign commenced in late 2011 with the drilling in the first basin of the Barryroe oil discovery in the Celtic Sea Basin and activities are planned to continue through to the end of 2013. Simultaneously, the ongoing field re-development programme at Singleton (onshore UK) continues with the ongoing drilling of the X12 well, allowing the Company to access greater production rates and higher reserves from this licence.

The net proceeds of the Placing will be used in three ways –

- 1.) To fund the repayment of the balance of the Company's convertible bond which matures in July 2012. The net amount payable, following the application of all of the proceeds from the previously announced disposal of Aje, is estimated at US\$40 million.
- 2.) To fund the increased equity participation in the just completed Barryroe drilling programme, where the Company increased its equity participation from 50% to 80% in December 2011 as previously announced. The net amount payable by Providence is approximately US\$30 million, which also includes some incremental costs over budget and also provides funds to undertake further technical studies, including full field development modelling of the Barryroe oil discovery.

- 3.) The balance of the net proceeds from the Placing, together with existing cash resources and cash generated from the Singleton operations, will be used to fund the ongoing multi well drilling programme of oil and gas projects and prospects, offshore Ireland and onshore UK.

Commenting on the announcement, Tony O'Reilly, Chief Executive of Providence said:

*"We are very pleased to announce this Placing, which has been heavily oversubscribed and represents a 5% premium to the pre Placing closing price. This Placing not only further broadens our already strong institutional shareholder base, but also by way of enabling the redemption in full of the outstanding convertible bond, simplifies our balance sheet and capital structure and will, following redemption, release cash flow from servicing the bond interest obligations. The Placing also importantly contributes to the funding for completion of the balance of our multi-basin drilling programme."*

*"We would like to express our thanks to our shareholders for showing their support to this multi-basin drilling campaign, offshore Ireland and we are very pleased that the recent Barryroe well, which was the first well in this programme, came in well beyond our pre-drill expectations. As such, significant progress has already been made in this extensive programme and we very much look forward to adding to the already exciting results in the months and years ahead."*

The Placing is conditional upon, *inter alia*, shareholder approval to facilitate allotment of the New Ordinary Shares at an Extraordinary General Meeting of the Company to be held on 27 April 2012 and admission of the New Ordinary Shares to trading on AIM and ESM. A circular will shortly be available to shareholders of the Company, incorporating a notice of the Extraordinary General Meeting. Application will also shortly be made for the admission of the New Ordinary Shares to trading on both AIM and ESM ("Admission") and, subject to the receipt of shareholder approval, it is expected that the Placing will be completed and Admission will occur and that dealings in the New Ordinary Shares will commence on AIM and ESM on 30 April 2012. The New Ordinary Shares will, on issue, rank *pari passu* in all respects with the existing Ordinary Shares currently traded on AIM and ESM. Following Admission, and assuming no further issue of Ordinary Shares, there will be 63,355,120 Ordinary Shares in issue.

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