

**U.S. SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM SB-2/A-4**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**Providence Resources, Inc.**

(Name of small business issuer in its charter)

<b><u>Texas</u></b> (State or jurisdiction of incorporation or organization)	<b><u>1311</u></b> (Primary Standard Industrial Classification Code Number)	<b><u>06-1538201</u></b> (I.R.S. Employer Identification No.)
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**2610-1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X2, (604) 602-1717**

(Address and telephone number of principal executive offices)

**2610-1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X2, (604) 602-1717**

(Address of principal place of business or intended principal place of business)

**Lawyer's Aid Service, Inc., 408 West 17th Street, Ste. 101, Austin, TX 78701, (512) 474-2020**

(Name, address and telephone number of agent for service)

Approximate date of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ \_\_\_\_\_.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ \_\_\_\_\_.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ \_\_\_\_\_.

If the delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ☐

**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Amount of securities to be registered (1)</b>	<b>Proposed maximum offering price per share (2)</b>	<b>Proposed maximum aggregate offering price</b>	<b>Amount of registration fee</b>
Common Stock, \$0.0001 par value per share (3)	12,669,920	\$0.25	\$3,174,980.00	\$97.24
Common Stock, \$0.0001 par value per share (4)	6,334,960	\$1.00	\$6,334,960.00	\$194.48
Common Stock, \$0.0001 par value per share (5)	188,190	\$0.72	\$135,496.80	\$4.16
Total	19,193,070		\$9,645,436.80	\$295.88

- (1) The shares to be registered may be offered for sale and sold from time to time subsequent to the date on which this registration statement remains effective, by or for the accounts of the selling security holders.
- (2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(c) and (g).
- (3) Shares of common stock being registered for resale that are owned by certain selling security holders named in the prospectus. For the purposes of these 12,669,920 shares, the registrant has used the average of the closing bid and ask prices of the common stock as reported on the Over the Counter Bulletin Board on May 22, 2007.
- (4) Represents shares of common stock being registered for resale that have been or may be acquired upon the exercise of common stock purchase warrants at an exercise price of \$1.00 per share issued to certain selling security holders named in the prospectus.
- (5) Represents shares of common stock being registered for resale that have been or may be acquired upon the exercise of common stock purchase warrants at an exercise price of \$0.72 per share issued to certain selling security holders named in the prospectus.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Registration Statement dated May 24, 2007

## PROVIDENCE RESOURCES, INC.

19,193,070 shares of common stock

<b>The Offering:</b>			<p>Providence Resources, Inc. is registering a total of 12,669,920 shares of common stock and 6,523,150 shares underlying warrants to purchase shares of common stock. The common stock to be registered constitutes 24.20% of the issued and outstanding stock as of May 24, 2007. The securities are being registered for resale on behalf of the security holders identified beginning on page 10. Security holders will determine whether to exercise their purchase warrants and the timing thereof. In addition, the security holders will determine the method for selling their common stock and the timing thereof. Providence's common stock is quoted under the symbol "PVRS" on the Over-the-Counter Bulletin Board.</p>
	<i>Per Share</i>	<i>Total</i>	
Offering Price <sup>1</sup>	\$ 0.50	\$ 9,645,436.80	
Proceeds <sup>2</sup>	\$ 0	\$ 0	
Offering Expenses <sup>3</sup>	\$ 0.0027	\$ 52,288.84	
<p><sup>1</sup> The average weighted offering price of the shares and shares underlying warrants, estimated solely for the purpose of computing the amount of the registration fee (the proposed maximum offering price of the shares are \$0.25, \$0.72, and \$1.00). The securities will be offered at the prevailing market price or in negotiated transactions</p> <p><sup>2</sup> If the selling security holders exercise their warrants in full, Providence will receive \$0.72 or \$1.00 per share, an aggregate of approximately \$6,470,457.</p> <p><sup>3</sup> Offering expenses include legal, accounting, printing and related costs incurred in connection with this offering.</p>			

*This offering represents a registration of issued and outstanding shares and shares underlying warrants on behalf of certain security holders of Providence Resources, Inc. Owning Providence's common stock involves a high degree of risk and the securities offered hereby are highly speculative. See "RISK FACTORS" beginning on page 4 to read about risks. You should carefully consider these risks in holding shares of Providence's common stock.*

*Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.*

*The information in this prospectus is not complete and may be changed. These securities may not be sold until the prospectus filed with the Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where such offer or sale is prohibited.*

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## PROSPECTUS SUMMARY

*You should rely only on the information contained in this prospectus. Providence has not authorized any other person to provide you with information different from that contained in this prospectus. The information contained in this prospectus is complete and accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or the sale of any common stock. The prospectus is not an offer to sell, nor is it an offer to buy, common stock in any jurisdiction in which the offer or sale is not permitted.*

*The following summary is qualified in its entirety by the more detailed information and financial statements with related notes appearing elsewhere in this prospectus.*

*For purposes of this prospectus, unless otherwise indicated or the context otherwise requires, all references herein to “Providence,” “we,” “us,” and “our,” refer to Providence Resources, Inc., a Texas corporation, and our subsidiaries. All references herein to “Providence Exploration” refer to Providence Exploration, LLC, our wholly owned subsidiary, and its subsidiary PDX Drilling I, LLC.*

### The Company

Providence is involved in the exploration and development of oil and gas in Hamilton, Comanche and Val Verde Counties, Texas. Oil and gas exploration and development activities are conducted for us by independent operators. Over the next twenty four months we intend to:

- produce a full evaluation of the initial prospects in the Marble Falls and Barnett Shale leases;
- continue post drilling “fracing” in the Marble Falls and Barnett Shale leases (fracing is the fracturing of geologic formations which open up pathways for the oil or gas to flow to the well);
- fully develop the Marble Falls and Barnett Shale leases for oil and gas production with Harding Company;
- seismically explore the Val Verde leases with TRNCO Petroleum Corporation;
- interpret the Val Verde seismic data; and
- develop the Val Verde leases with multiple deep drilling targets for natural gas production.

We are also involved in the purchase, refurbishment and sale of drilling and service rigs in Young County, Texas.

### Corporate Information

Providence was incorporated under the laws of the State of Texas on February 17, 1993. Our executive offices are located at 2610-1066 West Hastings Street, Vancouver, British Columbia, Canada, and our telephone number is (604) 602-1717. Providence’s registered statutory office is located at 408 West 17th Street, Ste. 101, Austin, Texas 78701. Our website address, [www.providenceresourcesinc.com](http://www.providenceresourcesinc.com), remains under construction. Information contained on our website is not deemed part of this prospectus.

## **The Offering**

Securities offered by the selling security holders	Up to 12,669,920 shares of common stock and shares underlying 6,334,960 warrants exercisable at \$1.00 and 188,190 warrants exercisable at \$0.72.
Stock outstanding as of May 24, 2007	52,355,539 common shares.
Terms of the Offering	The selling security holders will determine when and how they will sell the common stock offered in this prospectus. See <i>Plan of Distribution</i> .
Use of proceeds	Providence will not receive any of the proceeds from the sale of common stock by the selling security holders. Providence will receive approximately \$6,470,457 if the selling security holders exercise all warrants hereby registered.

## **Plan of Distribution**

Providence is registering a total of 12,669,920 shares of common stock and 6,523,150 shares underlying warrants to purchase common stock for resale on behalf of our selling security holders. The selling security holders or pledgees, donees, transferees, or other successors in interest selling shares received from a named selling security holder as a gift, partnership, distribution, or other non-sale-related transfer after the effective date of this registration statement may sell the shares from time to time. Registration of the securities does not mean, however, that the securities will be offered or sold as the selling security holders may decide not to sell all or any of the shares they are allowed to sell under this registration statement, and the warrants may not be exercised. The selling security holders will act independently of Providence in making any decision with respect to the timing, manner and size of each sale. Sales could be made on the Over-the-Counter Bulletin Board (symbol "PVRs") or otherwise, at prices related to the then current market price, or at privately negotiated prices.

## **Risk Factors**

Investing in our stock involves certain risks. Please review the *Risk Factors* beginning on page 4.

## **Summary Financial Information**

The following summary of financial information should be read together with Providence's financial statements along with their accompanying notes and *Management's Plan of Operation* included elsewhere within this prospectus.

The summary financial information for the periods ended March 31, 2007 and March 31, 2006 have been derived from Providence's unaudited consolidated financial statements. The summary information for the period ended December 31, 2006 has been derived from Providence's audited consolidated financial statements.

In the opinion of management, the unaudited financial statements have been prepared on the same basis as audited consolidated financial statements and include all adjustments which consist only of normal recurring adjustments necessary for a fair presentation of the financial statements and results of operations for the periods presented.

### ***Statement of Operations Summary***

	Periods Ended March 31,		Year Ended December 31,
	2007	2006	2005
Sales	\$ -	\$ -	\$ 350
Cost of Sales	-	-	(25,427)
Gross Loss	-	-	(25,777)
General and Administrative Expense	(220,469)	(98,806)	(2,121,062)
Loss from Operations	(220,469)	(98,806)	(2,095,285)
Minority Interest	-	-	19,898
Interest Expense	(68,400)	(65,334)	(5,102,503)
Interest Income	11,295	72,153	416,306
Net Loss	(277,574)	(91,987)	(6,761,584)
Loss per share from continuing operations, basic and diluted	(0.01)	(0.01)	(0.24)
Net loss per share, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.24)

### ***Balance Sheet Summary***

	March 31, 2007	December 31, 2006
Working Capital	\$ (814,488)	\$ 627,947
Current Assets	1,682,935	2,264,758
Property and equipment	28,584,639	27,482,964
Total other assets	41,715	48,065
Total Assets	30,309,289	29,795,787
Current Liabilities	2,497,423	1,636,811
Convertible Debentures	3,570,000	3,570,000
Long-term Notes Payable	216,342	319,826
Total Liabilities	6,283,765	5,526,637
Minority Interest in Net Assets of Subsidiary	150,973	117,017
Share capital	40,047,072	40,052,257
Accumulated other comprehensive income	14,552	14,560
Deficit accumulated during the development stage	(16,192,258)	(15,914,684)
Shareholders' equity	23,874,551	24,152,133
Total liabilities and shareholders' equity	\$ 30,309,289	\$ 29,795,787



## **RISK FACTORS**

***An investment in the securities registered hereby is highly speculative and involves a substantial degree of risk which should be considered only by persons who can afford to lose their entire investment. Investors should carefully consider each and every risk involved herein as well as all other information contained in this prospectus. Statements made in this prospectus may constitute forward-looking statements and are subject to many risks and uncertainties, including but not limited to, the failure of Providence to meet future capital needs and complete intended internal development due to difficulty, impracticality and/or impossibility. If any of the following risks actually occur, Providence's business, financial condition and operating results could be materially adversely affected.***

### **Risks Related To Providence's Business**

***Providence has a history of operating losses and such losses may continue in the future.***

Since Providence's inception in 1993, our operations have resulted in a continuation of losses and an accumulated deficit of \$16,192,258 at March 31, 2007. We will continue to incur operating losses until such time as we begin producing oil and gas revenue, which may or may not eventuate. Should we fail to produce oil and gas revenue we may continue to operate at a loss and may never be profitable.

***Providence has a limited operating history.***

Providence acquired Providence Exploration on September 29, 2006, which company first began oil and gas exploration operations during the fourth quarter of 2005. As such, our limited operating history provides an inadequate track record from which to base future projections of successful operation.

***Providence has a history of uncertainty about continuing as a going concern.***

Providence's audits for the periods ended December 31, 2006 and December 31, 2005 expressed substantial doubt as to our ability to continue as a going concern as a result of recurring losses, an accumulated deficit of \$15,914,684 as of December 31, 2006, and revenue generating activities that were insufficient to sustain operations. Unless we are able to cure this pattern of reoccurring losses and insufficient revenue, our ability to continue as a going concern will be in jeopardy.

***Providence cannot represent that we will be successful in continuing operations.***

Providence has not, to date, generated sufficient revenue from operations to cover expenses and may not generate sufficient revenue over the next twelve months to ensure continued oil and gas development operations. Should Providence be unable to realize sufficient revenue over that time period, it will be forced to raise additional capital to remain in operation. We have no commitments for the provision of additional capital and can offer no assurance that such capital will be available if necessary to continue operations.



***We may not be successful in integrating the business operations of Providence Exploration, LLC into our business operations, stifling growth and disrupting our business.***

Providence's recent acquisition of Providence Exploration involves the integration of companies that have previously operated independently. Successful integration will depend on our ability to consolidate operations and procedures and to integrate Providence Exploration's management team with our own. If we are unable to do so, we may not realize the anticipated potential benefits of the acquisition, our business development could be stifled, and results of operations may suffer. Difficulties could include the loss of key employees, the disruption of Providence Exploration's ongoing businesses, and possible inconsistencies in standards, controls, procedures and policies.

***We may be unable to manage the growth of our business which failure could negatively affect development, operating results, and fiscal independence.***

We believe that if our growth plan is successful, our business will grow in size and complexity. Any new sustained growth would place a significant strain on our management systems and operational resources requiring us to recruit, hire and retain new managerial, finance and support personnel. Our ability to compete effectively would also require us to maintain and improve operational, financial, and management information systems on a timely basis. Should Providence be unable to manage growth effectively, both our business development and our operating results would be negatively effected which in turn would preclude us from becoming financially independent of outside funding sources.

### **Risks Related to the Oil and Gas Industry**

***Oil and natural gas drilling and producing operations involve various risks which could result in net losses.***

Drilling activities are subject to many risks, including the risk that no commercially productive reservoirs will be discovered. Wells which we drill may not be productive, and, thus, we may not be able to recover all or any portion of our investment in such wells. Drilling for oil and natural gas may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient net reserves to return a profit after deducting drilling, operating and other costs. The seismic data and other technologies which we use do not allow us to know conclusively prior to drilling a well that oil or natural gas is present or may be produced economically. The cost of drilling, completing and operating a well is often uncertain, and cost factors can reduce the feasibility of a project to produce a profit. Further, our drilling operations may be curtailed, delayed or canceled as a result of numerous factors, including:

- unexpected drilling conditions;
- title problems;
- pressure or irregularities in formations;
- equipment failures or accidents;
- adverse weather conditions;
- compliance with environmental and other governmental requirements; and
- cost of, or shortages or delays in the availability of, drilling rigs, equipment and services.

Our operations are subject to all the risks normally incident to the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells, including:

- encountering well blowouts;
- cratering and explosions;
- pipe failure;
- fires;
- formations with abnormal pressures resulting in uncontrollable flows of oil and natural gas;
- brine or well fluids; and
- release of contaminants into the environment and other environmental hazards and risks.

The nature of these risks is such that some liabilities including environmental fines and penalties could exceed our ability to pay for the damages. We could incur significant costs due to these risks that could result in net losses.

***Providence is subject to federal, state and local laws and regulations which could create liability for personal injuries, property damage, and environmental damages.***

Exploration and development, exploitation, production and sale of oil and natural gas in the United States is subject to extensive federal, state and local laws and regulations, including complex tax laws and environmental laws and regulations. Existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations could harm Providence's business, results of operations and financial condition. We may be required to make large expenditures to comply with environmental and other governmental regulations. Matters subject to regulation include oil and gas production and saltwater disposal operations and our processing, handling and disposal of hazardous materials, such as hydrocarbons and naturally occurring radioactive materials, discharge permits for drilling operations, spacing of wells, environmental protection, reports concerning operations, and taxation. Under these laws and regulations, we could be liable for personal injuries, property damage, oil spills, discharge of hazardous materials, reclamation costs, remediation, clean-up costs and other environmental damages.

***Shortages of oil field equipment, services and qualified personnel could reduce Providence's profit margin, cash flow and operating results.***

The demand for qualified and experienced field personnel to drill wells and conduct field operations, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry can fluctuate significantly, often in correlation with oil and natural gas prices, causing periodic shortages. There have also been shortages of drilling rigs and other equipment, as demand for rigs and equipment has increased along with the number of wells being drilled. These factors also cause significant increases in costs for equipment, services and personnel. Higher oil and natural gas prices generally stimulate increased demand and result in increased prices for drilling rigs, crews and associated supplies, equipment and services. We cannot be certain when or if we will experience these issues and these types of shortages or price increases which could significantly decrease any profit margin, cash flow and operating results on any particular well or restrict our ability to drill additional wells.

***The results of Providence's operations depend on the exploration efforts of Harding Company and TRNCO Petroleum Corporation, both of which are third parties.***

The management of exploration efforts in Comanche and Hamilton Counties is dependent on an independent local operator, Harding Company, while 3D seismic exploration of oil and natural gas prospects in Val Verde is dependent on an independent local company, TRNCO Petroleum Corporation. The fact that Providence is dependent on the operations of third parties for the results of exploration efforts and the prospective production of oil and natural gas assets could impede our ability to realize a net profit from operations.

***Oil and natural gas prices are volatile, and any substantial decrease in prices could cause Providence to continue to operate at a loss.***

Our future financial condition, results of operations and the carrying value of our oil and natural gas properties will depend primarily upon the prices we receive for production. Oil and natural gas prices historically have been volatile and are likely to continue to be volatile in the future. Our cash flow from operations will be highly dependent on the prices that we receive for oil and natural gas. This price volatility also affects the amount of cash flow available for capital expenditures and our ability to borrow money or raise additional capital. The prices for oil and natural gas are subject to a variety of additional factors that are beyond our control. These factors include:

- the level of consumer demand;
- the domestic supply;
- domestic governmental regulations and taxes;
- the price and availability of alternative fuel sources;
- weather conditions; and
- market uncertainty.

These factors and the volatility of the energy markets generally make it extremely difficult to predict future oil and natural gas price movements with any certainty. Declines in oil and natural gas prices would not only reduce future revenue, but could reduce the amount of oil and natural gas that we can produce economically and, as a result, could cause us to continue to operate at a loss. Should the oil and natural gas industry experience significant price declines, we may continue to operate at a loss.

#### **Risks Related to Providence's Shares**

***Providence does not pay dividends.***

Providence does not pay dividends. Providence has not paid any dividends since inception and has no intention of paying any dividends in the foreseeable future. Any future dividends would be at the discretion of our board of directors and would depend on, among other things, future earnings, our operating and financial condition, our capital requirements, and general business conditions. Therefore, shareholders should not expect any type of cash flow from their investment.

***Return of investor's capital contributions is not guaranteed.***

The shares registered hereby are speculative and involve a high degree of risk. There can be no guarantee that shareholders will realize a substantial return on an investment, or any return at all, or that he or she will not lose their entire investment. For this reason, each investor should read this registration statement carefully and should consult with his or her legal counsel, accountant(s), or business advisor(s) prior to making any investment decision.

***Providence may require additional capital funding.***

There can be no guarantee that we will not require additional funds, either through additional equity offerings or debt placements, in order to expand our operations. Such additional capital may result in dilution to our current shareholders. Further, our ability to meet short-term and long-term financial commitments will depend on future cash. There can be no assurance that future income will generate sufficient funds to enable us to meet our financial commitments.

***If the market price of our common stock declines as the selling security holders sell their stock, the selling security holders or others may be encouraged to engage in short selling, further depressing the market price.***

The significant downward pressure on the price of the common stock as the selling security holders sell material amounts of common stock could encourage short sales by the selling security holders or others. Short selling is the selling of a security that the seller does not own, or any sale that is completed by the delivery of a security borrowed by the seller. Short sellers assume that they will be able to buy the stock at a lower amount than the price at which they sold it short. Significant short selling of a company's stock creates an incentive for market participants to reduce the value of that company's common stock. If a significant market for short selling our common stock develops, the market price of our common stock could be significantly depressed.

***Future shareholders of Providence's preferred stock may face certain risks.***

Providence has 25,000,000 shares of authorized preferred stock. Though no shares are currently issued and outstanding, shares may be issued in the future, which shares will involve a high degree of risk. The preferred stock authorized in the articles of incorporation, allows the board of directors to designate the dividend, voting, conversion and liquidation rights or preferences of any class of preferred stock. However, the board of directors has never designated any class or series of preferred stock, nor has it ever set forth any description or designation of the rights or preferences of the preferred stock. As such, the board of directors may not allow dividends, voting, conversion, or liquidation rights. Additionally, the designation may change from time to time.

***Providence's shareholders may face significant restrictions on their stock.***

Providence's stock differs from many stocks in that it is a "penny stock." The Commission has adopted a number of rules to regulate "penny stocks" including, but not limited to, those rules from the Securities Act as follows:

- 3a51-1 which defines penny stock as, generally speaking, those securities which are not listed on either NASDAQ or a national securities exchange and are priced under \$5, excluding securities of issuers that have net tangible assets greater than \$2 million if they have been in operation at least three years, greater than \$5 million if in operation less than three years, or average revenue of at least \$6 million for the last three years;
- 15g-1 which outlines transactions by broker/dealers which are exempt from 15g-2 through 15g-6 as those whose commissions from traders are lower than 5% total commissions;
- 15g-2 which details that brokers must disclose risks of penny stock on Schedule 15G;
- 15g-3 which details that broker/dealers must disclose quotes and other info relating to the penny stock market;
- 15g-4 which explains that compensation of broker/dealers must be disclosed;
- 15g-5 which explains that compensation of persons associated in connection with penny stock sales must be disclosed;
- 15g-6 which outlines that broker/dealers must send out monthly account statements; and
- 15g-9 which defines sales practice requirements.

Since Providence's securities constitute a "penny stock" within the meaning of the rules, the rules would apply to us and our securities. Because these rules provide regulatory burdens upon broker-dealers, they may affect the ability of shareholders to sell their securities in any market that may develop; the rules themselves may limit the market for penny stocks. Additionally, the market among dealers may not be active. Investors in penny stock often are unable to sell stock back to the dealer that sold them the stock. The mark-ups or commissions charged by the broker-dealers may be greater than any profit a seller may make. Because of large dealer spreads, investors may be unable to sell the stock immediately back to the dealer at the same price the dealer sold the stock to the investor. In some cases, the stock may fall quickly in value. Investors may be unable to reap any profit from any sale of the stock, if they can sell it at all.

Shareholders should be aware that, according to Commission Release No. 34-29093 dated April 17, 1991, the market for penny stocks has suffered from patterns of fraud and abuse. These patterns include:

- control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- "boiler room" practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;
- excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

#### **Cautionary Note Regarding Forward Looking Statements**

When used in this prospectus, the words "believes," "anticipates," "expects," "plans", and similar expressions are intended to identify forward-looking statements. The outcomes expressed in such statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those projected, including the risks described in this *Risk Factors* section. Given these uncertainties, prospective investors are cautioned not to place undue reliance on these statements. Providence also undertakes no obligation to update these forward-looking statements.

#### **USE OF PROCEEDS**

All proceeds from the sale of the common shares by the selling security holders will go to the selling security holders who offer and sell their shares. Providence will not receive any proceeds from the sale of the common shares by the selling security holders. However, we will receive approximately \$6,470,457 if the selling security holders exercise their warrants in full. The warrant holders may exercise their warrants at any time until their expiration, as further described in the *Description of Securities* section. Since the warrant holders may exercise the purchase warrants in their own discretion, we cannot plan on any specific uses of proceeds beyond the application of proceeds to general corporate purposes.

Providence will bear all expenses incident to the registration of the shares of common stock under federal and state securities laws other than expenses incident to the delivery of the shares to be sold by the selling security holders. Any transfer taxes payable on the shares to be sold by the selling security holders and any commissions and discounts payable to underwriters, agents, brokers or dealers will be paid by the selling security holders.

## DETERMINATION OF OFFERING PRICE

The selling security holders will determine at what price they may sell the offered shares, and such sales may be made at prevailing market prices, or at privately negotiated prices.

## SELLING SECURITY HOLDERS

As of May 24, 2007, 52,355,539 common shares of Providence's common stock are held of record by 242 shareholders.

The following tables set forth the names of the selling security holders and the number of shares of common stock and warrants to purchase shares of common stock owned beneficially by each selling security holder as of May 24, 2007. Except as may be identified in the tables, none of the selling security holders have, or within the past three years have had, any position, office or material relationship with Providence or any of our predecessors or affiliates. The tables have been prepared based upon information furnished to Providence by or on behalf of the selling security holders.

The selling security holders may decide to sell all, some, or none (or exercise and sell all, some or none) of the securities listed below. Providence cannot provide any estimate of the number of securities that any of the selling security holders will hold in the future. The securities (including those shares to be issued upon exercise of the warrants) beneficially owned by each of the selling security holders are being registered to permit public secondary trading, and the selling security holders may offer these shares for resale from time to time. See *Plan of Distribution*.

For purposes of the following tables, beneficial ownership is determined in accordance with the rules of the Commission, and includes voting power and investment power with respect to such shares. All percentages are approximate. As explained below under *Plan of Distribution*, Providence has agreed to bear certain expenses (other than broker discounts and commissions, if any) in connection with the registration statement, which includes this prospectus. Further information concerning all of the following selling security holders and securities is listed under the section title *Recent Sales of Unregistered Securities*, below. The following table's warrant exercise price is \$1.00. None of the security holders in the following table are broker-dealers.

Security Holder (natural persons with power to vote or to dispose of the securities offered)	Position or Material Relationship	Number of Shares Held Before the Offering	Number of Warrants Held Before the Offering	Number of Shares Offered for the Selling Security Holder Accounts	Number of Shares Underlying Warrants Offered for the Selling Security Holder Accounts	Percentage of Shares Owned By the Selling Security Holders After the Offering <sup>1</sup>
Roman Sandmayr	None	60,000	30,000	60,000	30,000	-
Roland Wiesmann	None	25,000	12,500	25,000	12,500	-
Markus Wassmer	None	40,000	20,000	40,000	20,000	-
Heidi Haefeli	None	80,000	40,000	80,000	40,000	-
Roger Curchod	None	50,000	25,000	50,000	25,000	-

<b>Security Holder (natural persons with power to vote or to dispose of the securities offered)</b>	<b>Position or Material Relationship</b>	<b>Number of Shares Held Before the Offering</b>	<b>Number of Warrants Held Before the Offering</b>	<b>Number of Shares Offered for the Selling Security Holder Accounts</b>	<b>Number of Shares Underlying Warrants Offered for the Selling Security Holder Accounts</b>	<b>Percentage of Shares Owned By the Selling Security Holders After the Offering<sup>1</sup></b>
Westwood Trading Ltd. (Oliver Chaponnier)	None	170,000	85,000	170,000	85,000	-
Brigadoon Investments Ltd. (Marco Montanari Fuer)	None	150,000	75,000	150,000	75,000	-
Dr. Harvey Glicker <sup>2</sup>	None	83,300	41,650	83,300	41,650	-
Victor T. Aellen <sup>3</sup>	None	16,000	8,000	16,000	8,000	-
Hans Peter Stocker	None	50,000	25,000	50,000	25,000	-
Hansruedi Schumacher <sup>4</sup>	None	50,000	25,000	50,000	25,000	-
Daniel Beck	None	100,000	50,000	100,000	50,000	-
Dr. Marc-Andre Schwab	None	60,000	30,000	60,000	30,000	-
Dieter Schaerer	None	250,000	40,000	80,000	40,000	-
Klimkin Associated SA <sup>3</sup> (Karl-Heinz Hemmerle)	None	100,000	50,000	100,000	50,000	-
Elsbeth Russenberger <sup>5</sup>	None	100,000	50,000	100,000	50,000	-
Steve Nelson	None	40,000	20,000	40,000	20,000	-
Global Leveraged Investment (Christian Diem)	None	300,000	150,000	300,000	150,000	-
Global Undervalued Investment (George Scherrer) <sup>6</sup>	None	450,000	225,000	450,000	225,000	-
George Scherrer <sup>6</sup>	None	100,000	50,000	100,000	50,000	-
Ilse Kaufmann	None	85,000	42,500	85,000	42,500	-
Germal GmbH (Hansruedi Schumacher <sup>4</sup> )	None	250,000	125,000	250,000	125,000	-
Martin Alex Murbach	None	100,000	50,000	100,000	50,000	-
Bruce Colgin	None	50,000	25,000	50,000	25,000	-

<b>Security Holder (natural persons with power to vote or to dispose of the securities offered)</b>	<b>Position or Material Relationship</b>	<b>Number of Shares Held Before the Offering</b>	<b>Number of Warrants Held Before the Offering</b>	<b>Number of Shares Offered for the Selling Security Holder Accounts</b>	<b>Number of Shares Underlying Warrants Offered for the Selling Security Holder Accounts</b>	<b>Percentage of Shares Owned By the Selling Security Holders After the Offering<sup>1</sup></b>
Crenshaw Family Partnership, Ltd. (Kirby Crenshaw) <sup>3</sup>	None	333,330	166,665	333,330	166,665	-
Theodore L. Rhyne	None	15,000	7,500	15,000	7,500	-
Southwest Securities, Inc. FBO Steve Nelson IRA <sup>3</sup>	None	20,000	10,000	20,000	10,000	-
Southwest Securities, Inc. FBO Mishawn M. Nelson IRA <sup>3</sup>	None	30,000	15,000	30,000	15,000	-
Wyer Esther	None	70,000	35,000	70,000	35,000	-
James R. Foster	None	100,000	50,000	100,000	50,000	-
Daryl. M. Anderson	None	25,000	12,500	25,000	12,500	-
Peter Kubin and Marie Kubin	None	100,000	50,000	100,000	50,000	-
Paul D. Stewart	None	50,000	25,000	50,000	25,000	-
William Marc and Elizabeth Brogdon Hill	None	166,680	83,340	166,680	83,340	-
Willowbend Ventures, LP (Jeffrey Wohlwend)	None	166,680	83,340	166,680	83,340	-
David Hunter	None	50,000	25,000	50,000	25,000	-
Michael Crabtree	None	100,000	50,000	100,000	50,000	-
Meera Khedkar	None	8,500	4,250	8,500	4,250	-
Nicolas Mathys	None	3,366,670	833,335	1,666,670	833,335	6.54% (3.27%)
Randall A. Crenshaw	None	500,000	250,000	500,000	250,000	1.04% (0.52%)
Spiral Bridge Family Limited Partnership (Robert Fenell)	None	50,000	25,000	50,000	25,000	-
Rodney Robert Martin	None	33,330	16,665	33,330	16,665	-
Bank Julius Baer & Co. Ltd (Swiss private bank owners)	None	380,000	190,000	380,000	190,000	-
Niconsult GmbH (Nico Civelli)	None	20,000	10,000	20,000	10,000	-



<b>Security Holder (natural persons with power to vote or to dispose of the securities offered)</b>	<b>Position or Material Relationship</b>	<b>Number of Shares Held Before the Offering</b>	<b>Number of Warrants Held Before the Offering</b>	<b>Number of Shares Offered for the Selling Security Holder Accounts</b>	<b>Number of Shares Underlying Warrants Offered for the Selling Security Holder Accounts</b>	<b>Percentage of Shares Owned By the Selling Security Holders After the Offering<sup>1</sup></b>
Patrick Meier	None	53,000	26,500	53,000	26,500	-
Joseph Simone <sup>2</sup>	None	50,000	25,000	50,000	25,000	-
Kenneth W. Mullane	None	10,000	5,000	10,000	5,000	-
Peter E. Kenefick	None	50,000	25,000	50,000	25,000	-
Chris J. Kaskow <sup>3</sup>	None	60,000	30,000	60,000	30,000	-
Sharad Khedkar	None	25,000	12,500	25,000	12,500	-
Billie H. & Georgia M. Hill	None	25,000	12,500	25,000	12,500	-
Hernan P. & Beverly Puentes	None	10,000	5,000	10,000	5,000	-
Vladimir Mitrovic	None	10,000	5,000	10,000	5,000	-
Samuel Weir	None	66,660	33,330	66,660	33,330	-
David J. Serra	None	50,000	25,000	50,000	25,000	-
Rebecca L. Gettemy	None	50,000	25,000	50,000	25,000	-
Michael J. Schneider	None	33,330	16,665	33,330	16,665	-
Joseph C. Bork	None	16,670	8,335	16,670	8,335	-
Curry Plumbing And Heating (Brent Curry)	None	33,330	16,665	33,330	16,665	-
Katy M. Chen	None	50,000	25,000	50,000	25,000	-
Sally M. Chen	None	50,000	25,000	50,000	25,000	-
Gen Liang Shi	None	20,000	10,000	20,000	10,000	-
Jerry Hart	None	41,670	20,835	41,670	20,835	-
Harold Milbrodt	None	20,000	10,000	20,000	10,000	-
Thomas E. Jordan	None	35,000	17,500	35,000	17,500	-
Christoph Oeschger	None	25,000	12,500	25,000	12,500	-
Finter Bank Zurich (Swiss private bank owners)	None	860,000	430,000	860,000	430,000	1.79% (0.90%)
Dr. Robert. M. Squire M.D	None	30,000	15,000	30,000	15,000	-

<b>Security Holder (natural persons with power to vote or to dispose of the securities offered)</b>	<b>Position or Material Relationship</b>	<b>Number of Shares Held Before the Offering</b>	<b>Number of Warrants Held Before the Offering</b>	<b>Number of Shares Offered for the Selling Security Holder Accounts</b>	<b>Number of Shares Underlying Warrants Offered for the Selling Security Holder Accounts</b>	<b>Percentage of Shares Owned By the Selling Security Holders After the Offering<sup>1</sup></b>
Alan Miller	None	40,000	20,000	40,000	20,000	-
Randy Clarkson	None	50,000	25,000	50,000	25,000	-
Dr. Frank M. Andrews <sup>3</sup>	None	35,000	17,500	35,000	17,500	-
Kim Davies Roth IRA	None	40,000	20,000	40,000	20,000	-
Michelle Maggio	None	20,000	10,000	20,000	10,000	-
Kate Mcknight	None	60,000	30,000	60,000	30,000	-
Stanley Fineberg	None	25,000	12,500	25,000	12,500	-
Harolyn and Harvey Glicker <sup>2</sup>	None	25,000	12,500	25,000	12,500	-
Charles Hough	None	33,330	16,665	33,330	16,665	-
Steve Hamilton	None	16,670	8,335	16,670	8,335	-
Clarie Spencer	None	50,000	25,000	50,000	25,000	-
Berkeley Alliance Capital Circle (Edward Lu)	None	33,330	16,665	33,330	16,665	-
Barry Davis Roth IRA	None	340,000	170,000	340,000	170,000	-
TTASSB Partners (Thomas Sweeney)	None	70,000	35,000	70,000	35,000	-
Nachum Y. Klar	None	10,000	5,000	10,000	5,000	-
Robert Patch Jr.	None	50,000	25,000	50,000	25,000	-
Alfred Berg	None	166,670	83,335	166,670	83,335	-
Wayne A. Reuter	None	20,000	10,000	20,000	10,000	-
Theodore T. Magel	None	16,670	8,335	16,670	8,335	-
David Hunter	None	20,000	10,000	20,000	10,000	-
Charles B. Crowell	Former Director	100,000	50,000	100,000	50,000	-
Frank Andrews <sup>3</sup>	None	10,000	5,000	10,000	5,000	-
Barry Donnell	None	100,000	50,000	100,000	50,000	-
Elite Trading, LLC (Adam Green)	None	416,700	208,350	416,700	208,350	-

<b>Security Holder (natural persons with power to vote or to dispose of the securities offered)</b>	<b>Position or Material Relationship</b>	<b>Number of Shares Held Before the Offering</b>	<b>Number of Warrants Held Before the Offering</b>	<b>Number of Shares Offered for the Selling Security Holder Accounts</b>	<b>Number of Shares Underlying Warrants Offered for the Selling Security Holder Accounts</b>	<b>Percentage of Shares Owned By the Selling Security Holders After the Offering<sup>1</sup></b>
Bennett Bovarnick	None	20,000	10,000	20,000	10,000	-
Michael Swanson	None	2,000	1,000	2,000	1,000	-
Brad Holland	None	100,000	50,000	100,000	50,000	-
Middlemarch Partners Limited (Cecilia Kershaw)	None	100,000	0	100,000	0	-
Brant Investments Limited for Middlemarch Partners Limited	None	0	50,000	0	50,000	-
Joshua Klar	None	86,700	43,350	86,700	43,350	-
David Klar	None	16,700	8,350	16,700	8,350	-
Joseph Sorrentino	None	20,000	10,000	20,000	10,000	-
Bank Vontobel AG (Swiss private bank owners)	None	100,000	50,000	100,000	50,000	-
Crenshaw Family Partnership, Ltd. (Kirby Crenshaw) <sup>3</sup>	None	166,670	83,335	166,670	83,335	-
Mary Contini	None	15,000	7,500	15,000	7,500	-
Mauricio A Platacuadros	None	33,330	16,665	33,330	16,665	-
Tom Vaughn <sup>3</sup>	None	33,330	16,665	33,330	16,665	-
Harvey Glicker <sup>2</sup>	None	25,000	12,500	25,000	12,500	-
Herbert Naiztat	None	16,000	8,000	16,000	8,000	-
Alfred Berg	None	250,000	125,000	250,000	125,000	-
Charles Wronski	None	30,000	15,000	30,000	15,000	-
Southwest Securities, Inc. FBO Steve Nelson IRA <sup>3</sup>	None	15,000	7,500	15,000	7,500	-
Southwest Securities, Inc. FBO Mishawn M. Nelson IRA <sup>3</sup>	None	15,000	7,500	15,000	7,500	-
Charles Harbey	None	16,670	8,335	16,670	8,335	-

<b>Security Holder (natural persons with power to vote or to dispose of the securities offered)</b>	<b>Position or Material Relationship</b>	<b>Number of Shares Held Before the Offering</b>	<b>Number of Warrants Held Before the Offering</b>	<b>Number of Shares Offered for the Selling Security Holder Accounts</b>	<b>Number of Shares Underlying Warrants Offered for the Selling Security Holder Accounts</b>	<b>Percentage of Shares Owned By the Selling Security Holders After the Offering<sup>1</sup></b>
Kevin McKnight	None	20,000	10,000	20,000	10,000	-
Nasim Nasir	None	16,670	8,335	16,670	8,335	-
Peter Santamaria	None	20,000	10,000	20,000	10,000	-
Sherman Dreiseszun	None	41,670	20,835	41,670	20,835	-
Dennis Estrada	None	16,670	8,335	16,670	8,335	-
Jerald Gunnelson	None	83,340	41,670	83,340	41,670	-
P J Noble	None	25,000	12,500	25,000	12,500	-
Rick Riley	None	20,000	10,000	20,000	10,000	-
Nelson Canache	None	92,000	46,000	92,000	46,000	-
Mauricio A Platacuadros <sup>3</sup>	None	16,670	8,335	16,670	8,335	-
Joseph Simone <sup>2</sup>	None	100,000	50,000	100,000	50,000	-
Benjamin Fakheri	None	10,000	5,000	10,000	5,000	-
Angela K. Holahan	None	16,670	8,335	16,670	8,335	-
Ernest G. Ianetti	None	20,000	10,000	20,000	10,000	-
Victor T. Aellen	None	8,000	4,000	8,000	4,000	-
Leonard M. Rhoades	None	16,000	8,000	16,000	8,000	-
David Iannacconi	None	20,000	10,000	20,000	10,000	-
Chris J. Kaskow <sup>3</sup>	None	60,000	30,000	60,000	30,000	-
Tom Vaughn <sup>3</sup>	None	83,340	41,670	83,340	41,670	-
Mathew Todd Frailey	None	30,000	15,000	30,000	15,000	-
Joseph Simone <sup>2</sup>	None	60,000	30,000	60,000	30,000	-
Robert Katan	None	20,000	10,000	20,000	10,000	-
David Vezzetti	None	20,000	10,000	20,000	10,000	-
Y. Shmuel Herz	None	16,670	8,335	16,670	8,335	-
Sean Hajo	None	30,000	15,000	30,000	15,000	-
Michael J. Simone <sup>3</sup>	None	100,000	50,000	100,000	50,000	-
Randolph Wallace	None	20,000	10,000	20,000	10,000	-

<b>Security Holder (natural persons with power to vote or to dispose of the securities offered)</b>	<b>Position or Material Relationship</b>	<b>Number of Shares Held Before the Offering</b>	<b>Number of Warrants Held Before the Offering</b>	<b>Number of Shares Offered for the Selling Security Holder Accounts</b>	<b>Number of Shares Underlying Warrants Offered for the Selling Security Holder Accounts</b>	<b>Percentage of Shares Owned By the Selling Security Holders After the Offering<sup>1</sup></b>
Joseph Hope	None	20,000	10,000	20,000	10,000	-
Arno Gassner	None	50,000	25,000	50,000	25,000	-
Wayne Todd Ervin	None	83,000	41,500	83,000	41,500	-
V K Mullins	None	10,000	5,000	10,000	5,000	-
Carol H Cassidy	None	10,000	5,000	10,000	5,000	-
Sueperior Investments LLC (Susan DeMarco)	None	20,000	10,000	20,000	10,000	-
Klimkin Associated SA (Karl-Heinz Hemmerle) <sup>3</sup>	None	50,000	25,000	50,000	25,000	-
Stewart Kennedy <sup>3</sup>	None	10,000	5,000	10,000	5,000	-
Dominik Zehnder	None	20,000	10,000	20,000	10,000	-
Michael J. Simone <sup>3</sup>	None	50,000	25,000	50,000	25,000	-
Michael Monaco	None	100,000	50,000	100,000	50,000	-
Stewart Kennedy <sup>3</sup>	None	40,000	20,000	40,000	20,000	-
Antonio Herrero	None	83,300	41,650	83,300	41,650	-
Carla and Mark Coyle	None	15,000	7,500	15,000	7,500	-
Victoria Stapleton	None	10,000	5,000	10,000	5,000	-
Laurence Maguire	None	17,000	8,500	17,000	8,500	-
Michael B. Oring	None	140,000	70,000	140,000	70,000	-

The following selling security holders are broker-dealers. These security holders are not underwriters. These security holders obtained their respective securities as commissions on the above offering. The following table's warrant exercise price is \$0.72.

Security Holder (natural persons with power to vote or to dispose of the securities offered)	Position or Material Relationship	Number of Shares Held Before the Offering	Number of Warrants Held Before the Offering	Number of Shares Offered for the Selling Security Holder Accounts	Number of Shares Underlying Warrants Offered for the Selling Security Holder Accounts	Percentage of Shares Owned By the Selling Security Holders After the Offering <sup>1</sup>
CR Innovations AG (Christian Russenberger) <sup>5</sup>	None	0	122,640	0	122,640	-
JTE Finanz AG (Joe Eberhard <sup>7</sup> )	None	0	35,700	0	35,700	-
Chris Trina	None	0	7,350	0	7,350	-
Quentin Bischoff	None	0	1,500	0	1,500	-
Todd McKnight	None	0	21,000	0	21,000	-

<sup>1</sup> Shares in excess of 1%; warrants in excess of 1% in parenthesis

<sup>2</sup> Purchased shares under the offering on three occasions:

Harvey and Harolyn Glicker for a total of 133,300 shares

Joseph Simone for a total of 210,000 shares

<sup>3</sup> Purchased shares under the offering on two occasions:

Victor T. Aellen for a total of 24,000 shares

Klimkin Associated SA for a total of 150,000 shares

Crenshaw Family Partnership, Ltd. for a total of 500,000 shares

Southwest Securities, Inc. FBO Steve Nelson IRA for a total of 35,000 shares

Southwest Securities, Inc. FBO Mishawn M. Nelson IRA for a total of 45,000 shares

Dr. Frank M. Andrews for a total of 45,000 shares

Tom Vaughn for a total of 116,670 shares

Chris J. Kaskow for a total of 120,000 shares

Mauricio A Platacuadros for a total of 50,000 shares

Michael J. Simone for a total of 150,000 shares

Stewart Kennedy for a total of 50,000 shares

<sup>4</sup> Germal GmbH (with Hansruedi Schumacher as voting power) and Hansruedi Schumacher purchased shares under the offering

<sup>5</sup> Elsbeth Russenberger and Christian Russenberger are married

<sup>6</sup> Global Undervalued Investment (with George Scherrer as voting power) and George Scherrer purchased shares under the offering

<sup>7</sup> Joe Eberhard owns 400,000 shares

## PLAN OF DISTRIBUTION

Providence is registering a total of 19,193,070 shares of common stock and shares underlying warrants to purchase common stock for resale on behalf of our selling security holders. The selling security holders or pledgees, donees, transferees or other successors in interest selling shares received from a named selling security holder as a gift, partnership distribution or other non-sale-related transfer after the effective date of this registration statement may sell the shares from time to time. Registration of the common stock does not mean, however, that the common stock will be offered or sold. The selling security holders may also decide not to sell all or any of the shares they are allowed to sell under this registration statement.

The selling security holders will act independently of Providence in making any decision with respect to the timing, manner and size of each sale. The sales may be made in negotiated transactions or on the over-the-counter market at prevailing market prices or privately negotiated prices. The selling security holders could effect such transactions by selling the shares to or through broker-dealers by one or more of, or a combination of, the following mechanisms:

- a block trade in which the broker-dealer so engaged attempts to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction,
- purchases by a broker-dealer as principal and resale by such broker-dealer for its account pursuant to this registration statement,
- an exchange distribution in accordance with the rules of such exchange,
- ordinary brokerage transactions and transactions in which the broker solicits purchasers, and
- privately negotiated transactions.

Providence will file post-effective amendments to this registration statement as required, to include any additional or changed material information pertinent to this plan of distribution or any facts or events, which individually or together represent a fundamental change in the information contained in this registration statement. Further, Providence's responsibilities will include the obligation to file a post-effective amendment to this registration statement upon being notified by a selling security holder that any material arrangement has been entered into with a broker-dealer for the sale of shares through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker-dealer. Post-effective amendment will disclose:

- the name of each such selling shareholder and the participating broker-dealer,
- the number of shares involved,
- the price at which such shares will be sold,
- the commissions paid or discounts or concessions allowed to such broker-dealer, where applicable,
- that such broker-dealer did not conduct any investigation to verify the information set out or incorporated by reference in this registration statement, and
- additional facts material to the transaction.

The selling security holders could enter into hedging transactions with broker-dealers in connection with distributions of Providence's common stock or otherwise. Pursuant to such transactions, broker-dealers could engage in short sales of the shares in the course of hedging the positions they assume with selling security holders. The selling security holders could also sell shares short and redeliver Providence's common stock to close out such short positions. The selling security holders could enter into an option or other transactions with broker-dealers which require the delivery to the broker-dealer of Providence's common stock. The broker-dealer could then resell or otherwise transfer such shares pursuant to this registration statement. The selling security holders could also loan or pledge the shares to a broker-dealer. The broker-dealer may sell common stock so loaned, or upon default the broker-dealer may sell the pledged shares pursuant to this registration statement.

Broker-dealers or agents may receive compensation in the form of commissions, discounts or concessions from the selling security holders. Broker-dealers or agents may also receive compensation from the purchasers of Providence's common stock for whom they act as agents or to whom they sell as principals, or both. Compensation as to a particular broker-dealer might be in excess of customary commissions and will be in amounts to be negotiated in connection with our common stock.

Selling security holders, broker-dealers and agents may be deemed to be “underwriters” within the meaning of Section 2(11) of the Securities Act of 1933, as amended, in connection with the sale of the shares. Accordingly, any commission, discount or concession received by them and any profit on the resale of Providence’s common stock purchased by them may be deemed to be underwriting discounts or commissions under the Securities Act. Since the selling security holders may be deemed to be “underwriters” within the meaning of Section 2(11) of the Securities Act, the selling security holders will be subject to the registration statement delivery requirements of the Securities Act. Further, any securities covered by this registration statement which qualify for sale pursuant to Rule 144 promulgated under the Securities Act may be sold under Rule 144 rather than pursuant to this registration statement.

The selling security holders have advised Providence that they have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of their securities. No underwriter or coordinating broker is acting in connection with the proposed sale of shares by the selling security holders.

Providence’s common stock may be sold only through registered or licensed brokers if required under applicable state securities laws. Further, in certain states, our common stock can not be sold unless registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and met.

Under the applicable rules and regulations of the Exchange Act, any person engaged in the distribution of Providence’s common stock may not simultaneously engage in market making activities with respect to Providence’s shares for a period of five business days prior to the commencement of such distribution. Further, each selling security holder will be subject to the applicable provisions of the Exchange Act and the associated rules and regulations under the Exchange Act, including Regulation M, which provisions limit the timing of purchases and sales of shares of Providence’s common stock by the selling security holders. Providence will make copies of this registration statement available to the selling security holders and have informed them of the need for delivery of copies of this registration statement to purchasers at or prior to the time of any sale of our common stock.

Providence will bear all costs, expenses and fees in connection with the registration of our common stock. The selling security holders will bear all commissions and discounts, if any, attributable to the sales of shares. The selling security holders may agree to indemnify any broker-dealer or agent that participates in transactions involving sales of the shares against certain liabilities, including liabilities arising under the Securities Act.

## **LEGAL PROCEEDINGS**

Providence is not a party to any pending legal proceeding or litigation. Further, Providence’s officers and directors know of no legal proceedings against them or Providence’s business being contemplated by any governmental authority.



## DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

The following table sets forth the name, age and position of each director and executive officer of Providence:

<i>Name</i>	<i>Age</i>	<i>Position(s) and Office(s)</i>
Nora Coccaro	50	Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, and Director
Markus Mueller	48	Chairman of the Board of Directors

**Nora Coccaro** was appointed to Providence's board of directors and as our chief executive officer, chief financial officer and principal accounting officer on November 16, 1999. She will serve until the second succeeding annual meeting and until such time as a successor is elected and qualified.

Ms. Coccaro also serves as an officer and director (December 2005 to present) of Newtech Resources, Inc., an OTC:BB quoted company without current operations, an officer and director (from January 15, 2000 to present) of Sona Development Corp., an OTC: BB quoted company without current operations, as an officer and director (March 2007 to present) of Enwin Resources, Inc., an OTC: BB quoted company without current operations, and as an officer and director (October 2003 to present) of ASP Ventures Corp., an OTC: BB quoted company without current operations. Ms. Coccaro has also served as an officer and director (February 2004 to March 2007) of Solar Energy Limited, an OTC: BB quoted company involved in the development of alternative sources of energy, as an officer and director (February 2000 to January 2004) of OpenLimit, Inc., an OTC: BB quoted company involved in credit card encryption technology, as a director (1998 until May 1999) of Americana Gold & Diamond Holdings, Inc. an OTC: BB quoted company without current operations, and as an officer and director (1997 until 1999) of Black Swan Gold Mines, a Toronto Senior Listing company with diamond exploration activities in Brazil. Ms. Coccaro has also acted as the Consul of Uruguay to Western Canada. Ms. Coccaro attended medical school at the University of Uruguay before becoming involved in the management of public entities.

**Markus Mueller** was appointed to Providence's board of directors on May 28, 2003, and was appointed as Chairman of the Board of directors on October 26, 2006. He will serve until the third succeeding annual meeting and until such time as a successor is elected and qualified.

Mr. Mueller also serves as a director (August 2000 to present) of Scherrer & Partner Portfolio Management AG Zurich and of First Equity Securities AG Zurich, both of which are involved in asset management for private clients and manage investment funds. Prior to Mr. Mueller's current engagements, he acted as a director (1995 to 2000) of Jefferies AG Zurich (Switzerland) and as the managing director (1995 to 2000) of Jefferies Management AG Zug (Switzerland), both of which are also involved in asset management for private clients.

No other person is expected to make any significant contributions to Providence who is not an executive officer or director of Providence.

### Board of Directors Committees

The board of directors has not established an audit, nomination, or compensation committee. An audit committee typically reviews, acts on and reports to the board of directors with respect to various auditing and accounting matters, including the recommendations and performance of independent auditors, the scope of the annual audits, fees to be paid to the independent auditors, and internal accounting and financial control policies and procedures. Certain stock exchanges currently require companies to adopt a formal written charter that establishes an audit committee that specifies the scope of an audit committee's responsibilities and the means by which it carries out those responsibilities. In order to be listed on any of these exchanges, Providence will be required to establish an audit committee.

Directors currently are not reimbursed for out-of-pocket costs incurred in attending meetings and no director receives any compensation for services rendered as a director. Providence will most likely adopt a provision for compensating directors in the future.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information concerning the ownership of Providence's common stock as of May 24, 2007, with respect to: (i) all directors; (ii) each person known by us to be the beneficial owner of more than five percent of our common stock; and (iii) our directors and executive officers as a group.

Title of Class	Names and Addresses of Management, Nominees And Certain Beneficial Owners	Number of Shares	Percent of Class
Common	Nora Coccaro - chief executive officer, chief financial officer, principal accounting officer, and director 2610-1066 West Hastings St. Vancouver, British Columbia, Canada	353,520	0.68%
Common	Markus Mueller - chairman of the board of directors c/o FES AG, Bleicherweg 66 CH-8022 Zurich, Switzerland	7,184,384	13.72%
Common	Nicolas Mathys Weinberghohe 17 CH-6340 Baar, Switzerland	3,366,670	6.43%
Common	Bo Thorwald Berglin Splügenstrasse 12 CH-8002 Zurich, Switzerland	2,658,759	5.08%
Common	Officer and Directors as a Group	7,537,904	14.40%

### DESCRIPTION OF SECURITIES

The following is a summary of the material terms of Providence's capital stock. This summary is subject to and qualified by our articles of incorporation and bylaws.

### **Common Stock**

As of May 24, 2007, there were approximately 242 shareholders of record holding a total of 52,355,539 shares of fully paid and non-assessable common stock of the 250,000,000 shares of common stock, par value \$0.0001, authorized. The board of directors believes that the number of beneficial owners is substantially greater than the number of record holders because a portion of our outstanding common stock is held in broker "street names" for the benefit of individual investors. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

### **Preferred Stock**

As of May 24, 2007, there were no shares issued and outstanding of 25,000,000 shares of preferred stock, par value \$0.0001, authorized. Providence's preferred stock may have such rights, preferences and designations and may be issued in such series as determined by the board of directors.

### **Convertible Promissory Note**

Providence has issued (i) seven debentures in the aggregate amount of \$3,320,000 at 7% interest that are convertible into common shares at \$0.35 per share at any time until November 30, 2010, and (ii) one debenture in the amount of \$250,000 at 10% interest convertible into common shares at \$0.10 per share at any time until May 6, 2010.

### **Warrants**

Providence has issued (i) 348,000 common share purchase warrants exercisable at \$0.30 per share at any time until December 1, 2010, (ii) 6,684,960 common share purchase warrants exercisable at \$1.00 per share at any time until July 25, 2009, (iii) 188,190 common share purchase warrants exercisable at \$0.72 per share at any time until November 7, 2009, and (iv) 46,500 common share purchase warrants exercisable at \$0.72 per share at any time until November 20, 2009.

### **Transfer Agent and Registrar**

Providence's transfer agent and registrar is Interwest Transfer, 1981 E. Murray-Holladay Road, Holladay, Utah, 84117-5164. Interwest's phone number is (801) 272-9294.

### **INTEREST OF NAMED EXPERTS AND COUNSEL**

No expert or counsel whose services were used in the preparation of this prospectus was hired on a contingent basis or will receive a direct or indirect interest in Providence.

### **Legal Matters**

The validity of the shares of common stock offered hereby will be passed upon for Providence by Gerald Einhorn, Esq.

## **Auditors**

Providence's audited financial statements as of December 31, 2006 and 2005, audited by Chisholm, Bierwolf & Nilson, LLC, Providence's independent auditors, have been included in this registration statement in reliance upon the reports and review of Chisholm, Bierwolf & Nilson, LLC, given their authority as experts in accounting and auditing.

## **DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES**

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. If a claim for indemnification is asserted by such director, officer or controlling person, the registrant will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue, unless the indemnification claim is for expenses incurred by one of the registrant's directors, officers or controlling persons in the successful defense of any action, suit or proceeding.

## **DESCRIPTION OF BUSINESS**

### **Business**

Providence was incorporated under the laws of the State of Texas on February 17, 1993, as "GFB Alliance Services, Inc." We have since undergone several name changes and on May 13, 1999, pursuant to an amendment to our articles of incorporation, adopted the name "Healthbridge, Inc." During early 2002 we acquired exclusive ownership of the Valides® Modular Infectious Waste Disposal System and the Medides System. The acquisition included all the intellectual property associated with the technologies including patents, patents pending, proprietary software, and licenses required to manufacture, operate and market these technologies worldwide. Prior to year end 2005 we decided to discontinue all operations connected to the Valides® Modular Infectious Waste Disposal System and the Medides System due to our inability to successfully commercialize this technology.

Providence decided to enter into the oil and gas business in November of 2005. We executed a secured promissory note with Providence Exploration dated December 1, 2005, to loan up to \$5,000,000 to fund its oil and gas exploration and development activities and lease purchases. On April 10, 2006, we executed a Securities Exchange Agreement with Providence Exploration and the membership unit holders of Providence Exploration and concurrently entered into a Note Exchange Agreement with the holders of certain of Providence Exploration's promissory notes, which agreements resulted in the acquisition of Providence Exploration as a wholly owned subsidiary on September 29, 2006. Our name was effectively changed from "Healthbridge, Inc." to "Providence Resources, Inc." on October 3, 2006.

Providence is now involved in the exploration and development of oil and gas in Hamilton, Comanche and Val Verde Counties, Texas. We are also involved in the purchase, refurbishment and sale of drilling and service rigs through Providence Exploration's wholly owned subsidiary PDX Drilling I, LLC on site in Young County, Texas.

### ***Oil and Gas Exploration in Comanche and Hamilton Counties***

On October 1, 2005, Providence Exploration purchased interests in approximately 6,272 acres of oil and gas leases located in Comanche and Hamilton Counties, Texas, from Harding Company, in exchange for \$3,136,273. Providence Exploration acquired a 90% working interest while Harding Company retained a 10% working interest in the leases. Providence Exploration is entitled to earn a 68.4% net revenue interest subject to fulfilling its financial commitments to the exploration and development of the leases. Harding Company remains responsible for conducting seismic research on the leases, making recommendations on drill site locations, and drilling and operating wells located on the leases.

Providence Exploration is responsible for one hundred percent (100%) of the costs associated with conducting the seismic program, drilling, and completing the wells on the project. Harding Company is responsible for ten percent (10%) of future expenses related to the shipment of any gas produced from project wells. Under this arrangement, Providence Exploration intends to develop and produce oil and gas from the Marble Falls and Barnett Shale and Strawn formations in prospect specific areas of the Fort Worth basin.

#### **Harding Company.**

Harding Company ([www.hardingcompany.com](http://www.hardingcompany.com)) is a 52 year old, Dallas-based oil and gas exploration, development and operating company. While Harding Company has conducted operations throughout Texas and the region, it is currently primarily engaged in conducting operations in the Barnett Shale. Harding Company has extensive experience in implementing 3D seismic and horizontal drilling techniques.

#### **Development Activities to Date.**

Since executing a Joint Exploration Agreement, Providence Exploration and Harding Company have completed seismic and initial seismic and drilling operations. Based on the results of these seismic operations, Providence Exploration acquired an additional 1,102.53 acres in Comanche County from Harding Company in July of this year for \$330,751.50, bringing the total acreage leased by us in Comanche and Hamilton Counties to 7,374 acres. Results obtained, as available, for the four initial drill sites in Comanche County are as follows:

- The Marrs # 1 well has been drilled to test the Strawn formation. An evaluation of the well is in process.
- The Steward #1H well was completed in the Barnett Shale formation and fractures stimulated in three individual fracture stages on October 27, 2006. The well flowed back fracture treatment fluid from October 27 to November 6, 2006, which was followed by swabbing, that resulted in the recovery of 98% of the fluid treatment volume. Gas lift with nitrogen was conducted to increase fluid recovery and total treatment recovery was increased to 132%. However, a high water production rate of greater than 1,000 barrels of water per day hindered prospective gas production which prevented a commercial Barnett Shale completion. Operations at the Steward #1H are currently suspended pending further evaluation.

- The Nowell #1H well was completed in the Barnett Shale formation and fractures stimulated in four individual fracture stages on October 25, 2006. The well flowed back fracture treatment fluid until tubing was run in the well. Artificial lift operations were conducted using a swab unit followed by gas lift with nitrogen. Gas lift was installed to remove fluids at an increased rate. To date, a volume equal to 95% of the total fluid treatment volume has been recovered from the Barnett Shale completion. A high water production rate of greater than 1,000 barrels of water per day gas production has hindered gas production and prevented a commercial Barnett Shale completion. The initial Barnett Shale completion has since been abandoned with a cast iron bridge plug set over the Barnett Shale perforations and a recompletion to the Ellenberger breccia porosity is currently being tested. The Ellenberger breccia porosity has been perforated and swabbed down with a showing of oil and limited water production. Harding intends to conduct an acid treatment on the well and to test the Ellenberger breccia porosity further for oil and gas.
- The Patton #2H well has been drilled 3,752 feet into the Ellenberger formation and subsequently logged. The logs are being reviewed and evaluated at this time. The well is located in close proximity to the Providence-owned pipeline infrastructure.

Our oil and gas pipeline infrastructure is a five mile, 6 and 5/8 inch, pipeline gathering system in Southeast Comanche County which has been constructed by Comanche County Pipeline, LLC, a partnership owned 90% by Providence Exploration, LLC and 10% by Harding Company and others. The system will gather gas to an existing hydrocarbon dew point control plant that will be capable of handling any gas production. Should gas production reach 500 MCF per day the system will need to be extended. An extension would increase capacity to as much as 5,000 MCF per day and would be able to deliver volumes directly into an existing Atmos Texas Pipeline system in Hamilton County. Our gathering system is designed and constructed to meet or exceed all Department of Transportation and Texas Railroad Commission regulations. When the system is complete, it will allow future production to flow directly to competitive markets which will assure consistent prices for any production. Providence has suspended any further drilling on the Comanche and Hamilton County leases until such time as a full evaluation of those drill results obtained to date can be properly analyzed to determine future prospects for gas production from these leases.

### ***Oil and Gas Exploration in Val Verde County***

On March 30, 2006, Providence Exploration purchased approximately 12,832 acres of oil and gas leases located in Val Verde County, Texas from Global Mineral Solutions, L.P. located in Val Verde County, Texas, in exchange for \$3,849,600, of which \$1,924,800 was paid in cash and \$1,924,800 by a promissory note which was converted into 3,500,000 shares of our common stock on October 4, 2006. Global Mineral Solutions, L.P. retained a thirteen percent (13%) carried interest in the leases that will convert to a 13% working interest after the completion of the first eight wells.

#### **Description of Val Verde Target.**

The Val Verde leases include multiple deep drilling targets for natural gas exploration, development and production within the Ellenberger carbonate, Strawn carbonate and Pennsylvanian-Wolfcamp sandstone reservoirs.

### TRNCO Petroleum Corporation.

Providence recently engaged TRNCO Petroleum Corporation of Midland, Texas to implement an I/O System Two recording system in combination with the latest generation of state-of-the-art acquisition and processing parameters to obtain high quality 3D seismic data for those leases located in Val Verde County. The data is intended to illuminate deep gas targets at depths ranging from 14,000 to 16,000 feet within the identified carbonates. TRNCO will supervise the acquisition, processing, licensing and interpretation of all seismic data and has engaged Dawson Geophysical Company to be responsible for obtaining the actual 3D seismic data. Founded in 1952, Dawson is a leading provider of onshore seismic data acquisition and processing services that operates two state-of-the-industry data processing centers in Houston and Midland, Texas, staffed by experienced geophysicists. The processing professionals use the latest kits of powerful processing tools and back their analytical excellence with practical geophysical field experience in correlating complex producing horizons. Dawson's prior experience in the Val Verde Basin is expected to be of considerable benefit to Providence in acquiring reliable 3D seismic data.

Permitting, seismic data acquisition and interpretation is expected to require up to six months with plans for immediate drilling on the Val Verde leases anticipated immediately thereafter. Val Verde County has substantial gas gathering systems and pipeline infrastructure in place that will facilitate delivery of prospective production from the leases.

### ***Acquisition and Disposition of Drilling and Service Rigs***

PDX Drilling I, LLC, a wholly owned subsidiary of Providence Exploration, was formed to acquire, refurbish and sell drilling and service rigs, in addition to providing drilling services. Drilling rigs are used to drill oil and gas wells while service rigs are used to rework and maintain existing oil and gas wells. PDX initially acquired one drilling rig, two service rigs, and the basic components to build two additional drilling rigs. Subsequently, PDX sold one service rig and one drilling rig. The other service rig was destroyed in an accident and PDX currently has a claim against the insurance for this rig. Due to a slow down in the drilling and service rig market in late 2005 and 2006 PDX decided to wind down its drilling and service rig acquisition and sales operations. PDX is now in the process of selling the components for the two remaining drilling rigs.

### ***Provision of Drilling Services***

During the last half of 2005 and the first calendar quarter of 2006, PDX provided drilling services to operators in the area surrounding Graham, Texas. During such period, PDX drilled four wells and serviced a number of existing wells. PDX has since ceased to offer drilling services due to difficulties associated with engaging qualified personnel and operators to provide such services and an overall increase in costs associated with providing drilling services.

### **Competition**

The oil and gas business in Texas is highly competitive. We compete with over 1,000 independent companies, many with greater financial resources and larger staff than we have available. Texas hosts approximately 40 significant independent operators including Marathon Oil, Houston Exploration Company and Newfield Exploration Company in addition to over 950 smaller operations with no single producer dominating the area. Major operators such as Exxon, Shell Oil, ConocoPhillips, Mobil and others that are considered major players in the oil and gas industry retain significant interests in Texas. We believe that we can successfully compete against the independent companies by focusing our efforts on the efficient development of our leases.

## **Market**

The products to be sold by us, oil and natural gas, are commodities purchased by many distribution and retail companies. Crude oil can be sold whenever it is produced subject to transportation cost. Natural gas requires transportation from point of production to the purchaser by pipeline.

## **Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements and Labor Contracts**

We currently have no patents, trademarks, licenses, franchises, concessions, or labor contracts. However, the leases acquired for oil, gas and mineral interests do provide for the provision of royalty payments in the event that production is realized from the leases.

## **Government Regulation of Exploration and Production**

Providence's oil and gas exploration, including future production and related operations are subject to extensive rules and regulations promulgated by federal and state agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry adds to our cost of doing business and affects our profitability. Because such rules and regulations are frequently amended or interpreted differently by regulatory agencies, we are unable to accurately predict the future cost or impact of complying with such laws.

Providence's oil and gas exploration and future production operations are and will be affected by state and federal regulation of gas production, federal regulation of gas sold in interstate and intrastate commerce, state and federal regulations governing environmental quality and pollution control, state limits on allowable rates of production by a well or pro-ration unit and the amount of gas available for sale, state and federal regulations governing the availability of adequate pipeline and other transportation and processing facilities, and state and federal regulation governing the marketing of competitive fuels. For example, a productive gas well may be "shut-in" because of an over-supply of gas or lack of an available gas pipeline in the areas in which we may conduct operations. State and federal regulations generally are intended to prevent waste of oil and gas, protect rights to produce oil and gas between owners in a common reservoir, control the amount of oil and gas produced by assigning allowable rates of production and control contamination of the environment. Pipelines are subject to the jurisdiction of various federal, state and local agencies.

Many state authorities require permits for drilling operations, drilling bonds and reports concerning operations and impose other requirements relating to the exploration and production of oil and gas. Such states also have ordinances, statutes or regulations addressing conservation matters, including provisions for the unitization or pooling of properties, the regulation of spacing, plugging and abandonment of wells, and limitations establishing maximum rates of production from wells. However, no Texas regulations provide such production limitations with respect to our operations.

## **Environmental Regulation**

The recent trend in environmental legislation and regulation has been generally toward stricter standards, and this trend will likely continue. Providence does not presently anticipate that we will be required to expend amounts relating to future oil and gas production operations that are material in relation to our total capital expenditure program by reason of environmental laws and regulations, but because such laws and regulations are subject to interpretation by enforcement agencies and are frequently changed by legislative bodies, we are unable to accurately predict the ultimate cost of such compliance for 2007.



Providence is subject to numerous laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the types, quantities and concentration of various substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands, and areas containing threatened and endangered plant and wildlife species, and impose substantial liabilities for unauthorized pollution resulting from our operations.

The following environmental laws and regulatory programs appear to be the most significant to our operations in 2007:

***Clean Water and Oil Pollution Regulatory Programs*** – The federal Clean Water Act (“CWA”) regulates discharges of pollutants to surface waters. The discharge of crude oil and petroleum products to surface waters also is precluded by the Oil Pollution Act (“OPA”). Our operations are inherently subject to accidental spills and releases of crude oil and drilling fluids that may give rise to liability to governmental entities or private parties under federal, state or local environmental laws, as well as under common law. Minor spills may occur from time to time during the normal course of our future production operations. We will maintain spill prevention control and countermeasure plans (“SPCC plans”) for facilities that store large quantities of crude oil or petroleum products to prevent the accidental discharge of these potential pollutants to surface waters.

***Clean Air Regulatory Programs*** – Our operations are subject to the federal Clean Air Act (“CAA”), and state implementing regulations. Among other things, the CAA requires all major sources of hazardous air pollutants, as well as major sources of certain other criteria pollutants, to obtain operating permits, and in some cases, construction permits. The permits must contain applicable Federal and state emission limitations and standards as well as satisfy other statutory and regulatory requirements. The 1990 Amendments to the CAA also established new monitoring, reporting, and recordkeeping requirements to provide a reasonable assurance of compliance with emission limitations and standards. Providence currently obtains construction and operating permits for our compressor engines; we are not presently aware of any potential adverse claims in this regard.

***Waste Disposal Regulatory Programs*** – Our operations will generate and result in the transportation and disposal of large quantities of produced water and other wastes classified by EPA as “non-hazardous solid wastes”. The EPA is currently considering the adoption of stricter disposal and clean-up standards for non-hazardous solid wastes under the Resource Conservation and Recovery Act (“RCRA”). In some instances, EPA has already required the clean up of certain non-hazardous solid waste reclamation and disposal sites under standards similar to those typically found only for hazardous waste disposal sites. It also is possible that wastes that are currently classified as “non-hazardous” by EPA, including some wastes generated during our drilling and production operations, may in the future be reclassified as “hazardous wastes”. Because hazardous wastes require much more rigorous and costly treatment, storage, transportation and disposal requirements, such changes in the interpretation and enforcement of the current waste disposal regulations would result in significant increases in waste disposal expenditures.

***The Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) –*** CERCLA, also known as the “Superfund” law, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to have caused or contributed to the release or threatened release of a “hazardous substance” into the environment. These persons include the current or past owner or operator of the disposal site or sites where the release occurred and companies that transported disposed or arranged for the disposal of the hazardous substances under CERCLA. These persons may be subject to joint and several liabilities for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources. Providence is not presently aware of any potential adverse claims in this regard.

***Texas Railroad Commission*** – The State of Texas has promulgated certain legislative rules pertaining to exploration, development and production of oil and gas that are administered by the Texas Railroad Commission. The rules govern permitting for new drilling, inspection of wells, fiscal responsibility of operators, bonding wells, the disposal of solid waste, water discharge, spill prevention, liquid injection, waste disposal wells, schedules that determine the procedures for plugging and abandonment of wells, reclamation, annual reports and compliance with state and federal environmental protection laws. We believe that we will function in compliance with these rules.

We believe that all of our operations are in substantial compliance with current applicable federal, state and local environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse effect our financial position, cash flows or results of operations. There can be no assurance, however, that current regulatory requirements will not change, currently unforeseen environmental incidents will not occur or past non-compliance with environmental laws or regulations will not be discovered.

### **Employees**

Providence currently has 2 employees and 1 consultant and uses an independent operator to operate and manage our interests in oil and gas operations. Providence uses consultants, attorneys, and accountants as necessary to assist in the development of our business.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This *Management’s Plan of Operation and Results of Operations* and other parts of this prospectus contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can also be identified by words such as “anticipates,” “expects,” “believes,” “plans,” “predicts,” and similar terms. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the subsection entitled *Forward-Looking Statements and Factors That May Affect Future Results and Financial Condition* below. The following discussion should be read in conjunction with our financial statements and notes thereto included in this prospectus. Our fiscal year end is December 31.

### **General**

Providence’s current financial condition and results of operations depend primarily on private financing activities. Providence Exploration has a limited history of generating revenue, which cannot be viewed as an indication of continued growth, and a historical record of incurring losses. Should Providence be unable to generate revenue to the point where we can realize net cash flow, such failure will have an impact on our ability to continue business operations.

## **Business Strategy**

Over the next twelve months, Providence intends to:

- produce a full evaluation of prospects within the Marble Falls, Barnett Shale and Strawn leases;
- continue post drilling “fracing” in the Marble Falls and Barnett Shale leases (fracing is the fracturing of geologic formations which open up pathways for the oil or gas to flow to the well);
- explore to develop the Marble Falls and Barnett Shale and Strawn leases for oil and gas production with Harding Company;
- seismically explore the Val Verde leases with TRNCO Petroleum Corporation;
- interpret the Val Verde seismic data; and
- develop the Val Verde leases with multiple deep drilling targets for natural gas production.

Providence’s business development strategy is prone to significant risks and uncertainties that can have an immediate impact on efforts to realize net cash flow. This impact may deter future prospects of revenue.

## **Results of Operations**

During the three month period ended March 31, 2007, Providence was involved in (i) finalizing those agreements pertaining to the seismic exploration activities on the Vale Verde leases with TRNCO, (ii) raising additional capital by way of loans to fund the exploration, and development of our properties and (iii) evaluating the results of drilling on the Marble Falls and Barnett Shale leases.

During the year ended December 31, 2006, Providence was involved in (i) finalizing those agreements pertaining to the acquisition of Providence Exploration, and (ii) raising additional capital by way of common stock offerings to fund the exploration, development and prospective production from those properties Providence Exploration has under lease.

During the year ended December 31, 2006, Providence Exploration (i) realized revenues from servicing equipment sales, (ii) completed the purchase of the Val Verde County leases, (iii) began seismic exploratory preparation on the Val Verde County leases, (iv) initiated seismic operations, identified drill sites and acquired an additional 1,103 acres in the Marble Falls and Barnett Shale leases, and (v) commenced drilling on the Marble Falls and Barnett Shale formations.

The Company expects to realize revenues within the next twelve months of operation on realization of gas production from drilling on the Val Verde leases and from servicing equipment sales. However, since we are still in the exploratory stage, we can provide no assurance that our oil and gas operations will ever produce revenue or that our efforts to generate revenue from servicing equipment sales will be successful.

In the near term, we will not be able to generate sufficient cash flow from operations to sustain our business as we continue to incur lease development expenses. Further, there can be no assurance that Providence will ever be able to generate sufficient cash flows to sustain operations. Our business development strategy is prone to significant risks and uncertainties, certain of which can have an immediate impact on our efforts to realize positive net cash flow and deter the prospect of future revenue.

## ***Losses***

Net losses for the three month period ended March 31, 2007, increased to \$277,554 from \$91,987 for the three month period ended March 31, 2006. The increase in net losses over the comparative three month periods can be primarily attributed to an increase in general and administrative expenses. The Company did not generate any revenues during this period.

Net losses for the year ended December 31, 2006, increased to \$6,761,584 from \$944,857 for the year ended December 31, 2005. The increase in net losses over the comparative periods can be attributed to an increase in general and administrative expenses and interest expenses. Providence generated limited revenues during this period.

For the period from February 17, 1993 to March 31, 2007, Providence recorded an accumulated operating loss of \$16,177,706. Our operating loss is primarily attributable to general and administrative expenses, interest expenses on financings, and losses incurred as the result of discontinued operations related to the Valides® and Medides Systems medical waste sterilization and disposal technologies.

We will likely continue to operate at a loss through fiscal 2007 due to the nature of Providence's oil and gas exploration and development operations and cannot be certain that we will ever generate revenue from operations.

### ***Expenses***

General and administrative expenses for the three month period ended March 31, 2007, increased to \$220,469 from \$98,806 for the three month period ended March 31, 2006. The increase in general and administrative expenses over the comparative three month periods can be primarily attributed to increases in legal, consulting and accounting costs.

General and administrative expenses for the year ended December 31, 2006, increased to \$2,121,062 from \$468,677 for the year ended December 31, 2005. The increase in general and administrative expenses over the comparative periods can be primarily attributed to increases in legal, consulting and accounting costs related to the Providence Exploration acquisition, oil and gas development expenses, and our common stock offering.

For the period from February 17, 1993 to March 31, 2007, Providence recorded general and administrative expenses of \$7,675,893. General and administrative expenses include salaries, consulting fees, professional costs, and accounting expenses.

Providence expects that general and administrative expenses will continue to increase as long as exploration activities remain active.

Interest expenses for the three month period ended March 31, 2007, increased to \$68,400 from \$65,334 for the three month period ended September 30, 2005. The increase in interest expense over the comparative three month periods can be attributed to the financing related to outstanding convertible debentures with a principal value equal to \$3,570,000 as of March 31, 2007.

Interest expenses for the year ended December 31, 2006, increased to \$5,102,503 from \$200,517 for the year ended December 31, 2005. The increase in interest expense over the comparative periods can be attributed to the accrued interest on the eight outstanding convertible debentures, the differences between market values and transaction values for shares issued for principal and interest on the eight convertible debentures, and the below-market value warrants issued in the recent equity financing.

For the period from February 17, 1993 to March 31, 2007, Providence recorded interest expenses on financings of \$5,512,040.

Providence expects that interest expenses will continue to increase until such time as the outstanding convertible debentures are retired.

Depreciation expenses for the three months ended March 31, 2007 and 2006 were \$8,100 and \$1,019 respectively.

Depreciation expenses for the years ended December 31, 2006 and 2005 were \$9,544 and \$491 respectively.

### ***Capital Expenditures***

Providence spent no amounts on capital expenditures for the period from February 17, 1993 (inception) to March 31, 2007, except those costs of unproved properties acquired with Providence Exploration, pipeline construction and related exploration costs.

### **Income Tax Expense (Benefit)**

Providence has an income tax benefit resulting from net operating losses that may offset any future operating profit.

### **Impact of Inflation**

Providence believes that inflation has had an effect on Providence Exploration's operations due to the increased interest in oil and gas exploration over the last three years which has increased prices for labor, maintenance services, and equipment. We believe that we can offset these inflationary increases by improving operating efficiencies.

### **Liquidity and Capital Resources**

Providence had current assets of \$1,682,935 and total assets of \$30,309,289 as of March 31, 2007. These assets include cash on hand of \$458,322, drilling rig inventory of \$724,515, and undeveloped oil and gas leases of \$27,030,845. Stockholders equity in Providence was \$23,874,551 at March 31, 2007.

Providence had current assets of \$2,264,758 with total assets of \$29,795,787 as of December 31, 2006. These assets include cash on hand of \$1,540,145 and undeveloped oil and gas leases of \$26,266,981. Stockholders equity in Providence was \$24,152,133 at December 31, 2006.

Cash flows used in operating activities were \$512,346 for the three month period ended March 31, 2007, compared to \$136,555 for the three month period ended March 31, 2006. The change in cash flows used in operating activities during the current period is due primarily to an increase in net losses, and increases in prepaid expenses related to the initial advance under the seismic agreement with TRNCO.

Cash flows used in operating activities were \$211,623 for the year ended December 31, 2006, compared to \$232,857 used in operating activities the year ended December 31, 2005. Cash flows used in operating activities during the current period are primarily due to an increase in net losses.

Cash flows used in investing activities were \$1,103,425 for the three month period ended March 31, 2007, compared to \$1,132,320 for the three month period ended March 31, 2006. Cash flows used in investing activities during the current period was due to the amounts paid towards the completion of the gas pipeline constructed with Harding Company in Comanche County.

Cash flows used in investing activities were \$8,379,886 for the year ended December 31, 2006, compared to \$3,075,000 for the year ended December 31, 2005. Cash flows used in investing activities during the current period consisted of advances to Providence Exploration prior to its acquisition and the acquisition of property and equipment.

Cash flows from financing activities were \$533,956 for the three month period ended March 31, 2007, as compared to \$0 for the three month period ended March 31, 2006. Cash flows from financing activities during the current period consisted primarily of a short term loan of \$500,000.

Cash flows provided by financing activities were \$8,096,026 for the year ended December 31, 2006, as compared to \$5,296,952 provided by financing activities for the year ended December 31, 2005. Cash flows provided by financing activities during the current period were generated primarily from the sale of our common stock.

Providence had a working capital deficit of \$814,488 as of March 31, 2007, and has funded its cash needs from inception through revenues and a series of debt and equity transactions, including several private placements. We do not believe that our current assets are sufficient to conduct our exploration and development activities over the next twelve (12) months. No assurances can be given that additional funding, as needed to explore and develop our lease interests will be available to us on acceptable terms or available at all. Our inability to obtain funding, as necessary, would have a material adverse affect on our business.

Providence has no current plans for the purchase or sale of any plant or equipment.

Providence has no current plans to make any changes in the number of employees.

### **Forward Looking Statements and Factors That May Affect Future Results and Financial Condition**

The statements contained in the section titled *Management's Plan of Operations*, with the exception of historical facts, are forward looking statements within the meaning of Section 27A of the Securities Act. A safe-harbor provision may not be applicable to the forward looking statements made in this prospectus because of certain exclusions under Section 27A (b). Forward looking statements reflect our current expectations and beliefs regarding our future results of operations, performance, and achievements. These statements are subject to risks and uncertainties and are based upon assumptions and beliefs that may or may not materialize. These statements include, but are not limited to, statements concerning:

- our anticipated financial performance;
- uncertainties related to oil and gas exploration and development;
- our ability to generate revenues through oil and gas production to fund future operations;
- our ability to raise additional capital to fund cash requirements for future operations;
- the volatility of the stock market; and
- general economic conditions.

We wish to caution readers that Providence's operating results are subject to various risks and uncertainties that could cause our actual results to differ materially from those discussed or anticipated in this report. We also wish to advise readers not to place any undue reliance on the forward looking statements contained in this prospectus, which reflect our beliefs and expectations only as of the date of this filing. We assume no obligation to update or revise these forward looking statements to reflect new events or circumstances or any changes in our beliefs or expectations, other than is required by law.

## **Critical Accounting Policies**

In the notes to the audited consolidated financial statements for Providence for the year ended December 31, 2006, our auditors discussed those accounting policies that are considered to be significant in determining the results of operations and financial position. Our auditors believe that their accounting principles conform to accounting principles generally accepted in the United States of America.

The preparation of financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. On an on-going basis, we evaluate our estimates, including those related to bad debts, inventories, intangible assets, warranty obligations, product liability, revenue, and income taxes. We base our estimates on historical experience and other facts and circumstances that are believed to be reasonable, and the results form the basis for making judgments about the carrying value of assets and liabilities. The actual results may differ from these estimates under different assumptions or conditions.

### ***Revenue Recognition***

Revenues are recorded upon the completion of the services, with the existence of an agreement and where collectability is reasonably assured. Oil and natural gas production revenue, if any, will be recognized at the time and point of sale after the product has been extracted from the ground.

### ***Recent Accounting Pronouncements***

In February 2006, the FASB issued SFAS No. 155, "*Accounting for Certain Hybrid Financial Instruments—an amendment of FASB Statements No. 133 and 140*", to simplify and make more consistent the accounting for certain financial instruments. SFAS No. 155 amends SFAS No. 133, "*Accounting for Derivative Instruments and Hedging Activities*", to permit fair value re-measurement for any hybrid financial instrument with an embedded derivative that otherwise would require bifurcation, provided that the whole instrument is accounted for on a fair value basis. SFAS No. 155 amends SFAS No. 140, "*Accounting for the Impairment or Disposal of Long-Lived Assets*", to allow a qualifying special-purpose entity to hold a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 applies to all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006, with earlier application allowed. The adoption of this statement is not expected to have a material effect on Providence's future reported financial position or results of operations.

In March 2006, the FASB issued SFAS No. 156, "*Accounting for Servicing of Financial Assets, an amendment of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*". This statement requires all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable, and permits for subsequent measurement using either fair value measurement with changes in fair value reflected in earnings or the amortization and impairment requirements of Statement No. 140. The subsequent measurement of separately recognized servicing assets and servicing liabilities at fair value eliminates the necessity for entities that manage the risks inherent in servicing assets and servicing liabilities with derivatives to qualify for hedge accounting treatment and eliminates the characterization of declines in fair value as impairments or direct write-downs. SFAS No. 156 is effective for an entity's first fiscal year beginning after September 15, 2006. The adoption of this statement is not expected to have a material effect on Providence's future reported financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*". The objective of SFAS 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material effect on Providence's future reported financial position or results of operations.

In September 2006, the FASB issued SFAS No. 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)*". This statement requires employers to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The provisions of SFAS No. 158 are effective for employers with publicly traded equity securities as of the end of the fiscal year ending after December 15, 2006. The adoption of this statement is not expected to have a material effect on Providence's future reported financial position or results of operations.

In September 2006, the Commission issued Staff Accounting Bulletin ("SAB") No. 108, "*Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*." SAB No. 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires companies to quantify misstatements using a balance sheet and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors. SAB No. 108 is effective for periods ending after November 15, 2006. Providence is currently evaluating the impact of adopting SAB No. 108 but does not expect that it will have a material effect on its financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*". This Statement permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Providence is currently assessing the impact of SFAS No. 159 on its financial position and results of operations.

### **Going Concern**

Providence's audit expressed substantial doubt as to Providence's ability to continue as a going concern as a result of recurring losses, lack of revenue generating activities, and an accumulated deficit of \$15,914,684 as of December 31, 2006. These conditions raise substantial doubt about Providence's ability to continue as a going concern.

Management's plan to address Providence's ability to continue as a going concern includes the development and prospective production of oil and natural gas from existing leases, and the conversion of outstanding debt to equity. The successful outcome of these activities cannot be determined at this time, and there is no assurance that, if achieved, we would then have sufficient funds to execute our intended business plan or generate positive operating results.



## **DESCRIPTION OF PROPERTY**

Providence currently maintains limited office space in Canada for which we pay no rent. The address of our office is 1066 West Hastings Street Suite 2610, Vancouver, British Columbia, Canada V6E 3X2.

Providence Exploration maintains office space at 100 Crescent Court, 7<sup>th</sup> Floor, Dallas, Texas, 75201, and a warehouse in Young County, Texas. Providence Exploration's office and warehouse space are under operating leases which expire October 1, 2007. Providence Exploration paid rent of \$5,325 for the year ended December 31, 2006, and \$6,429 for the year ended December 31, 2005. Providence believes that Providence Exploration's office space and warehouse will be adequate for the foreseeable future.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Other than as disclosed below, no director, executive officer, nominee for election as a director of Providence, owner of five percent or more of Providence's outstanding shares, or any member of their immediate family, has entered into any reportable related transaction.

On September 29, 2006, the board of directors of Providence authorized the issuance of 2,160,949 shares of common stock valued at \$0.11 per share or \$242,511, to Markus Mueller, Providence's chairman of the board of directors and a significant shareholder, pursuant to a Note Exchange Agreement dated April 10, 2006.

On July 25, 2006, the board of directors of Providence authorized the issuance of 100,000 shares and 50,000 share purchase warrants to Charles Crowell, a former director, for cash consideration of \$60,000.

On April 26, 2006, the board of directors of Providence authorized the issuance of 300,000 shares of common stock valued at \$1.20 per share or \$360,000, to Nora Cocco, one of Providence's directors and sole officer, as additional consideration for consulting services rendered.

On October 25, 2005, the board of directors of Providence authorized the issuance of 2,092,293 shares of common stock valued at \$0.10 per share or \$209,229, to Mr. Mueller pursuant to an agreement for the satisfaction of debt incurred by the provision of consulting fees, certain loans made to Providence, and interest thereon.

On October 25, 2005, the board of directors of Providence authorized the issuance of 50,000 shares of common stock valued at \$0.25 per share or an aggregate of \$25,000, to Ms. Cocco as additional consideration for services rendered.

On December 5, 2004, the board of directors of Providence authorized the issuance of 2,931,142 shares of common stock to Mr. Mueller valued at \$0.07 per share, for settlement of loans to Providence of \$138,680 and consulting services rendered to Providence of \$66,500, pursuant to a Debt Settlement Agreement dated December 5, 2004.

On July 1, 2003, the board of directors of Providence entered into a consulting agreement with Mr. Mueller. The agreement has an automatic renewal provision unless terminated by either party. During the three months ended March 31, 2007 and 2006, Providence recognized consulting expense of \$22,500 and \$10,500 respectively.

On March 16, 2000, the board of directors of Providence entered into a consulting agreement with Ms. Coccoaro. The agreement has an automatic renewal provision unless terminated by either party. During the three months ended March 31, 2007 and 2006, Providence recognized consulting expense of \$22,500 and \$10,500 respectively.

## **MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS**

Providence's common stock is quoted on the Over the Counter Bulletin Board, a service maintained by the National Association of Securities Dealer, Inc., under the symbol "PVRs". Trading in the common stock over-the-counter market has been limited and sporadic and the quotations set forth below are not necessarily indicative of actual market conditions. These prices reflect inter-dealer prices without retail mark-up, mark-down, or commission, and may not necessarily reflect actual transactions. The high and low bid prices for the common stock for each of the quarters listed below are as follows:

<i><b>Year</b></i>	<i><b>Quarter Ended</b></i>	<i><b>High</b></i>	<i><b>Low</b></i>
2007	March 31	\$0.61	\$0.32
2006	December 31	\$1.00	\$0.35
	September 30	\$1.60	\$0.70
	June 30	\$2.50	\$0.96
	March 31	\$0.96	\$0.48
2005	December 31	\$0.85	\$0.13
	September 30	\$0.25	\$0.15
	June 30	\$0.23	\$0.20
	March 31	\$0.26	\$0.20

### **Dividends**

Providence has not declared any cash dividends since inception and does not anticipate paying any dividends in the foreseeable future. The payment of dividends is within the discretion of the board of directors and will depend on Providence's earnings, capital requirements, financial condition, and other relevant factors. There are no restrictions that currently limit Providence's ability to pay dividends on our common stock other than those generally imposed by applicable state law.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The objective of the Corporation's compensation program is to provide compensation for services rendered as an executive officer. The Corporation's salaries are designed to retain the services of our executive officer. The Corporation's stock awards are designed to provide compensation for extraordinary services to the Corporation. Salary and stock awards are currently the only types of compensation we utilize in our compensation program. We utilized these forms of compensation because we feel that they are adequate to retain and motivate our executive officer. The amounts we deem appropriate to compensate our executive officer are determined in accordance with market forces; we have no specific formula to determine compensatory amounts at this time. While we have deemed that our current compensatory program and the decisions regarding compensation are easy to administer and are appropriately suited for our objectives, we may expand our compensation program to any additional future employees to include options and other compensatory elements.

## Tables

The following table provides summary information for the years 2006, 2005, and 2004 concerning cash and non-cash compensation paid or accrued by Providence to or on behalf of (i) the chief executive officer and (ii) any other employee to receive compensation in excess of \$100,000.

<i>Summary Compensation Table</i>									
Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation (\$)	All Other Compensation (\$)	Total (\$)
Nora Coccoaro CEO, CFO, PAO, and director	2006	64,500	-	360,000	-	-	-	-	424,500
	2005	43,331	-	25,000	-	-	-	-	68,331
	2004	32,000	-	-	-	-	-	-	32,000

We have no “Grants of Plan-Based Awards”, “Outstanding Equity Awards at Fiscal Year-End”, “Option Exercises and Stock Vested”, “Pension Benefits”, or “Nonqualified Deferred Compensation”. Nor do we have any “Post Employment Payments” to report.

Directors receive no compensation for their services as directors.

## FINANCIAL STATEMENTS

Providence’s unaudited financial statements for the three month periods ended March 31, 2007 and 2006 are attached hereto as pages F-1 through F-23 and our audited financial statements for the periods ended December 31, 2006 and 2005 are attached hereto as pages F-24 through F-55.

PROVIDENCE RESOURCES, INC.  
(A Development Stage Company)

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PROVIDENCE RESOURCES, INC.  
(A Development Stage Company)  
CONSOLIDATED BALANCE SHEETS

	March 31, 2007 (Unaudited)	December 31, 2006 Audited
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 458,322	\$ 1,540,145
Drilling rig inventory	724,515	724,515
Prepaid expenses	500,098	98
Total current assets	<u>1,682,935</u>	<u>2,264,758</u>
<b>PROPERTY AND EQUIPMENT (Note 4) :</b>		
Oil and gas leases - undeveloped	27,030,845	26,266,981
Oil and gas pipeline (construction in progress)	1,509,734	1,170,173
Equipment, net of amortization	44,060	45,810
Total property and equipment	<u>28,584,639</u>	<u>27,482,964</u>
<b>OTHER ASSETS:</b>		
Loan origination fees, net of amortization of \$36,801	39,449	45,799
Deposits	2,266	2,266
Total other assets	<u>41,715</u>	<u>48,065</u>
Total assets	<u>\$ 30,309,289</u>	<u>\$ 29,795,787</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 1,114,729	\$ 973,591
Accrued expenses	220,111	134,121
Related party payables	105,000	75,000
Short-term note payable	500,000	-
Current portion of long-term notes payable (Note 6)	557,583	454,099
Total current liabilities	<u>2,497,423</u>	<u>1,636,811</u>
CONVERTIBLE DEBENTURES (Note 7)	3,570,000	3,570,000
LONG-TERM NOTES PAYABLE (Note 6)	216,342	319,826
Total liabilities	<u>6,283,765</u>	<u>5,526,637</u>
<b>MINORITY INTEREST IN NET ASSETS OF SUBSIDIARY</b>	<u>150,973</u>	<u>117,017</u>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$.0001 par value, 25,000,000 shares		
authorized, no shares issued and outstanding	-	-
Common stock, \$.0001 par value, 100,000,000 shares	5,185	5,185
authorized, 51,855,539 and 51,855,539 shares issued and		
outstanding, respectively		
Additional paid-in capital	40,047,072	40,047,072
Accumulated other comprehensive income	14,552	14,560
Deficit accumulated during the development stage	(16,192,258)	(15,914,684)
Total stockholder's equity	<u>23,874,551</u>	<u>24,152,133</u>
Total liabilities and stockholders' equity	<u>\$ 30,309,289</u>	<u>\$ 29,795,787</u>

The accompanying notes are an integral part of these financial statements.

PROVIDENCE RESOURCES, INC.  
(A Development Stage Company)  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
Three months ended March 31, 2007 and 2006 and Cumulative Amounts

	Three months ended March 31, 2007	2006	Inception on February 17, 1993 through March 31, 2007
Sales	-	\$ -	\$ 350
Cost of Sales	-	-	25,427
Gross profit	-	-	25,777
General and administrative expenses	(220,469)	(98,806)	(7,675,893)
Loss from operations	(220,469)	(98,806)	(7,650,116)
Other income (expense):			
Minority interest	-	-	19,898
Interest expense	(68,400)	(65,334)	(5,512,040)
Interest income	11,295	72,153	459,779
Loss before provision for income taxes and discontinued operations	(277,574)	(91,987)	(12,682,479)
Provision for income taxes	-	-	-
Loss before discontinued operations	(277,574)	(91,987)	(12,682,479)
Gain (loss) from discontinued operations, net of tax	-	-	(3,407,279)
Net loss before cumulative effect of acc't change	(277,574)	(91,987)	(16,089,758)
Cumulative effect of accounting change, net of tax	-	-	(102,500)
Net loss	(277,574)	(91,987)	(16,192,258)
Loss per share from cont. operations - basic and diluted	\$ (0.01)	\$ (0.01)	
Net Loss per common share - basic and diluted	\$ (0.01)	\$ (0.01)	
Weighted average common shares - basic and diluted	51,855,539	16,480,841	
Other comprehensive income			
Foreign currency translation adjustment	(8)	3,849	14,552
Net comprehensive income (loss)	(277,582)	\$ (88,138)	\$ (16,177,706)

The accompanying notes are an integral part of these financial statements.

PROVIDENCE RESOURCES, INC.  
(A Development Stage Company)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Three months ended March 31, 2007 and 2006 and Cumulative Amounts

	Three months ended March 31,		Inception on February 17, 1993 through March 31, 2007
	2007	2006	
<u>Cash flows from operating activities:</u>			
Net loss	(277,574)	\$ (91,987)	\$ (16,192,258)
Adjustments to reconcile net loss to net cash used in operating activities:			
Shares issued for services	-	-	360,000
Shares issued with financing	-	-	3,532,073
Shares issued for debt conversion	-	-	226,547
Additional value of shares issued for debt conversion	-	-	2,999,531
Depreciation and amortization	8,100	1,019	173,120
Minority interest	-	-	(19,898)
Discontinued operations	-	-	2,542,150
Gain on write-off of liabilities	-	-	(96,270)
(Increase) decrease in:			
Accounts receivable and prepaid expenses	(500,000)	(58,825)	(389,482)
Increase (decrease) in:			
Accounts payable	160,926	(65,983)	1,711,753
Accrued expenses	66,202	65,317	276,621
Related party payables	30,000	13,905	205,312
Net cash used in operating activities	<u>(512,346)</u>	<u>(136,555)</u>	<u>(4,670,801)</u>
<u>Cash flows from investing activities:</u>			
Advances to Providence Exploration prior to acquisition	-	-	(8,886,761)
Cash of Providence Exploration on acquisition date	-	-	73,271
Acquisition of intangible assets	-	-	(150,398)
Acquisition of property and equipment	(1,103,425)	-	(3,751,685)
Issuance of notes receivable	-	(1,132,320)	(616)
Net cash used in investing activities	<u>(1,103,425)</u>	<u>(1,132,320)</u>	<u>(12,716,189)</u>
<u>Cash flows from financing activities:</u>			
Proceeds from notes payable	500,000	-	1,192,999
Issuance of common stock	-	-	13,111,279
Commissions paid to raise convertible debentures	-	-	(41,673)
Minority investment in subsidiary	33,956	-	170,871
Proceeds from convertible debentures	-	-	3,654,173
Proceeds from (payments on) notes payable	-	-	(256,889)
Net cash provided by financing activities	<u>533,956</u>	<u>-</u>	<u>17,830,760</u>
Change in accumulated other comprehensive income	<u>(8)</u>	<u>3,849</u>	<u>14,552</u>
Net increase (decrease) in cash	(1,081,823)	(1,265,026)	458,322
Cash, beginning of period	<u>1,540,145</u>	<u>2,035,438</u>	<u>-</u>
Cash, end of period	<u>458,322</u>	\$ <u>770,412</u>	\$ <u>458,322</u>

The accompanying notes are an integral part of these financial statements.

PROVIDENCE RESOURCES INC.  
(A Development Stage Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2007 and 2006

Note 1 — Organization and Summary of Significant Accounting Policies

Organization

The consolidated financial statements consist of Providence Resources, Inc. (“Providence Resources”) (formerly Healthbridge, Inc.) and its wholly owned subsidiaries, Healthbridge AG (“Healthbridge AG”), Providence Exploration LLC (“Providence Exploration”), PDX Drilling, LLC and Providence Resources LLC and a ninety percent interest in Comanche County Pipeline, LLC (collectively “the Company”).

Providence Resources, Inc. was organized on February 17, 1993 (date of inception) under the laws of the State of Texas. The Company changed its name from Healthbridge, Inc. to Providence Resources, Inc. on September 29, 2006. Healthbridge AG was formed as a German subsidiary during 2002. Providence Exploration, LLC was formed on July 12, 2005, under the Laws of the State of Texas as a Limited Liability Company and is headquartered in Dallas, Texas. Providence Exploration formed a wholly owned subsidiary, PDX Drilling, LLC (PDX), on July 12, 2005. PDX was formed to acquire drilling and service rigs for the purpose of drilling oil and gas wells in Texas. Providence Exploration also formed a wholly owned subsidiary, Providence Resources LLC, on September 1, 2005, to acquire leases in Texas for oil and gas exploration and development. In October of 2006, Providence Exploration entered into an agreement to form Comanche County Pipeline, LLC with the purpose of constructing an oil and gas pipeline in Comanche County, Texas.

On January 25, 2002, the Company acquired certain patents related to the infectious medical waste sterilization and disposal technologies developed in Germany. During the fourth quarter of 2005, the Company decided to discontinue all operations connected to the Valides® Modular Infectious Waste Disposal System and the Medides System due to the unsatisfactory level of revenue generated to date.

On November 21, 2005, the Company executed a letter of intent to acquire Providence Exploration, LLC, as a wholly owned subsidiary in a stock for ownership exchange. On September 29, 2006, the Corporation acquired Providence Exploration as a wholly owned subsidiary, pursuant to the closing of a Securities Exchange Agreement and a Note Exchange Agreement.

The Securities Exchange Agreement, entered into on April 10, 2006 with Providence Exploration and the unit holders of Providence Exploration, provided for the exchange of 4,286,330 shares of the Corporation’s common stock for 1,250,000 issued and outstanding membership units of Providence Exploration. The Note Exchange Agreement, entered into on April 10, 2006 with the holders of certain promissory notes issued by Providence Exploration, provided for the exchange of 12,213,670 shares of the Company’s common stock for the assignment of those promissory notes to the Company. The agreements were closed pursuant to shareholder approval at a special meeting of the shareholders held on September 29, 2006.



PROVIDENCE RESOURCES INC.  
(A Development Stage Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2007 and 2006

Note 1 — Organization and Summary of Significant Accounting Policies (continued)

Providence Exploration is involved in exploration activities for the recovery of oil and gas from the Marble Falls and Barnett Shale formations in the Fort Worth basin and from the Ellenburger carbonate, Strawn carbonate and Pennsylvanian-Wolfcamp sandstone reservoirs in Val Verde County. The Fort Worth basin prospects include approximately 7,374 acres of oil and gas leases and the Val Verde County prospects include approximately 12,832 acres of oil and gas leases. Providence Exploration has a 90% working interest and its joint venture operating partner, Harding Company, has a 10% working interest in the Fort Worth basin projects.

The Company is considered a development stage company as defined in SFAS No. 7.

Principles of Consolidation

The consolidated financial statements include the accounts of Providence Resources, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Inventory

Inventory consists of drilling rigs, parts and components. The Company records inventory at cost.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense as incurred. Costs of major renewals or betterments are capitalized over the remaining useful lives of the related assets. Depreciation is computed by using the straight-line method. The cost of property disposed of and related accumulated depreciation is removed from the accounts at the time of disposal, and gain or loss is reflected in operations.

Oil and Gas Leases Not Subject to Amortization

Oil and gas lease costs are recorded at cost and consist of 7,374.5 acres of land leases in North Eastern Texas in the Barnett Shale Formation and 12,847.2 acres of land leases in Southwest Texas in Val Verde County. These leases are undeveloped at March 31, 2007, and accordingly no depletion is included in the accompanying consolidated financial statements.

The Company follows the full cost method of accounting for exploration and development of oil and gas properties whereby all costs in acquiring, exploring and developing properties are capitalized, including estimate of abandonment costs, net of estimated equipment salvage costs. Prior to acquisition on September 29, 2006, Providence Exploration capitalized \$ 3,278,647 in exploration costs. No costs related to production, general corporate overhead, or similar activities have been capitalized. As of March 31, 2007, the Company only has capitalized costs of unproved properties acquired and related exploration costs. Leasehold costs are depleted based on the units-of-production method based on estimated proved reserves. No proved reserves currently exist for the Company and therefore no depletion has been taken as of March 31, 2007.

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Note 1 — Organization and Summary of Significant Accounting Policies (continued)

In accordance with Statement of Financial Accounting Standards No. 144 “Accounting for the Impairment or Disposal of Long-Lived Assets”, the Company reviews its long-lived assets to be held and used, excluding proved oil and gas properties accounted for under the full cost method of accounting, whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. An impairment loss is indicated if the sum of the expected future net cash flows is less than the carrying amount of the assets. In this circumstance, the Company recognizes an impairment loss for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. The Company’s long-lived assets related to its proved oil and gas properties accounted for under the full cost method of accounting are prescribed by the Securities and Exchange Commission (Regulation S-X, Rule 4-10, “Financial Accounting and Reporting for Oil and Gas Producing Activities Pursuant to the Federal Securities Laws and the Energy Policy and Conservation Act of 1975”).

Intangible Assets

Costs associated with the acquisition of definite life intangibles are capitalized and amortized over their useful life. These costs will be reviewed quarterly by management for impairment and valuation. Such impairment is reviewed from available information at the time such as projected cash flow analysis, sales orders and other information available to help management determine future realization of this asset. Management will write this intangible down to its net realizable value at the time of impairment appears to exist.

Loan origination fees are amortized on a straight line basis over the 36 month term of the loans.

Long-Lived Assets

The Company evaluates its long-lived assets in accordance with SFAS No. 144, “Accounting for the Impairment of Long-Lived Assets”. Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets and is recorded in the period in which the determination was made.

Income Taxes

Deferred income taxes are provided in amounts sufficient to give effect to temporary differences between financial and tax reporting, principally related to deferred start-up cost. For income tax purposes start-up costs are deferred until the Company begins generating revenue, at which time the costs begin being amortized.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. At March 31, 2007, the Company had \$458,322 in bank deposit accounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

PROVIDENCE RESOURCES INC.  
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Note 1 — Organization and Summary of Significant Accounting Policies (continued)

Translation of Foreign Currencies

Assets and liabilities of the Company's foreign subsidiary are translated into U.S. dollars at the applicable exchange rates at year-end. Net gains or losses resulting from the translation of the Company's assets and liabilities are reflected as a separate component of stockholders' equity. A negative translation impact on stockholders' equity reflects a current relative U.S. dollar value higher than at the point in time that assets were actually acquired in a foreign currency. A positive translation impact would result from a U.S. Dollar weaker in value than at the point in time foreign assets were acquired.

Income and expense items are translated at the weighted average rate of exchange (based on when transactions actually occurred) during the year.

Revenue Recognition

The Company did not have revenues in the three months ended March 31, 2007. Revenues are recorded upon the completion of the services, with the existence of an agreement and where collectability is reasonably assured. Oil and natural gas production revenue will be recognized at the time and point of sale after the product has been extracted from the ground.

Stock-Based Compensation

At March 31, 2007, the Company has stock-based employee compensation plans, which are described in greater detail in Note 11. The Company accounts for those plans under the recognition and measurement principles of APB Opinion 25, "Accounting for Stock Issued to Employees", and related Interpretations, and has adopted the disclosure provisions of SFAS 123 (R), "Share Based Payment."

Had compensation cost for the Company's stock option plan been determined based on the fair value at the grant date for awards consistent with the provisions of SFAS 123 (R), the Company's net loss and loss per share would have been reduced to the pro forma amounts indicated below:

	Three months ended March 31, <u>2007</u>	<u>2006</u>
Net loss as reported	\$ (277,574)	\$ (91,987)
Deduct:		
Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	_____ -	_____ -
Net loss pro forma	\$ (277,574)	\$ (91,987)
Loss per share – basic and diluted:		
As reported	\$     (.01)	\$     (.01)
Pro forma	\$     (.01)	\$     (.01)

PROVIDENCE RESOURCES INC.  
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Note 1 — Organization and Summary of Significant Accounting Policies (continued)

Earnings Per Share

The numerator for the earnings per share calculation is the net loss for the period. The denominator is the weighted average number of shares outstanding during the period.

The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the period plus the common stock equivalents which would arise from the exercise or conversion of warrants, options and convertible securities, if any, using the treasury stock method. The Company had 7,303,650 stock equivalents of warrants at March 31, 2007 that were excluded from the calculation of diluted earnings per share. Common stock equivalents are not included in the diluted earnings per share calculation when their effect is antidilutive.

Earnings Per Share computation for Continuing operations:

	Three months ended March 31,	
	<u>2007</u>	<u>2006</u>
Numerator – (loss from continuing operations) \$	(277,574)	\$ (91,987)
Denominator – weighted average number of shares outstanding	<u>51,855,539</u>	<u>16,480,841</u>
Loss per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>

Earnings Per Share computation from Discontinued Operations:

	Three months ended March 31,	
	<u>2007</u>	<u>2006</u>
Numerator – (loss from discontinued operations)\$	Nil	\$ Nil
Denominator – weighted average number of shares outstanding	<u>51,855,539</u>	<u>16,480,841</u>
Loss per share-discontinued operations	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

Earnings Per Share computation for Net Income:

	Three months ended March 31,	
	<u>2007</u>	<u>2006</u>
Numerator – (Net Loss)	\$ (277,574)	\$ (91,987)
Denominator – weighted average number of shares outstanding	<u>51,855,539</u>	<u>16,480,841</u>
Loss per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>

PROVIDENCE RESOURCES INC.  
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Note 1 — Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2006 financial statements may have been reclassified to conform to the 2007 presentation.

Note 2 — Going Concern

As of March 31, 2007, the Company's revenue generating activities have not generated sufficient funds for profitable operations, and the Company has incurred losses of \$16,192,258 since inception. These factors raise substantial doubt about the Company's ability to continue as a going concern.

We anticipate that additional funding will be required in the next twelve months and that it will be in the form of equity financing from the sale of our common stock. However, we do not have any financing arranged and we cannot provide investors with firm assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our plan of operations

Note 3 – Promissory Note Receivable

Prior to the acquisition of Providence Exploration, the Company had advanced funds to Providence Exploration in exchange for a secured revolving promissory note. The note was secured by the assets of Providence Exploration including all of the debtor's rights, titles and interests in certain leases of oil, gas and mineral interests located in the Comanche and Hamilton counties of Texas. The face value of the note increased to match the amounts advanced by the Company. The note bears interest at 7.0% per annum and was to be paid in full by December 1, 2006. The intercompany note was eliminated upon consolidation. Prior to the acquisition date of September 29, 2006, the Company had advanced \$8,886,761 to Providence Exploration LLP and the accrued interest on the note was \$302,603.

PROVIDENCE RESOURCES INC.  
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Note 4 — Property and Equipment

Drilling and service rigs and equipment are recorded at cost and are depreciated over their estimated useful lives of ten years using the straight-line method. Office furniture and equipment and automotive equipment are recorded at cost and depreciated over their estimated useful lives of five to ten years using the straight-line method.

Upon sale or retirement of property and equipment the cost and related accumulated depreciation of the asset are removed from the Company's accounts and gain or loss is recognized.

Expenditures for repair and maintenance are charged to expense as incurred.

Depreciation expense for the three months ended March 31, 2007 and 2006 was \$8,100 and \$1,019 respectively.

Note 5 – Short-term Notes Payable

Note Payable - Global Convertible Megatrend LTD, unsecured, payable in full on February 23, 2008 including interest at 10%.	\$500,000
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Note 6 – Long-term Notes Payable

Note Payable - FAGEB AG, secured by drilling equipment, payable in quarterly installments of \$25,119 through July 31, 2008, including interest at 12%.	\$156,515
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Note Payable - Global Convertible Megatrend LTD., secured by drilling equipment, payable in quarterly installments of \$50,238 through July 31, 2008, including interest at 12%.	352,608
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Note Payable - FAGEB AG, secured by drilling equipment, payable in quarterly installments of \$37,722 through September 25, 2008, including interest at 12%.	<u>264,802</u>
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Total	773,925
Less current portion	<u>557,583</u>

Long-term notes payable	<u><u>\$ 216,342</u></u>
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The long-term notes payable amount of \$216,342 is due in fiscal 2008.

PROVIDENCE RESOURCES INC.  
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Note 7 – Convertible Debentures

Two convertible debentures were issued during 2002 (May 3, 2002-\$75,000 and May 6, 2002-\$250,000), bearing interest at 7.5% per annum, which mature in three years. The convertible debentures become immediately due and payable upon certain events of default unless waived by the lender. Interest on the principal amount was due annually on the anniversary date of the issue date. The conversion feature allowed the holder at any time to convert any unpaid amount of principal or interest at \$5.00 per share for a period of three years from the date of issuance. Pursuant to the terms of the convertible debenture, the Company agrees to file a Registration Statement within 60 days of conversion with the U.S. Securities and Exchange Commission.

The convertible debentures are secured by substantially all of the Company's assets consisting of all tangible and intangible property, but not limited to procedures, instruments, devices, equipment, research, designs, registrations, licenses, trademarks, software, patents, patents pending, "know-how" expertise, all additions and replacements to such property and any other documentation related to the Valides® and Medides systems for sterilizing and disinfecting infectious waste.

On January 14, 2004, the conversion price of the two debentures was adjusted to \$0.10 per share.

The terms for these two convertible debentures were extended to May 3, 2008 and May 6, 2010, respectively pursuant to the terms of extension agreements dated March 31, 2005. The extension agreements require certain additional conditions related to the Company's obligations as follows:

1. The interest payable on the convertible debentures, as of May 4, 2005, accrues at a rate of ten percent (10%) per annum payable on a quarterly basis with the initial quarterly interest payments due on September 30, 2005 and at the end of each quarter thereafter until repayment or conversion.
2. The right to convert the whole part or any part of the principal amounts and accrued interest into shares of the Company extends until May 3, 2008 and May 6, 2010 respectively.
3. Upon conversion or repayment of the principal amounts and accrued interest, the holders of the convertible debentures are entitled to a ten percent (10%) bonus on the amount due as of such date. The market value of this bonus on the date of the extension was recorded as financing expense of \$32,500.

On October 3, 2005 the Company reached an agreement with the beneficiaries of these two outstanding debentures for payment of interest accrued to September 30, 2005. The Company issued 136,298 shares of common stock to Global Convertible Megatrend Ltd. for \$13,629 owed, and 56,250 shares of common stock to Max Fugman for \$5,625 owed.

On April 11, 2006, the principal amount of the \$75,000 debenture to Max Fugman and \$3,863 of accrued interest were converted into shares of common stock at \$0.10 per share. After applying the 10% bonus, the Company issued 867,493 shares of common stock to extinguish \$86,749 of debt consisting of \$75,000 of principal repayment and \$11,749 in accrued interest. The Company recorded interest expense of \$954,243 to reflect the value of the shares issued upon conversion in excess of the book amounts.

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Note 7 – Convertible Debentures (continued)

On June 15, 2006, the interest accrued on the \$250,000 debenture to Global Convertible Megatrend Ltd. was converted into shares of common stock at \$0.10 per share. The Company issued 167,810 shares for \$16,781 of interest owed. The Company recorded interest expense of \$192,982 to reflect the value of the shares issued upon conversion of the book amount.

On December 31, 2006, the interest accrued on the \$250,000 debenture to Global Convertible Megatrend Ltd. was converted into shares of common stock at \$0.10 per share. The Company issued 145,200 shares for \$14,520 of interest owed. The Company recorded interest expense of \$65,340 to reflect the value of the shares issued upon conversion of the book amount.

On November 28, 2005, the Company issued seven convertible debenture certificates for the total principal sum of \$3,320,000 due in full with accrued and unpaid interest on November 30, 2010. The interest at a rate of 7.0% per annum is payable on a semi-annual basis with the initial payment due on June 1, 2006. The holders of the debentures has the right to convert all or part of the principal and accrued interest into common shares of the Company at \$0.35 per share at any time prior to maturity.

On August 24, 2006, the interest accrued on the seven debentures was partially converted into shares of common stock at \$0.35 per share. The Company issued 263,563 shares for \$92,247 of interest owed.

The Company recorded interest expense of \$144,960 to reflect the value of the shares issued upon conversion of the book amount.

On December 1, 2006, the interest accrued on the seven debentures was partially converted into shares of common stock at \$0.35 per share. The Company issued 260,712 shares for \$91,249 of interest owed. The Company recorded interest expense of \$52,142 to reflect the value of the shares issued upon conversion of the book amount.

For the three months ended March 31, 2007, the Company recorded \$68,400 as interest and financing expense relating to convertible debentures. Accrued interest as at March 31, 2007 for all outstanding debentures totaled \$158,384.

The total value of the principal of the eight convertible debentures outstanding as of March 31, 2007 was \$3,570,000. Repayment of this principle is due according to the following schedule:

<u>Year</u>	<u>Principal Repayment</u>
2006	-
2007	-
2008	-
2009	-
2010	\$ 3,570,000



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Note 8 — Related Party Transactions

The Company has entered into an agreement with Markus Mueller, a director of the Company for consulting services. The agreement has an automatic renewal provision unless terminated by either party. During the three months ended March 31, 2007 and 2006, the Company recognized consulting expense of \$22,500 and \$10,500 respectively. The balance of \$97,500 was due to Mr. Mueller at March 31, 2007.

The Company has entered into an agreement with Nora Coccaro, the Company's President, for consulting services. The agreement has an automatic renewal provision unless terminated by either party. During the three months ended March 31, 2007 and 2006, the Company recognized consulting expense of \$22,500 and \$10,500 respectively.

Note 9 — Stockholders' Equity Transactions

On July 25, 2006, the Company issued 1,336,992 units in an equity financing for a total of \$8,021,952. Each \$6.00 unit comprised of 10 shares of common stock and 5 share purchase warrants, which warrants are exercisable at \$1.00 for a period of three years from the date of grant. A total of 13,369,920 shares of common stock were issued and 6,684,960 warrants were issued. The Company recorded \$3,409,330 as a financing cost related to the issuance of the warrants. As finder's fees, the Company paid \$225,096 in cash and issued 234,690 warrants exercisable at \$0.72 for a period of three years from the date of grant. The Company recorded \$122,743 as a finder's fee expense related to the issuance of these warrants.

On September 29, 2006, the Company issued 16,500,000 shares of common stock valued at \$13,200,000 pursuant to the acquisition of Providence Exploration. In connection with the acquisition, the Company issued a further 3,500,000 shares of common stock valued at \$2,800,000 as payment of the outstanding balance for oil and gas leases in Val Verde County.

The Company acquired the following fixed assets upon acquisition:

Drilling rig inventory	\$ 724,515
Property and equipment	47,979
Oil and gas leases - undeveloped	23,807,018
	<hr/>
	\$ 24,579,512

During the year ended December 31, 2006, the Company issued 2,004,778 shares of common stock valued at \$2,071,214 for debt.

During the year ended December 31, 2005, the Company issued 1,250,000 shares of common stock at \$0.10 per share for a total of \$125,000. The Company also issued 6,270,000 shares of common stock at \$0.30 per share for a total of \$1,881,000.

In connection with the offering of 6,270,000 shares common stock and \$3,320,000 of convertible debentures during the 2005 year, a sales commission totaling 5% was authorized for payment to two individuals, comprising of 3% in cash and 2% in warrants to purchase 348,000 shares of Company common stock at \$0.30 per share. The warrants granted have a fair market value totaling \$191,400.

PROVIDENCE RESOURCES INC.  
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Note 9 — Stockholders' Equity Transactions (continued)

During the year ended December 31, 2005, the Company issued 2,334,841 shares of common stock for accounts payable of \$201,212, and accrued interest of \$32,038. An amount of \$116,742 was recorded as a financing cost due to the premium of the prevailing market price at the time of issuance over the stated price in the share for debt swap.

Note 10 — Minority Interest

Minority interest relates to the 10% interest in County Pipeline, LLC that is not held by the Company. This subsidiary was formed in October of 2006 with the purpose of constructing an oil and gas pipeline in Comanche County, Texas.

Note 11 — Preferred Stock

The Company's preferred stock may have such rights, preferences and designations and may be issued in such series as determined by the Board of Directors. No shares were issued and outstanding at March 31, 2007.

Note 12 — Warrants

During 2005, in connection with the offering of 6,270,000 shares common stock and \$3,320,000 of convertible debentures during the year, a sales commission was partially paid in warrants. The warrants are exercisable in whole or in part allowing the holders to purchase 348,000 shares at an exercise price of \$0.30 before the expiry date of December 1, 2010. On the date granted, the fair market value of these warrants, totaling \$191,400, consisted of \$68,970 for warrants issued in connection with the common stock offering, and \$122,430 for warrants issued in connection with the debenture offering. The value of the warrants issued in connection with the debenture offering was recorded as a financing expense.

As part of the equity financing completed in July 2006, the Company issued 6,684,960 warrants exercisable until July 25, 2009 at \$1.00 per share. The Company recorded \$3,409,330 as a financing expense related to the issuance of these warrants based on their value as calculated using the Black-Scholes model.

The following assumptions were used for the Black-Scholes valuation of the warrants granted in 2006:

Risk-free interest rate	4.50%
Expected life of options	3.0 years
Annualized volatility	177%
Dividend rate	0.00%

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Note 12 — Warrants (continued)

Transactions involving the Company's warrant issuance are summarized as follows:

<u>Warrants Outstanding</u>				<u>Warrants Exercisable</u>	
<u>Year</u>	<u>Exercise Price</u>	<u>Number Shares Outstanding</u>	<u>Weighted Average Contractual Life (Years)</u>	<u>Number Exercisable</u>	<u>Weighted Average Exercise Price</u>
2005	\$ 0.30	348,000	4.00	348,000	\$ .30
2006	\$ 1.00	6,684,960	2.50	6,684,960	\$ 1.00
2006	\$ 0.70	234,690	2.50	234,690	\$ .70

  

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>
<b>Outstanding at December 31, 2004</b>	0	\$ 0
Granted	348,000	\$ .30
Exercised	—	\$ —
Cancelled	(—)	\$ (—)
<b>Outstanding at December 31, 2005</b>	348,000	\$ .30
Granted	6,919,650	\$ .99
Exercised	—	\$ —
Cancelled	—	\$ —
<b>Outstanding at December 31, 2006 and March 31, 2007</b>	<u>7,267,650</u>	<u>\$ .96</u>

Note 13 — Acquisition of Providence Exploration

On September 29, 2006, the Company entered into a share purchase agreement pursuant to which the Company acquired 100% control over Providence Exploration through the acquisition of all of its outstanding member shares.

The purchase price of the transaction required the Company to issue 20,000,000 common shares with a deemed value of \$16,000,000. The shares were used to eliminate \$3,571,311 of debt held by Providence Exploration. Prior to the transaction, Providence Exploration had a net assets deficit of \$1,961,149 which included \$73,721 in cash. The excess of the deemed value of the shares and fair value of the assets acquired amounted to \$14,389,838 which was allocated to the value of undeveloped oil and gas leases held by Providence Exploration at the time of the acquisition. At the time of the acquisition, there was an intercompany account balance of \$9,189,364 for principal and interest of cash advances made by the Company to Providence Exploration prior to the acquisition.

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Note 14 - Agreements

In October 2005, the Company signed a joint exploration agreement with Harding Company. Under the terms of the agreement, the Company and Harding Company intend to explore, develop and produce oil and gas from Marble Falls and Barnett Shale formations in targeted areas of the Ft. Worth basin. Harding Company is appointed as operator.

The Company is required pursuant to the agreement to fund 100% of all costs of the management and operation for a minimum of 3 wells. The Company will carry Harding for its 10% working interest in all wells drilled and completed through the pipeline connection phase, in the project.

Effective February 22, 2006, the Company entered into an agreement to purchase oil and gas leases in Val Verde County, Texas. The purchase price was \$3,849,600, payable \$1,924,800 cash and \$1,924,800 note payable. In March 2006, Harding Company paid the Company 192,480 related to the purchase. In connection with the acquisition of Providence Exploration, the Company issued 3,500,000 shares of common stock valued at \$2,800,000 as payment of the outstanding balance for the oil and gas leases in Val Verde County.

In early 2007, the Company engaged TRNCO Petroleum Corporation of Midland, Texas to implement an I/O System Two recording system in combination with the latest generation of state-of-the-art acquisition and processing parameters to obtain high quality 3D seismic data for those leases located in Val Verde County. The data is intended to illuminate deep gas targets at depths ranging from 14,000 to 16,000 feet within the identified carbonates. TRNCO will supervise the acquisition, processing, licensing and interpretation of all seismic data and has engaged Dawson Geophysical Company to be responsible for obtaining the actual 3D seismic data. Founded in 1952, Dawson is a leading provider of onshore seismic data acquisition and processing services that operates two state-of-the-industry data processing centers in Houston and Midland, Texas, staffed by experienced geophysicists. The processing professionals use the latest kits of powerful processing tools and back their analytical excellence with practical geophysical field experience in correlating complex producing horizons. Dawson's prior experience in the Val Verde Basin is expected to be of considerable benefit to Providence in acquiring reliable 3D seismic data. The Company advanced \$500,000 to TRNCO in late March 2007 as a partial prepayment for these services.

Note 15 – Commitments and Contingencies

The Company leases office and warehouse space under an operating lease with monthly payments of 1,200 per month, expiring October 1, 2007. The Company also leases a vehicle under an operating lease with monthly payments of 455.74, expiring in October 2007.

The contract commitment cost for the agreement with TRNCO Petroleum Corporation (see Note 14) is \$4,553,787, payable in installments on or before August 1, 2007.

Note 16 — Fair Value of Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and notes payable. The carrying amount of these items approximates fair value because of their short-term nature and the notes payable bear interest at the market interest rate.

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Note 17 — Stock Based Compensation

The Company has adopted the disclosure provisions of Statement of Financial Accounting Standards (SFAS) No. 123 (R), “Share Based Payment” as described in Note 1. No stock options were granted in 2006 and 2005. No stock options were outstanding at March 31, 2007.

Note 18 — Reverse Common Stock Split

Effective August 25, 2003, the Company approved a 1-for-20 reverse common stock split. All common share amounts, common stock option amounts and per share information have been retroactively adjusted to reflect this common stock split in the accompanying financial statements.

Note 19 — Recent Accounting Pronouncements

In February 2006 the Financial Accounting Standards Board (FASB) issued Statement of Financial Standards No. 155 Accounting for Certain Hybrid Financial Instruments — an amendment of FASB Statements No. 133 and 140 (SFAS 155). This standard permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS 155 allows an entity to make an irrevocable election to measure such a hybrid financial instrument at fair value on an instrument-by-instrument basis. The standard eliminates the prohibition on a QSPE from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS 155 also clarifies which interest-only and principal-only strips are not subject to the requirements of SFAS 133, as well as determines that concentrations of credit risk in the form of subordination are not embedded derivatives. SFAS 155 is effective for all financial instruments acquired or issued after the beginning of the fiscal year that begins after September 15, 2006. Adoption of SFAS 155 is not expected to have a material impact on our consolidated financial position or results of operations.

In July 2006, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes,” which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, “Accounting for Income Taxes.” FIN 48 provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. FIN 48 becomes effective beginning with our first quarter 2007 fiscal period. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

In September 2006, the FASB issued FASB Statement of Financial Accounting Standards (“SFAS”) No. 157, Fair Value Measurements, which establishes a framework for reporting fair value and expands disclosures about fair value measurements. SFAS No. 157 becomes effective beginning with our first quarter 2008 fiscal period. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

In September 2006, the FASB issued SFAS No. 158, Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans. Effective for our fiscal year ending 2006, we will be required to fully recognize the assets and obligations associated with our defined benefit plans. Effective for fiscal year ending 2008, we will be required to measure a plan’s assets and liabilities as of the end of the fiscal year instead of our current measurement date of September 30. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

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Note 20 — Subsequent Events

On April 30, 2007, the Company issued a \$1,000,000 promissory note to Miller Energy LLC in exchange for a cash advance of the same amount. The promissory note bears interest at 10% per annum and is due on April 29, 2008. The interest on the note can be converted into shares of common stock at a conversion price of \$0.15.

On May 1, 2007, the Company advanced \$1,000,000 to TRNCO pursuant to the terms of their agreement (see Note 14).

On April 15, 2007, the Company entered a consulting and advisory agreement with Highlander Energy LLC for assistance in the contract with the TRNCO. On April 15, 2007, the Company issued 500,000 shares of common stock to Highlander as compensation for these services.

On May 11, 2007, the Company received shareholder approval to increase the number of shares of common stock authorized for issuance from 100,000,000 to 250,000,000.

End of Notes to Financial Statements

PROVIDENCE RESOURCES INC.  
SCHEDULE OF SUPPLEMENTARY INFORMATION  
ON OIL AND GAS OPERATIONS  
March 31, 2007 and 2006

**Supplemental Oil and Gas Information – FAS69**

The following unaudited disclosures on standardized measures of discounted cash flows and changes therein relating to proved oil and gas reserves are determined in accordance with United States Statements of Financial Accounting Standards No. 69 “Disclosures About Oil and Gas Producing Activities”.

*Standardized Measure of Discounted Future Net Cash Flows and Changes Therein*

In calculating the standardized measure of discounted future net cash flows, year-end constant prices and cost assumptions were applied to the Company’s annual future production from proved reserves to determine cash inflows. Future production and development costs are based on constant price assumptions and assume the continuation of existing economic, operating and regulatory conditions. Future income taxes are calculated by applying statutory income tax rates to future pre-tax cash flows after provision for the tax cost of oil and natural gas properties based upon existing laws and regulations. The discount was computed by application of a 10 percent discount factor to the future net cash flows. The calculation of the standardized measure of discounted future net cash flows is based upon discounted future net cash flows prepared by the Company’s independent qualified reserve evaluators in relation to the reserves they respectively evaluated, and adjusted by the Company to account for management’s estimate obligations and future income taxes. The Company cautions that the discounted future net cash flows relating to proved oil and gas reserves are an indication of neither the fair market value of the Company’s oil and gas properties, nor of the future net cash flows expected to be generated from such properties. The discounted future net cash flows do not include the fair market value of exploratory properties and probable or possible oil and gas reserves, nor is consideration given to the effect of anticipated future changes in crude oil and natural gas prices, development, asset retirement and production costs, and possible changes to tax and royalty regulations. The prescribed discount rate of 10 percent may not appropriately reflect future interest rates. The Company’s projections should not be interpreted as being equivalent to fair market value.

PROVIDENCE RESOURCES INC.  
SCHEDULE OF SUPPLEMENTARY INFORMATION  
ON OIL AND GAS OPERATIONS  
March 31, 2007 and 2006

**Supplemental Oil and Gas Information – FAS69 (continued)**

**Net Proved Reserves (1, 2)**

	<b>Natural Gas</b> <i>(millions of cubic feet)</i>		<b>Crude Oil and Natural Gas Liquids</b> <i>(thousands of barrels)</i>
December 31, 2005	-		-
Purchase of reserves in place	-		-
Production	-		-
Adjustment for uneconomic wells	-		-
December 31, 2006 and March 31, 2007	-		-
Developed	-		-
Undeveloped	-		-
Total	-		-

*(1) Definitions:*

- a. “*Net*” reserves are the remaining reserves of the Company, after deduction of estimated royalties and including royalty interests.
- b. “*Proved oil and gas reserves.*” Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

Reservoirs are considered proved if economic product ability is supported by either actual production or conclusive formation test. The area of a reservoir considered proved includes that portion delineated by drilling and defined by gas-oil and /or oil-water contacts, if any; and the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir.

- i. Reserves which can be produced economically through application of improved recovery techniques (such as fluid injection) are included in the “proved” classification when successful testing by a pilot project, or the operation of an installed program in the reservoir, provides support for the engineering analysis on which the project or program was based.



PROVIDENCE RESOURCES INC.  
SCHEDULE OF SUPPLEMENTARY INFORMATION  
ON OIL AND GAS OPERATIONS  
March 31, 2007 and 2006

**Supplemental Oil and Gas Information – FAS69 (continued)**

- ii. Estimates of proved reserves do not include the following:

Oil that may become available from known reservoirs but is classified separately as “indicated additional reserves”;

Crude oil, natural gas, and natural gas liquids, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors;

Crude oil, natural gas, and natural gas liquids, that may occur in undrilled prospects; and

Crude oil, natural gas, and natural gas liquids, that may be recovered from oil shales, coal, gilsonite and other such sources.

- c. *“Proved developed oil and gas reserves.”* Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing the natural forces and mechanisms of primary recovery should be included as “proved developed reserves” only after testing by a pilot project or after the operation of an installed program has confirmed through production response that increased recovery will be achieved.
- d. *“Proved undeveloped reserves.”* Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage shall be limited to those drilling units offsetting productive units that are reasonably certain of production when drilled. Proved reserves for other undrilled units can be claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. Under no circumstances should estimates, for proved undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual tests in the area and in the same reservoir.

(2) *The Company does not file any estimates of total net proved crude oil or natural gas reserves with any U.S. federal authority or agency other than the SEC.*

PROVIDENCE RESOURCES INC.  
SCHEDULE OF SUPPLEMENTARY INFORMATION  
ON OIL AND GAS OPERATIONS  
March 31, 2007 and 2006

**Supplemental Oil and Gas Information – FAS69 (continued)**

**Standardized Measure of Discounted Future Net Cash Flows Related to Proved Oil and Gas Reserves**

The Company has no proved reserves and no oil and gas production and therefore has not presented the Standardized Measure of Discounted Future Net Cash Flows or operating results.

**Capitalized Costs**

<b><u>March 31, 2007</u></b>	<b><u>United States</u></b>
Proved oil and gas properties	\$ -
Unproved oil and gas properties	27,030,845
Total capital costs	27,030,845
Accumulated depletion	(-)
Net capitalized costs	\$ 27,030,845

**Costs Incurred**

	<b><u>United States</u></b>
<b><u>Three months ended March 31, 2007</u></b>	
Acquisitions:	
Proved reserves	\$ -
Unproved reserves	-
Total acquisitions	-
Exploration costs	1,069,469
Development costs	-
Asset retirement obligations	-
Total costs incurred	\$ 1,069,469

PROVIDENCE RESOURCES, INC.  
(A Development Stage Company)

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of  
Providence Resources, Inc.  
Vancouver, B.C. Canada

We have audited the accompanying balance sheets of Providence Resources, Inc. at December 31, 2006 and 2005 and the related statements of operations, stockholders' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the PCAOB (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal controls over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Providence Resources, Inc. at December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has recorded significant losses from operations, and is dependent on financing to continue operations, which together raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Chisholm, Bierwolf & Nilson

Chisholm, Bierwolf & Nilson, LLC  
Bountiful, Utah  
March 27, 2007

PROVIDENCE RESOURCES, INC.  
(A Development Stage Company)  
CONSOLIDATED BALANCE SHEETS  
December 31, 2006

	2006	2005
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,540,145	\$ 2,035,438
Drilling rig inventory	724,515	-
Prepaid expenses	98	-
Promissory note Receivable, including interest	-	3,091,901
Total current assets	<u>2,264,758</u>	<u>5,127,339</u>
<b>PROPERTY AND EQUIPMENT (Note 4) :</b>		
Oil and gas leases – undeveloped	26,266,981	-
Oil and gas pipeline (construction in progress)	1,170,173	-
Equipment, net of amortization	45,810	1,019
Total property and equipment	<u>27,482,964</u>	<u>1,019</u>
<b>OTHER ASSETS:</b>		
Loan origination fees, net of amortization of \$24,097	45,799	-
Deposits	<u>2,266</u>	<u>-</u>
Total other assets	48,065	-
Total assets	<u>\$ 29,795,787</u>	<u>\$ 5,128,358</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 953,803	\$ 119,867
Accrued expenses	153,909	61,703
Related party payables	75,000	13,500
Current portion of long term notes payable (Note 6)	454,099	-
Total current liabilities	<u>1,636,811</u>	<u>195,070</u>
<b>CONVERTIBLE DEBENTURES (Note 7)</b>	3,570,000	3,645,000
<b>LONG TERM NOTES PAYABLE (NOTE 6)</b>	<u>319,826</u>	<u>-</u>
Total liabilities	5,526,637	3,840,070
<b>MINORITY INTEREST IN NET ASSETS OF SUBSIDIARY</b>	<u>117,017</u>	<u>-</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	-	-
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred stock, \$.0001 par value, 25,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$.0001 par value, 100,000,000 shares authorized, 47,949,627 shares issued and outstanding	5,185	1,648
Additional paid-in capital	40,047,072	10,425,371
Accumulated other comprehensive income	14,560	14,370
Deficit accumulated during the development stage	<u>(15,914,684)</u>	<u>(9,153,101)</u>
Total stockholder's equity	<u>24,152,133</u>	<u>1,288,288</u>
Total liabilities and stockholders' equity	<u>\$ 29,795,787</u>	<u>\$ 5,128,358</u>

The accompanying notes are an integral part of these financial statements

PROVIDENCE RESOURCES, INC.  
(A Development Stage Company)  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
Years ended December 31, 2006 and 2005 and Cumulative Amounts

	<u>2006</u>	<u>2005</u>	<u>Inception on February 17, 1993 through December 31, 2006</u>
Sales	\$ 350	\$ -	\$ 350
Cost of Sales	<u>25,427</u>	<u>-</u>	<u>25,427</u>
Gross profit	25,777	-	25,777
General and administrative expenses	<u>(2,121,062)</u>	<u>(468,677)</u>	<u>(7,455,424)</u>
Loss from operations	(2,095,285)	(468,677)	(7,429,647)
Other income (expense):			
Minority interest	19,898	-	19,898
Interest expense	(5,102,503)	(200,517)	(5,443,640)
Interest income	<u>416,306</u>	<u>23,585</u>	<u>448,484</u>
Loss before provision for income taxes and discontinued operations	(6,761,584)	(645,609)	(12,404,905)
Provision for income taxes	<u>-</u>	<u>-</u>	<u>-</u>
Loss before discontinued operations	(6,761,584)	(645,609)	(12,404,905)
Gain (loss) from discontinued operations, net of tax	<u>-</u>	<u>(299,248)</u>	<u>(3,407,279)</u>
Net loss before cumulative effect of accounting change	(6,761,584)	(944,857)	(15,812,184)
Cumulative effect of accounting change, net of tax	<u>-</u>	<u>-</u>	<u>(102,500)</u>
Net loss	<u><u>(6,761,584)</u></u>	<u><u>(944,857)</u></u>	<u><u>(15,914,684)</u></u>
Loss per share from continuing operations basic/diluted	<u>\$ (0.24)</u>	<u>\$ (0.08)</u>	
Net Loss per common share - basic and diluted	<u>\$ (0.24)</u>	<u>\$ (0.12)</u>	
Weighted average common shares - Basic and diluted	<u>28,296,428</u>	<u>8,032,000</u>	
Other comprehensive income			
Foreign currency translation adjustment	<u>190</u>	<u>9,057</u>	<u>14,560</u>
Net comprehensive income (loss)	\$ <u><u>(6,761,394)</u></u>	\$ <u><u>(935,800)</u></u>	\$ <u><u>(15,900,124)</u></u>

The accompanying notes are an integral part of these financial statements

PROVIDENCE RESOURCES, INC.  
(A Developmental Stage Company)  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE INCOME  
February 17, 1993 ( Date of Inception) to December 31, 2006

	Preferred Stock		Common Stock		Additional	Accumulated	Deficit	
	Shares	Amount	Shares	Amount	Paid-in	Other	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Comprehensive	During the	Total
	Shares	Amount	Shares	Amount	Capital	Income	Development	Total
	Shares	Amount	Shares	Amount	Capital	Income	Stage	Total
Balance at February 17, 1993 (date of inception)	-	\$ -	60,000	\$ 6	\$ 1,194	\$ -	\$ -	\$ 1,200
Net loss	-	-	-	-	-	-	(200)	(200)
Balance at December 31, 1993	-	-	60,000	6	1,194	-	(200)	1,000
Net loss	-	-	-	-	-	-	(240)	(240)
Balance at December 31, 1994	-	-	60,000	6	1,194	-	(440)	760
Net loss	-	-	-	-	-	-	(240)	(240)
Balance at December 31, 1995	-	-	60,000	6	1,194	-	(680)	520
Net loss	-	-	-	-	-	-	(240)	(240)
Balance at December 31, 1996	-	-	60,000	6	1,194	-	(920)	280
Issuance of common stock for cash	-	-	32,068	3	80,269	-	-	80,272
Net loss	-	-	-	-	-	-	(79,765)	(79,765)
Balance at December 31, 1997	-	-	92,068	9	81,463	-	(80,685)	787
Issuance of common stock for:								
Services	-	-	6,500	1	12,999	-	-	13,000
Cash	-	-	26,170	3	26,167	-	-	26,170
Additional shares due to rounding after stock split	-	-	300	1	(1)	-	-	-
Net loss	-	-	-	-	-	-	(36,896)	(36,896)
Balance at December 31, 1998	-	-	125,038	14	120,628	-	(117,581)	3,061

PROVIDENCE RESOURCES, INC.  
(A Developmental Stage Company)  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE INCOME  
February 17, 1993 ( Date of Inception) to December 31, 2006

	Preferred Stock		Common Stock		Additional	Accumulated Other	Deficit Accumulated During the	
	Shares	Amount	Shares	Amount	Paid-in Capital	Comprehensive Income	Development Stage	Total
Balance forward, December 31, 1998	-	-	125,038	14	120,628	-	(117,581)	3,061
Rounding	-	-	(38)	-	-	-	-	-
Issuance of common stock for:								
Cash	-	-	22,500	2	899,998	-	-	900,000
Assets	-	-	128,012	13	1,020,452	-	-	1,020,465
Net book value of Healthbridge, Inc.	-	-	20,500	2	(2)	-	-	-
Dividends-in-kind	-	-	50,202	5	2,008,091	-	(2,008,096)	-
Debt	-	-	242,500	23	999,978	-	-	1,000,001
Reverse acquisition with Healthbridge, Inc. and Wattmonitor, Inc.	-	-	147,500	15	798,046	-	-	798,061
Common stock offering costs	-	-	-	-	(105,000)	-	-	(105,000)
Reverse acquisition, retirement of old shares of Wattmonitor, Inc.	-	-	(147,500)	(15)	(915,627)			
Share adjustment for shares previously issued	-	-	150	-	-	-	-	-
Net loss	-	-	-	-	-	-	(3,196,076)	(3,196,076)
Balance at December 31, 1999	-	-	588,864	60	4,826,564	-	(5,204,172)	(377,549)

The accompanying notes are an integral part of these financial statement



PROVIDENCE RESOURCES, INC.  
(A Developmental Stage Company)  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE INCOME  
February 17, 1993 ( Date of Inception) to December 31, 2006

	Preferred Stock		Common Stock		Additional	Accumulated Other	Deficit Accumulated During the	
	Shares	Amount	Shares	Amount	Paid-in Capital	Comprehensive Income	Development Stage	Total
Balance forward at December 31, 1999	-	-	588,864	60	4,826,564	-	(5,204,172)	(377,549)
Issuance of common stock for:								
Debt	-	-	34,950	4	349,496	-	-	349,500
Services	-	-	11,000	1	71,199	-	-	71,200
Cash	-	-	19,500	2	194,998	-	-	195,000
Accounts payable	-	-	7,500	1	74,999	-	-	75,000
Common stock offering costs	-	-	-	-	(15,600)	-	-	(15,600)
Stock option compensation expense	-	-	-	-	6,000	-	-	6,000
Net loss	-	-	-	-	-	-	(816,545)	(816,545)
Balance at December 31, 2000	-	-	661,814	67	5,507,656	-	(6,020,717)	(512,994)
Issuance of common stock for:								
Services	-	-	84,400	9	258,941	-	-	258,950
Accounts payable	-	-	13,750	1	59,999	-	-	60,000
Debt	-	-	41,603	4	249,614	-	-	249,618
Net loss	-	-	-	-	-	-	(422,008)	(422,008)
Balance at December 31, 2001	-	-	801,567	81	6,076,210	-	(6,442,725)	(366,434)

The accompanying notes are an integral part of these financial statement

PROVIDENCE RESOURCES, INC.  
(A Developmental Stage Company)  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE INCOME  
February 17, 1993 ( Date of Inception) to December 31, 2006

	Preferred Stock		Common Stock		Additional	Accumulated Other	Deficit Accumulated During the	
	Shares	Amount	Shares	Amount	Paid-in Capital	Comprehensive Income	Development Stage	Total
Balance forward at December 31, 2001	-	-	801,567	81	6,076,210	-	(6,442,725)	(366,434)
Comprehensive loss:								
Net loss	-	-	-	-	-	-	(1,221,203)	(1,221,203)
Other comprehensive loss - cumulative foreign currency translation adjustment	-	-	-	-	-	4,869	-	<u>4,869</u>
Total comprehensive loss								<u>(1,216,334)</u>
Issuance of common stock for:								
Intellectual property	-	-	37,500	4	224,996	-	-	225,000
Services	-	-	143,000	14	806,086	-	-	806,100
Accounts payable and services	-	-	5,000	1	10,999	-	-	11,000
Stock option compensation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>12,500</u>
Balance at December 31, 2002	-	-	987,067	99	7,130,791	4,869	(7,663,928)	(528,169)

The accompanying notes are an integral part of these financial statement

PROVIDENCE RESOURCES, INC.  
(A Developmental Stage Company)  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE INCOME  
February 17, 1993 ( Date of Inception) to December 31, 2006

	Preferred Stock		Common Stock		Additional	Accumulated	Deficit	
	Shares	Amount	Shares	Amount	Paid-in	Comprehensive	Accumulated	
					Capital	Income	During the	Total
							Development	
							Stage	
Balance forward at December 31, 2002	-	-	987,067	99	7,130,791	4,869	(7,663,928)	(528,169)
Comprehensive loss:								
Net loss	-	-	-	-	-	-	(232,560)	(232,560)
Other comprehensive loss - cumulative foreign currency translation adjustment	-	-	-	-	-	(806)	-	(806)
Total comprehensive loss								<u>(233,366)</u>
Issuance of common stock for:								
Cash	-	-	314,165	32	102,801	-	-	102,833
Services			2,100	-	3,888	-	-	3,888
Debt			1,537,048	154	475,583	-	-	475,737
Common stock offering costs	-	-	-	-	(2,000)	-	-	(2,000)
Issuance of common stock options for services after reverse split	-	-	-	-	15,000	-	-	15,000
	<u>-</u>	<u>-</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2003	-	-	2,840,445	285	7,726,063	4,063	(7,896,488)	(166,077)
Issuance of common stock for:								
Debt conversion	-	-	2,735,555	273	197,673	-	-	197,946
Services			1,050,000	105	80,395			80,500
Other comprehensive loss - cumulative foreign currency translation adjustment	-	-	-	-	-	1,250	-	1,250
Net loss	-	-	-	-	-	-	(311,757)	(311,757)
Balance at December 31, 2004	<u>-</u>	<u>-</u>	<u>6,626,000</u>	<u>663</u>	<u>8,004,131</u>	<u>5,313</u>	<u>(8,208,245)</u>	<u>(198,138)</u>

The accompanying notes are an integral part of these financial statement

PROVIDENCE RESOURCES, INC.  
(A Developmental Stage Company)  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE INCOME  
February 17, 1993 ( Date of Inception) to December 31, 2006

	Preferred Stock		Common Stock		Additional	Accumulated Other	Deficit Accumulated During the	
	Shares	Amount	Shares	Amount	Paid-in Capital	Comprehensive Income	Development Stage	Total
Balance at December 31, 2004	-	-	6,626,000	663	8,004,131	5,313	(8,208,245)	(198,138)
Issuance of common stock for:								
Cash	-	-	7,520,000	752	2,005,248	-	-	2,006,000
Debt	-	-	2,334,841	233	349,992	-	-	350,226
Issuance of warrants for finders fees	-	-	-	-	191,400	-	-	191,400
Common stock offering costs	-	-	-	-	(125,400)	-	-	(125,400)
Other comprehensive loss - cumulative foreign currency translation adjustment	-	-	-	-	-	9,057	-	9,057
Net loss for the period	-	-	-	-	-	-	(944,857)	(944,857)
Balance at December 31, 2005	-	\$ -	16,480,841	\$ 1,648	\$ 10,425,371	\$ 14,370	\$ (9,153,101)	\$ 1,288,288

The accompanying notes are an integral part of these financial statement

PROVIDENCE RESOURCES, INC.  
(A Developmental Stage Company)  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE INCOME  
February 17, 1993 ( Date of Inception) to December 31, 2006

	Preferred Stock		Common Stock		Additional	Accumulated	Deficit	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Other Comprehensive Income	Accumulated During the Development Stage	
Balance forward at December 31, 2005	-	\$ -	16,480,841	\$ 1,648	\$ 10,425,371	\$ 14,370	\$ (9,153,101)	\$ 1,288,288
Issuance of common stock for:								
Acquisition of Providence								
Exploration	-	-	20,000,000	2,000	15,998,000	-	-	16,000,000
Cash	-	-	13,369,920	1,337	8,020,615	-	-	8,021,952
Debt	-	-	2,004,778	200	2,071,014	-	-	2,071,214
Issuance of warrants with equity								
financing	-	-	-	-	3,409,330	-	-	3,409,330
Issuance of warrants for finders fees	-	-	-	-	122,743	-	-	122,743
Other comprehensive loss -								
cumulative foreign currency								
translation adjustment	-	-	-	-	-	190	-	190
Net loss for the period	-	-	-	-	-	-	(6,761,584)	(6,761,584)
Balance at December 31, 2006	-	\$ -	51,855,539	\$ 5,185	\$ 40,047,072	\$ 14,560	\$ (15,914,685)	\$ 24,152,133

The accompanying notes are an integral part of these financial statement

PROVIDENCE RESOURCES, INC.  
(A Development Stage Company)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended December 31, 2006 and 2005 and Cumulative Amounts

	2006	2005	Inception on February 17, 1993 through December 31, 2006
<u>Cash flows from operating activities:</u>			
Net loss	\$ (6,761,584)	\$ (944,857)	\$ (15,914,684)
Adjustments to reconcile net loss to net cash used in operating activities:			
Shares issued for services	360,000	-	360,000
Shares issued for financing	3,532,073	-	3,532,073
Shares issued for debt conversion	226,547	-	226,547
Additional value of shares issued for debt conversion	1,409,667	416,226	2,999,531
Depreciation and amortization	9,544	491	165,021
Minority interest	(19,898)	-	(19,898)
Discontinued operations	-	299,248	2,542,150
Gain on write-off of liabilities	-	6,422	(96,270)
(Increase) decrease in:			
Accounts receivable and prepaid expenses	121,615	(16,901)	110,518
Increase (decrease) in:			
Accounts payable	931,721	53,756	1,550,827
Accrued expenses	(82,808)	50,197	(210,419)
Related party payables	61,500	(97,438)	175,312
Net cash provided by (used in) operating activities	<u>( 211,623)</u>	<u>(232,857)</u>	<u>(4,158,455)</u>
<u>Cash flows from investing activities:</u>			
Advances to Providence Exploration prior to acquisition	(5,811,761)	(3,075,000)	(8,886,761)
Cash of Providence Exploration on acquisition date	73,271	-	73,271
Acquisition of intangible assets	-	-	(150,398)
Acquisition of property and equipment	(2,644,520)	-	(2,648,260)
Issuance of notes receivable	3,124	-	(616)
Net cash (used in) investing activities	<u>(8,379,886)</u>	<u>(3,075,000)</u>	<u>(11,612,764)</u>
<u>Cash flows from financing activities:</u>			
Proceeds from notes payable	-	-	692,999
Issuance of common stock	8,021,952	2,006,000	13,111,279
Commissions paid to raise convertible debentures	-	-	(41,673)
Minority investment in subsidiary	136,915	-	136,915
Proceeds from convertible debentures	-	3,320,000	3,654,173
Payments on notes payable	(62,841)	(29,048)	(256,889)
Net cash provided by financing activities	<u>8,096,026</u>	<u>5,296,952</u>	<u>17,296,804</u>
Cash effect of foreign currency translation	190	9,057	14,560
Net increase (decrease) in cash	(495,293)	1,998,152	1,540,145
Cash, beginning of period	2,035,438	37,286	-
Cash, end of period	<u>\$ 1,540,145</u>	<u>\$ 2,035,438</u>	<u>\$ 1,540,145</u>

The accompanying notes are an integral part of these financial statements

PROVIDENCE RESOURCES, INC.  
(A Development Stage Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2006 and 2005

Note 1 — Organization and Summary of Significant Accounting Policies

Organization

The consolidated financial statements consist of Providence Resources, Inc. (“Providence Resources”) (formerly Healthbridge, Inc.) and its wholly owned subsidiaries, Healthbridge AG (“Healthbridge AG”), Providence Exploration LLC (“Providence Exploration”), PDX Drilling, LLC and Providence Resources LLC and a ninety percent interest in Comanche County Pipeline, LLC (collectively “the Company”).

Providence Resources, Inc. was organized on February 17, 1993 (date of inception) under the laws of the State of Texas. The Company changed its name from Healthbridge, Inc. to Providence Resources, Inc. on September 29, 2006. Healthbridge AG was formed as a German subsidiary during 2002. Providence Exploration, LLC was formed on July 12, 2005, under the Laws of the State of Texas as a Limited Liability Company and is headquartered in Dallas, Texas. Providence Exploration formed a wholly owned subsidiary, PDX Drilling, LLC (PDX), on July 12, 2005. PDX was formed to acquire drilling and service rigs for the purpose of drilling oil and gas wells in Texas. Providence Exploration also formed a wholly owned subsidiary, Providence Resources LLC, on September 1, 2005, to acquire leases in Texas for oil and gas exploration and development. In October of 2006, Providence Exploration entered into an agreement to form Comanche County Pipeline, LLC with the purpose of constructing an oil and gas pipeline in Comanche County, Texas.

On January 25, 2002, the Company acquired certain patents related to the infectious medical waste sterilization and disposal technologies developed in Germany. During the fourth quarter of 2005, the Company decided to discontinue all operations connected to the Valides® Modular Infectious Waste Disposal System and the Medides System due to the unsatisfactory level of revenue generated to date.

On November 21, 2005, the Company executed a letter of intent to acquire Providence Exploration, LLC, as a wholly owned subsidiary in a stock for ownership exchange. On September 29, 2006, the Corporation acquired Providence Exploration as a wholly owned subsidiary, pursuant to the closing of a Securities Exchange Agreement and a Note Exchange Agreement.

The Securities Exchange Agreement, entered into on April 10, 2006 with Providence Exploration and the unit holders of Providence Exploration, provided for the exchange of 4,286,330 shares of the Corporation’s common stock for 1,250,000 issued and outstanding membership units of Providence Exploration. The Note Exchange Agreement, entered into on April 10, 2006 with the holders of certain promissory notes issued by Providence Exploration, provided for the exchange of 12,213,670 shares of the Company’s common stock for the assignment of those promissory notes to the Company. The agreements were closed pursuant to shareholder approval at a special meeting of the shareholders held on September 29, 2006.

PROVIDENCE RESOURCES, INC.  
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Note 1 — Organization and Summary of Significant Accounting Policies (continued)

Providence Exploration is involved in exploration activities for the recovery of oil and gas from the Marble Falls and Barnett Shale formations in the Fort Worth basin and from the Ellenburger carbonate, Strawn carbonate and Pennsylvanian-Wolfcamp sandstone reservoirs in Val Verde County. The Fort Worth basin prospects include approximately 7,374 acres of oil and gas leases and the Val Verde County prospects include approximately 12,832 acres of oil and gas leases. Providence Exploration has a 90% working interest and its joint venture operating partner, Harding Company, has a 10% working interest in the Fort Worth basin projects.

The Company is considered a development stage company as defined in SFAS No. 7.

Principles of Consolidation

The consolidated financial statements include the accounts of Providence Resources, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Inventory

Inventory consists of drilling rigs, parts and components. The Company records inventory at the lower of cost or market.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense as incurred. Costs of major renewals or betterments are capitalized over the remaining useful lives of the related assets. Depreciation is computed by using the straight-line method. The cost of property disposed of and related accumulated depreciation is removed from the accounts at the time of disposal, and gain or loss is reflected in operations.

Oil and Gas Leases Not Subject to Amortization

Oil and gas lease costs are recorded at cost and consist of 7,374.5 acres of land leases in North Eastern Texas in the Barnett Shale Formation and 12,847.2 acres of land leases in Southwest Texas in Val Verde County. These leases are undeveloped at December 31, 2006, and accordingly no depletion is included in the accompanying consolidated financial statements.

The Company follows the full cost method of accounting for exploration and development of oil and gas properties whereby all costs in acquiring, exploring and developing properties are capitalized, including estimate of abandonment costs, net of estimated equipment salvage costs. Prior to acquisition on September 29, 2006, Providence Exploration capitalized \$ 3,278,647 in exploration costs. No costs related to production, general corporate overhead, or similar activities have been capitalized. As of December 31, 2006, the Company only has capitalized costs of unproved properties acquired and related exploration costs. Leasehold costs are depleted based on the units-of-production method based on estimated proved reserves. No proved reserves currently exist for the Company and therefore no depletion has been taken as of December 31, 2006.



PROVIDENCE RESOURCES, INC.  
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Note 1 — Organization and Summary of Significant Accounting Policies (continued)

Oil and Gas Leases Not Subject to Amortization (continued)

In accordance with Statement of Financial Accounting Standards No. 144 “Accounting for the Impairment or Disposal of Long-Lived Assets”, the Company reviews its long-lived assets to be held and used, excluding proved oil and gas properties accounted for under the full cost method of accounting, whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. An impairment loss is indicated if the sum of the expected future net cash flows is less than the carrying amount of the assets. In this circumstance, the Company recognizes an impairment loss for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. The Company’s long-lived assets related to its proved oil and gas properties accounted for under the full cost method of accounting are prescribed by the Securities and Exchange Commission (Regulation S-X, Rule 4-10, “Financial Accounting and Reporting for Oil and Gas Producing Activities Pursuant to the Federal Securities Laws and the Energy Policy and Conservation Act of 1975”).

Intangible Assets

Costs associated with the acquisition of definite life intangibles are capitalized and amortized over their useful life. These costs will be reviewed quarterly by management for impairment and valuation. Such impairment is reviewed from available information at the time such as projected cash flow analysis, sales orders and other information available to help management determine future realization of this asset. Management will write this intangible down to its net realizable value at the time of impairment appears to exist.

Loan origination fees are amortized on a straight line basis over the 36 month term of the loans and are as follows:

	2006	2005
Loan Origination Fee	69,896	-0-
Accumulated Amortization	24,097	-0-
Total	45,799	-0-

Long-Lived Assets

The Company evaluates its long-lived assets in accordance with SFAS No. 144, “Accounting for the Impairment of Long-Lived Assets”. Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets and is recorded in the period in which the determination was made.

PROVIDENCE RESOURCES, INC.  
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Note 1 — Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

Deferred income taxes are provided in amounts sufficient to give effect to temporary differences between financial and tax reporting, principally related to deferred start-up cost. For income tax purposes start-up costs are deferred until the Company begins generating revenue, at which time the costs begin being amortized.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. At December 31, 2006, the Company had \$1,540,145 in bank deposit accounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Translation of Foreign Currencies

Assets and liabilities of the Company's foreign subsidiary are translated into U.S. dollars at the applicable exchange rates at year-end. Net gains or losses resulting from the translation of the Company's assets and liabilities are reflected as a separate component of stockholders' equity. A negative translation impact on stockholders' equity reflects a current relative U.S. dollar value higher than at the point in time that assets were actually acquired in a foreign currency. A positive translation impact would result from a U.S. Dollar weaker in value than at the point in time foreign assets were acquired.

Income and expense items are translated at the weighted average rate of exchange (based on when transactions actually occurred) during the year.

Revenue Recognition

The Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, Revenue Recognition ("SAB104"), which superseded Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements ("SAB101"). SAB 101 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectibility is reasonably assured.

The Company incurred revenues during the year ended December 31, 2006. Revenues are recorded upon the completion of the services, with the existence of an agreement and where collectability is reasonably assured. Oil and natural gas production revenue will be recognized at the time and point of sale after the product has been extracted from the ground.

Stock-Based Compensation

At December 31, 2006, the Company has stock-based employee compensation plans, which are described in greater detail in Note 11. The Company accounts for those plans under the recognition and measurement principles of APB Opinion 25, "Accounting for Stock Issued to Employees", and related Interpretations, and has adopted the disclosure provisions of SFAS 123 (R), "Share Based Payment."

Had compensation cost for the Company's stock option plan been determined based on the fair value at the grant date for awards consistent with the provisions of SFAS 123 (R), the Company's net loss and loss per share would have been reduced to the pro forma amounts indicated below:

PROVIDENCE RESOURCES, INC.  
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Note 1 — Organization and Summary of Significant Accounting Policies (continued)

Stock Based Compensation (continued)

	<u>2006</u>	<u>2005</u>
Net loss as reported		
	\$ (6,761,584)	\$ (944,857)
Deduct:		
Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	-	-
Net loss pro forma	\$ (6,761,584)	\$ (944,857)
Loss per share – basic and diluted:		
As reported	\$ (.24)	\$ (.08)
Pro forma	\$ (.24)	\$ (.08)

Earnings Per Share

The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the period plus the common stock equivalents which would arise from the exercise or conversion of warrants, options and convertible securities, if any, using the treasury stock method. The Company had 7,303,650 stock equivalents of warrants at December 31, 2006 that were excluded from the calculation of diluted earnings per share. Common stock equivalents are not included in the diluted earnings per share calculation when their effect is antidilutive.

Earnings Per Share computation for Continuing operations:

	<u>2006</u>	<u>2005</u>
Numerator – (loss from continuing operations) \$	(6,761,584)	\$ (645,609)
Denominator – weighted average number of shares outstanding	<u>28,296,428</u>	<u>8,032,000</u>
Loss per share	<u>\$ (0.24)</u>	<u>\$ (0.08)</u>

Earnings Per Share computation from Discontinued Operations:

	<u>2006</u>	<u>2005</u>
Numerator – (loss from discontinued operations)\$	Nil	\$ (299,248)
Denominator – weighted average number of shares outstanding	<u>28,296,428</u>	<u>8,032,000</u>
Loss per share-discontinued operations	<u>\$ (0.00)</u>	<u>\$ (0.04)</u>

PROVIDENCE RESOURCES, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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Note 1 — Organization and Summary of Significant Accounting Policies (continued)

Earnings Per Share (continued)

Earnings Per Share computation for Net Income:

	<u>2006</u>	<u>2005</u>
Numerator – (Net Loss)	\$ (6,761,584)	\$ (944,857)
Denominator – weighted average number of shares outstanding	<u>28,296,428</u>	<u>8,032,000</u>
Loss per share	<u>\$ (0.24)</u>	<u>\$ (0.12)</u>

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2005 financial statements may have been reclassified to conform to the 2006 presentation.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and notes payable. The carrying amount of these items approximates fair value because of their short-term nature and the notes payable bear interest at the market interest rate.

Note 2 — Going Concern

As of December 31, 2006, the Company's revenue generating activities have not generated sufficient funds for profitable operations, and the Company has incurred losses of \$15,984,684 since inception. These factors raise substantial doubt about the Company's ability to continue as a going concern.

We anticipate that additional funding will be required in the next twelve months and that it will be in the form of equity financing from the sale of our common stock. However, we do not have any financing arranged and we cannot provide investors with firm assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our plan of operations.

PROVIDENCE RESOURCES, INC.  
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Note 3 – Promissory Note Receivable

Prior to the acquisition of Providence Exploration, the Company had advanced funds to Providence Exploration in exchange for a secured revolving promissory note. The note was secured by the assets of Providence Exploration including all of the debtor's rights, titles and interests in certain leases of oil, gas and mineral interests located in the Comanche and Hamilton counties of Texas. The face value of the note increased to match the amounts advanced by the Company. The note bears interest at 7.0% per annum and was to be paid in full by December 1, 2006. Once the Company acquired Exploration, the intercompany note was eliminated upon consolidation. Prior to the acquisition date of September 29, 2006, the Company had advanced \$8,886,761 to Providence Exploration LLP and the accrued interest on the note was \$302,603.

Note 4 — Property and Equipment

Drilling and service rigs and equipment are recorded at cost and are depreciated over their estimated useful lives of ten years using the straight-line method. Office furniture and equipment and automotive equipment are recorded at cost and depreciated over their estimated useful lives of five to ten years using the straight-line method.

Upon sale or retirement of property and equipment the cost and related accumulated depreciation of the asset are removed from the Company's accounts and gain or loss is recognized.

Expenditures for repair and maintenance are charged to expense as incurred.

The Company's property and equipment at December 31, 2006 consist of the following:

	<u>2006</u>	<u>2005</u>
Drilling Rigs & Equipment	15,441	3,740
Vehicles	27,495	-
Office furniture and Equipment	12,659	-
Less accumulated depreciation	<u>(9,785)</u>	<u>(2,721)</u>
Equipment, net	<u>\$45,810</u>	<u>1,019</u>

Depreciation expense for the years ended December 31, 2006 and 2005 was \$9,544 and \$491 respectively.

Note 5 – Patents

In 2002, patents were obtained pursuant to an agreement whereby the Company executed an Intellectual Property Assignment and Sale Agreement ("Agreement") with B.I.M.E. GmbH, a German corporation, and Hermann Esser and Eduard Kneifel, both German residents ("Sellers"), to acquire certain infectious medical waste sterilization and disposal technologies developed in Germany. The Agreement transfers to the Company the exclusive ownership of both the Valides® Modular Infectious Medical Waste Disposal System and the Medides System together with all the intellectual property, including the patents, patents pending, proprietary software and licenses required to manufacture, operate and market these technologies worldwide.

PROVIDENCE RESOURCES, INC.  
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Note 5 – Patents (continued)

As of December 31, 2004, the gross carrying value of the patents was \$404,446 and accumulated amortization was \$121,334. In the first six months of 2005, the Company recognized a further \$20,222 of amortization on the patents. On June 30, 2005 the Company reviewed the carrying value of its patents and determined that the prospect of sales this year and future expected cashflow from sales of the Valides system were unknown. Therefore the Company determined that there was sufficient evidence to indicate that the carrying value of the patent asset was impaired. Pursuant to the Company's determination, it wrote off the remaining unamortized balance of \$262,890 of its capitalized cost.

Note 6 – Long-term Notes Payable

Note Payable - FAGEB AG, secured by drilling equipment, payable in quarterly installments of \$25,119 through July 31, 2008, including interest at 12%.	\$156,515
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Note Payable - Global Convertible Megatrend LTD., secured by drilling equipment, payable in quarterly installments of \$50,238 through July 31, 2008, including interest at 12%.	352,608
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Note Payable - FAGEB AG, secured by drilling equipment, payable in quarterly installments of \$37,722 through September 25, 2008, including interest at 12%.	<u>264,802</u>
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Total	773,925
Less current portion	<u>454,099</u>
Long-term notes payable	<u>\$ 319,826</u>

Future minimum principal payments on long-term debt are as follows:

2007	-0-
2008	<u>319,826</u>
Total	319,826

Note 7 – Convertible Debentures

Two convertible debentures were issued during 2002 (May 3, 2002-\$75,000 and May 6, 2002-\$250,000), bearing interest at 7.5% per annum, which mature in three years. The convertible debentures become immediately due and payable upon certain events of default unless waived by the lender. Interest on the principal amount was due annually on the anniversary date of the issue date. The conversion feature allowed the holder at any time to convert any unpaid amount of principal or interest at \$5.00 per share for a period of three years from the date of issuance. Pursuant to the terms of the convertible debenture, the Company agrees to file a Registration Statement within 60 days of conversion with the U.S. Securities and Exchange Commission.

PROVIDENCE RESOURCES, INC.  
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Note 7 – Convertible Debentures (continued)

The convertible debentures are secured by substantially all of the Company's assets consisting of all tangible and intangible property, but not limited to procedures, instruments, devices, equipment, research, designs, registrations, licenses, trademarks, software, patents, patents pending, "know-how" expertise, all additions and replacements to such property and any other documentation related to the Valides® and Medides systems for sterilizing and disinfecting infectious waste.

On January 14, 2004, the conversion price of the two debentures was adjusted to \$0.10 per share.

The terms for these two convertible debentures were extended to May 3, 2008 and May 6, 2010, respectively pursuant to the terms of extension agreements dated March 31, 2005. The extension agreements require certain additional conditions related to the Company's obligations as follows:

1. The interest payable on the convertible debentures, as of May 4, 2005, accrues at a rate of ten percent (10%) per annum payable on a quarterly basis with the initial quarterly interest payments due on September 30, 2005 and at the end of each quarter thereafter until repayment or conversion.
2. The right to convert the whole part or any part of the principal amounts and accrued interest into shares of the Company extends until May 3, 2008 and May 6, 2010 respectively.
3. Upon conversion or repayment of the principal amounts and accrued interest, the holders of the convertible debentures are entitled to a ten percent (10%) bonus on the amount due as of such date. The market value of this bonus on the date of the extension was recorded as financing expense of \$32,500.

On October 3, 2005 the Company reached an agreement with the beneficiaries of these two outstanding debentures for payment of interest accrued to September 30, 2005. The Company issued 136,298 shares of common stock to Global Convertible Megatrend Ltd. for \$13,629 owed, and 56,250 shares of common stock to Max Fugman for \$5,625 owed.

On April 11, 2006, the principal amount of the \$75,000 debenture to Max Fugman and \$3,863 of accrued interest were converted into shares of common stock at \$0.10 per share. After applying the 10% bonus, the Company issued 867,493 shares of common stock to extinguish \$86,749 of debt consisting of \$75,000 of principal repayment and \$11,749 in accrued interest. The Company recorded interest expense of \$954,243 to reflect the value of the shares issued upon conversion in excess of the book amounts.

On June 15, 2006, the interest accrued on the \$250,000 debenture to Global Convertible Megatrend Ltd. was converted into shares of common stock at \$0.10 per share. The Company issued 167,810 shares for \$16,781 of interest owed. The Company recorded interest expense of \$192,982 to reflect the value of the shares issued upon conversion of the book amount.

On December 31, 2006, the interest accrued on the \$250,000 debenture to Global Convertible Megatrend Ltd. was converted into shares of common stock at \$0.10 per share. The Company issued 145,200 shares for \$14,520 of interest owed. The Company recorded interest expense of \$65,340 to reflect the value of the shares issued upon conversion of the book amount.

The Company applied EITF 98-5 and EITF 00-27 in determining whether convertible debentures have a beneficial conversion feature, and in determining the value of such benefit. The Company determined that there was not beneficial conversion feature of the following Convertible Debentures.

PROVIDENCE RESOURCES, INC.  
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Note 7 – Convertible Debentures (continued)

On November 28, 2005, the Company issued seven convertible debenture certificates for the total principal sum of \$3,320,000 due in full with accrued and unpaid interest on November 30, 2010. The interest at a rate of 7.0% per annum is payable on a semi-annual basis with the initial payment due on June 1, 2006. The holders of the debentures has the right to convert all or part of the principal and accrued interest into common shares of the Company at \$0.35 per share at any time prior to maturity.

On August 24, 2006, the interest accrued on the seven debentures was partially converted into shares of common stock at \$0.35 per share. The Company issued 263,563 shares for \$92,247 of interest owed. The Company recorded interest expense of \$144,960 to reflect the value of the shares issued upon conversion of the book amount.

On December 1, 2006, the interest accrued on the seven debentures was partially converted into shares of common stock at \$0.35 per share. The Company issued 260,712 shares for \$91,249 of interest owed. The Company recorded interest expense of \$52,142 to reflect the value of the shares issued upon conversion of the book amount.

For the year ended December 31, 2006, the Company recorded \$1,669,426 as interest and financing expense relating to convertible debentures. Accrued interest as at December 31, 2006 for all outstanding debentures totaled \$94,916.

The total value of the principal of the eight convertible debentures outstanding as of December 31, 2006 was \$3,570,000. Repayment of this principle is due according to the following schedule:

<u>Year</u>	<u>Principal Repayment</u>
2006	-
2007	-
2008	-
2009	-
2010	\$ 3,570,000

Note 8 — Related Party Transactions

The Company has entered into an agreement with Markus Mueller, a director of the Company for consulting services. The agreement has an automatic renewal provision unless terminated by either party. During the years ended December 31, 2006 and 2005, the Company recognized consulting expense of \$64,500 and \$42,000 respectively. The balance of \$75,000 was due to Mr. Mueller at December 31, 2006.

The Company has entered into an agreement with Nora Coccaro, the Company's President, for consulting services. The agreement has an automatic renewal provision unless terminated by either party. During the years ended December 31, 2006 and 2005, the Company recognized consulting expense of approximately \$424,500 and \$43,331 respectively. Of the current year charge, \$360,000 relates to the deemed value of 300,000 shares of common stock issued to the President on April 26, 2006.



PROVIDENCE RESOURCES, INC.  
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Note 9 — Stockholders' Equity Transactions

On July 25, 2006, the Company issued 1,336,992 units in an equity financing for a total of \$8,021,952. Each \$6.00 unit comprised of 10 shares of common stock and 5 share purchase warrants, which warrants are exercisable at \$1.00 for a period of three years from the date of grant. A total of 13,369,920 shares of common stock were issued and 6,684,960 warrants were issued. The Company recorded \$3,409,330 as a financing cost related to the issuance of the warrants. As finder's fees, the Company paid \$225,096 in cash and issued 234,690 warrants exercisable at \$0.72 for a period of three years from the date of grant. The Company recorded \$122,743 as a finder's fee expense related to the issuance of these warrants.

On September 29, 2006, the Company issued 16,500,000 shares of common stock valued at \$13,200,000 pursuant to the acquisition of Providence Exploration. In connection with the acquisition, the Company issued a further 3,500,000 shares of common stock valued at \$2,800,000 as payment of the outstanding balance for oil and gas leases in Val Verde County.

The Company acquired the following fixed assets upon acquisition:

Drilling rig inventory	\$ 724,515
Property and equipment	47,979
Oil and gas leases – undeveloped	23,807,018
	<hr/>
	\$ 24,579,512

During the year ended December 31, 2006, the Company issued 2,004,778 shares of common stock valued at \$2,071,214 for debt.

During the year ended December 31, 2005, the Company issued 1,250,000 shares of common stock at \$0.10 per share for a total of \$125,000. The Company also issued 6,270,000 shares of common stock at \$0.30 per share for a total of \$1,881,000.

In connection with the offering of 6,270,000 shares common stock and \$3,320,000 of convertible debentures during the 2005 year, a sales commission totaling 5% was authorized for payment to two individuals, comprising of 3% in cash and 2% in warrants to purchase 348,000 shares of Company common stock at \$0.30 per share. The warrants granted have a fair market value totaling \$191,400.

During the year ended December 31, 2005, the Company issued 2,334,841 shares of common stock for accounts payable of \$201,212, and accrued interest of \$32,038. An amount of \$116,742 was recorded as a financing cost due to the premium of the prevailing market price at the time of issuance over the stated price in the share for debt swap.

Note 10 — Minority Interest

Minority interest relates to the 10% interest in County Pipeline, LLC that is not held by the Company. This subsidiary was formed in October of 2006 with the purpose of constructing an oil and gas pipeline in Comanche County, Texas.

Note 11 — Preferred Stock

The Company's preferred stock may have such rights, preferences and designations and may be issued in such series as determined by the Board of Directors. No shares were issued and outstanding at December 31, 2006.

PROVIDENCE RESOURCES, INC.  
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Note 12 — Warrants

During 2005, in connection with the offering of 6,270,000 shares common stock and \$3,320,000 of convertible debentures during the year, a sales commission was partially paid in warrants. The warrants are exercisable in whole or in part allowing the holders to purchase 348,000 shares at an exercise price of \$0.30 before the expiry date of December 1, 2010. On the date granted, the fair market value of these warrants, totaling \$191,400, consisted of \$68,970 for warrants issued in connection with the common stock offering, and \$122,430 for warrants issued in connection with the debenture offering. The value of the warrants issued in connection with the debenture offering was recorded as a financing expense.

As part of the equity financing completed in July 2006, the Company issued 6,684,960 warrants exercisable until July 25, 2009 at \$1.00 per share. The Company recorded \$3,409,330 as a financing expense related to the issuance of these warrants based on their value as calculated using the Black-Scholes model.

The following assumptions were used for the Black-Scholes valuation of the warrants granted in 2006:

Risk-free interest rate	4.50%
Expected life of options	3.0 years
Annualized volatility	177%
Dividend rate	0.00%

Transactions involving the Company's warrant issuance are summarized as follows:

	<u>Warrants Outstanding</u>			<u>Weighted Average Contractual Life (Years)</u>	<u>Warrants Exercisable</u>		
	<u>Year</u>	<u>Exercise Price</u>	<u>Number Shares Outstanding</u>		<u>Number Exercisable</u>	<u>Exercise Price</u>	
2005	\$ 0.30		348,000	4.00	348,000	\$ .30	
2006	\$ 1.00		6,684,960	2.50	6,684,960	\$ 1.00	
2006	\$ 0.70		234,690	2.50	234,690	\$ .70	

PROVIDENCE RESOURCES, INC.  
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Note 12 — Warrants (continued)

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2004	0	\$ 0
Granted	348,000	\$ .30
Exercised	—	\$ —
Cancelled	(—)	\$ (—)
Outstanding at December 31, 2005	348,000	\$ .30
Granted	6,919,650	\$ .99
Exercised	—	\$ —
Cancelled	—	\$ —
Outstanding at December 31, 2006	<u>6,954,450</u>	<u>\$ .96</u>

Note 13 — Acquisition of Providence Exploration

On September 29, 2006, the Company entered into a share purchase agreement pursuant to which the Company acquired 100% control over Providence Exploration through the acquisition of all of its outstanding member shares.

The purchase price of the transaction required the Company to issue 20,000,000 common shares with a deemed value of \$16,000,000. The shares were used to eliminate \$3,571,311 of debt held by Providence Exploration. Prior to the transaction, Providence Exploration had a net assets deficit of \$1,961,149 which included \$73,721 in cash. The excess of the deemed value of the shares and fair value of the assets acquired amounted to \$14,389,838 which was allocated to the value of undeveloped oil and gas leases held by Providence Exploration at the time of the acquisition. At the time of the acquisition, there was an intercompany account balance of \$9,189,364 for principal and interest of cash advances made by the Company to Providence Exploration prior to the acquisition.

Note 14 – Agreements

In October 2005, the Company signed a joint exploration agreement with Harding Company. Under the terms of the agreement, the Company and Harding Company intend to explore, develop and produce oil and gas from Marble Falls and Barnett Shale formations in targeted areas of the Ft. Worth basin. Harding Company is appointed as operator.

The Company is required pursuant to the agreement to fund 100% of all costs of the management and operation for a minimum of 3 wells. The Company will carry Harding for its 10% working interest in all wells drilled and completed through the pipeline connection phase, in the project.

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Note 14 – Agreements (continued)

Effective February 22, 2006, the Company entered into an agreement to purchase oil and gas leases in Val Verde County, Texas. The purchase price was \$3,849,600, payable \$1,924,800 cash and \$1,924,800 note payable. In March 2006, Harding Company paid the Company 192,480 related to the purchase. In connection with the acquisition of Providence Exploration, the Company issued 3,500,000 shares of common stock valued at \$2,800,000 as payment of the outstanding balance for the oil and gas leases in Val Verde County.

Note 15 – Commitments and Contingencies

The Company leases office and warehouse space under an operating lease with monthly payments of 1,200 per month, expiring October 1, 2007. The Company also leases a vehicle under an operating lease with monthly payments of 455.74, expiring in October 2007. Minimum lease payments for 2007 are \$12,502. Rent expense for the years ended December 31, 2006 and 2005 were \$21,955 and \$6,429, respectively.

Note 16 — Deferred Income Taxes

The difference between income taxes at statutory rates and the amount presented in the financial statements is a result of the following:

	Years Ended December 31, <u>2006</u>	<u>2005</u>	Cumulative <u>Amounts</u>
Income tax benefit at statutory rate	\$ (2,299,000)	\$ (318,000)	\$ (4,721,000)
Change in valuation allowance	<u>2,299,000</u>	<u>318,000</u>	<u>4,721,000</u>
	\$ -	\$ -	\$ -

Deferred tax assets are as follows at December 31, 2006:

NOL Carry-forward	\$ 4,721,000
Valuation allowance	<u>(4,721,000)</u>
	\$ -

PROVIDENCE RESOURCES, INC.  
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Note 16 — Deferred Income Taxes (continued)

The Company has incurred Net Operating Losses of approximately \$16,000,000. These losses will be carried forward to offset future taxable income and will expire beginning in 2014. However, realization of the future tax benefit of these carry-forwards is contingent on the Company's ability to generate positive net operations. A valuation allowance has been recorded for the full amount of the deferred tax asset because it is more likely than not that the deferred tax asset will not be realized.

The components of current income tax expense as of December 31, 2006 and 2005, respectively are as follows:

	As of December 31,	
	2006	2005
Current federal tax expense	\$ -	\$ -
Current state tax expense	-	-
Change in NOL benefits	2,299,000	318,000
Change in valuation allowance	(2,299,000)	(318,000)
Income tax expense	\$ -	\$ -

Note 17 – Discontinued Operations

Effective December 31, 2000, the Company closed its offices in Dallas, Texas, and discontinued its operations relating to the marketing and distributing of its Redloc II waste disposal system because of its inability to generate revenues due to lack of successfully obtaining contracts for its product. The Company wrote off inventory in the amount of \$40,395 in accordance with SFAS No. 121 "*Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of.*" During the fourth quarter of 2002, the Company wrote off approximately \$103,000 in assumed liabilities and included in gain (loss) on discontinued operations for 2002 is a gain of \$102,692, and included in cumulative amounts from inception to December 31, 2002, is a net loss of \$2,893,157. There was no tax effect on this transaction due to the Company's loss position.

Effective December 31, 2005, the Company discontinued all operations connected to the Valides® Modular Infectious Waste Disposal System and the Medides System due to the unsatisfactory level of revenue generated to date. In 2005, \$299,248 was recorded as the loss on discontinued operations. Included in cumulative amounts from inception to December 31, 2005 is a net loss of \$514,122. There was no tax effect on this transaction due to the Company's loss position.

There was no impact of discontinued operations for the year ended December 31, 2006.

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Note 18 — Stock Based Compensation

The Company has adopted the disclosure provisions of Statement of Financial Accounting Standards (SFAS) No. 123 (R), “Share Based Payment” as described in Note 1. No stock options were granted in 2006 and 2005. No stock options were outstanding at December 31, 2006.

Note 19 — Reverse Common Stock Split

Effective August 25, 2003, the Company approved a 1-for-20 reverse common stock split. All common share amounts, common stock option amounts and per share information have been retroactively adjusted to reflect this common stock split in the accompanying financial statements.

Note 20 — Recent Accounting Pronouncements

In February 2006 the Financial Accounting Standards Board (FASB) issued Statement of Financial Standards No. 155 Accounting for Certain Hybrid Financial Instruments — an amendment of FASB Statements No. 133 and 140 (SFAS 155). This standard permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS 155 allows an entity to make an irrevocable election to measure such a hybrid financial instrument at fair value on an instrument-by-instrument basis. The standard eliminates the prohibition on a QSPE from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS 155 also clarifies which interest-only and principal-only strips are not subject to the requirements of SFAS 133, as well as determines that concentrations of credit risk in the form of subordination are not embedded derivatives. SFAS 155 is effective for all financial instruments acquired or issued after the beginning of the fiscal year that begins after September 15, 2006. Adoption of SFAS 155 is not expected to have a material impact on our consolidated financial position or results of operations.

In July 2006, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes,” which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, “Accounting for Income Taxes.” FIN 48 provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. FIN 48 becomes effective beginning with our first quarter 2007 fiscal period. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

In September 2006, the FASB issued FASB Statement of Financial Accounting Standards (“SFAS”) No. 157, Fair Value Measurements, which establishes a framework for reporting fair value and expands disclosures about fair value measurements. SFAS No. 157 becomes effective beginning with our first quarter 2008 fiscal period. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

In September 2006, the FASB issued SFAS No. 158, Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans. Effective for our fiscal year ending 2006, we will be required to fully recognize the assets and obligations associated with our defined benefit plans. Effective for fiscal year ending 2008, we will be required to measure a plan’s assets and liabilities as of the end of the fiscal year instead of our current measurement date of September 30. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

End of Notes to Financial Statements

PROVIDENCE RESOURCES INC.  
SCHEDULE OF SUPPLEMENTARY INFORMATION  
ON OIL AND GAS OPERATIONS  
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**Supplemental Oil and Gas Information – FAS69**

The following unaudited disclosures on standardized measures of discounted cash flows and changes therein relating to proved oil and gas reserves are determined in accordance with United States Statements of Financial Accounting Standards No. 69 “Disclosures About Oil and Gas Producing Activities”.

*Standardized Measure of Discounted Future Net Cash Flows and Changes Therein*

In calculating the standardized measure of discounted future net cash flows, year-end constant prices and cost assumptions were applied to the Company’s annual future production from proved reserves to determine cash inflows. Future production and development costs are based on constant price assumptions and assume the continuation of existing economic, operating and regulatory conditions. Future income taxes are calculated by applying statutory income tax rates to future pre-tax cash flows after provision for the tax cost of oil and natural gas properties based upon existing laws and regulations. The discount was computed by application of a 10 percent discount factor to the future net cash flows. The calculation of the standardized measure of discounted future net cash flows is based upon discounted future net cash flows prepared by the Company’s independent qualified reserve evaluators in relation to the reserves they respectively evaluated, and adjusted by the Company to account for management’s estimate obligations and future income taxes. The Company cautions that the discounted future net cash flows relating to proved oil and gas reserves are an indication of neither the fair market value of the Company’s oil and gas properties, nor of the future net cash flows expected to be generated from such properties. The discounted future net cash flows do not include the fair market value of exploratory properties and probable or possible oil and gas reserves, nor is consideration given to the effect of anticipated future changes in crude oil and natural gas prices, development, asset retirement and production costs, and possible changes to tax and royalty regulations. The prescribed discount rate of 10 percent may not appropriately reflect future interest rates. The Company’s projections should not be interpreted as being equivalent to fair market value.

PROVIDENCE RESOURCES INC.  
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**Supplemental Oil and Gas Information – FAS69 (continued)**

Net Proved Reserves (1, 2)

	Natural Gas (millions of cubic feet)	Crude Oil and Natural Gas Liquids (thousands of barrels)
December 31, 2005	-	-
Purchase of reserves in place	-	-
Production	-	-
Adjustment for uneconomic wells	-	-
December 31, 2006	-	-
Developed	-	-
Undeveloped	-	-
Total	-	-

(2) *Definitions:*

- a. “*Net*” reserves are the remaining reserves of the Company, after deduction of estimated royalties and including royalty interests.
- b. “*Proved oil and gas reserves.*” Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

Reservoirs are considered proved if economic product ability is supported by either actual production or conclusive formation test. The area of a reservoir considered proved includes that portion delineated by drilling and defined by gas-oil and /or oil-water contacts, if any; and the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir.

- i. Reserves which can be produced economically through application of improved recovery techniques (such as fluid injection) are included in the “proved” classification when successful testing by a pilot project, or the operation of an installed program in the reservoir, provides support for the engineering analysis on which the project or program was based.



PROVIDENCE RESOURCES INC.  
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**Supplemental Oil and Gas Information – FAS69 (continued)**

- ii. Estimates of proved reserves do not include the following:

Oil that may become available from known reservoirs but is classified separately as “indicated additional reserves”;

Crude oil, natural gas, and natural gas liquids, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors;

Crude oil, natural gas, and natural gas liquids, that may occur in undrilled prospects; and

Crude oil, natural gas, and natural gas liquids, that may be recovered from oil shales, coal, gilsonite and other such sources.

- c. *“Proved developed oil and gas reserves.”* Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing the natural forces and mechanisms of primary recovery should be included as “proved developed reserves” only after testing by a pilot project or after the operation of an installed program has confirmed through production response that increased recovery will be achieved.
- d. *“Proved undeveloped reserves.”* Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage shall be limited to those drilling units offsetting productive unites that are reasonably certain of production when drilled. Proved reserves for other undrilled unites can be claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. Under no circumstances should estimates, for proved undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual tests in the area and in the same reservoir.

(3) *The Company does not file any estimates of total net proved crude oil or natural gas reserves with any U.S. federal authority or agency other than the SEC.*

PROVIDENCE RESOURCES INC.  
SCHEDULE OF SUPPLEMENTARY INFORMATION  
ON OIL AND GAS OPERATIONS  
December 31, 2006 and 2005

**Supplemental Oil and Gas Information – FAS69 (continued)**

Standardized Measure of Discounted Future Net Cash Flows Related to Proved Oil and Gas Reserves

The Company has no proved reserves and no oil and gas production and therefore has not presented the Standardized Measure of Discounted Future Net Cash Flows or operating results.

Capitalized Costs

<u>December 31, 2006</u>	United States
Proved oil and gas properties	\$ -
Unproved oil and gas properties	26,266,981
Total capital costs	<u>26,266,981</u>
Accumulated depletion	(-)
Net capitalized costs	<u>\$ 26,266,981</u>

Costs Incurred

<u>Year ended December 31, 2006</u>	<u>United States</u> 2006
Acquisitions:	
Proved reserves	\$ -
Unproved reserves	3,987,877
Total acquisitions	<u>3,987,877</u>
Exploration costs	4,752,993
Development costs	-
Asset retirement obligations	-
Total costs incurred	<u>\$ 8,740,870</u>

Costs of \$7,266,524 were incurred by Providence Exploration prior to its acquisition by Providence Resources.

## **CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS OR ACCOUNTING AND FINANCIAL DISCLOSURE**

Providence has had no changes in or disagreements with our accountants, as to accounting or financial disclosure, over the two most recent fiscal years.

## **AVAILABLE INFORMATION AND REPORTS TO SECURITIES HOLDERS**

Providence is subject to the informational requirements of the Securities Act. Providence files reports, proxy statements and other information with the Commission. The public may read and copy any materials that we file with the Commission at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling 1-800-SEC-0330. The statements and forms we file with the Commission have been filed electronically and are available for viewing or copy on the Commission maintained Internet site that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the Commission. The Internet address for this site can be found at: [www.sec.gov](http://www.sec.gov).

## **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Providence's articles of incorporation provide that a director of Providence shall not be personally liable to Providence or our shareholders for monetary damages for breach of fiduciary duty as a director, except for such liability as is expressly not subject to limitation under the Texas Business Corporations Act. Providence's articles of incorporation further provide that we will indemnify and hold harmless each person who was, is or is threatened to be made a party to or is otherwise involved in any threatened proceedings by reason of the fact that he or she is or was a director or officer of Providence or is or was serving at the request of Providence as a director, officer, partner, trustee, employee, or agent of another entity, against all losses, claims, damages, liabilities and expenses actually and reasonably incurred or suffered in connection with such proceeding to the full extent permitted by the Texas Business Corporations Act.

## **OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION**

The securities are being registered in connection with the public offering of 12,669,920 shares of common stock and 6,523,150 shares underlying warrants to purchase common stock. All of the following expenses will be born by Providence. The amounts set forth are estimates except for the Commission registration fee:

Expense	Amount to be Paid
Securities and Exchange Commission registration fee	\$ 1,478.64
Attorneys' fees and expenses	40,000.00
Accountants' fees and expenses	10,000.00
Transfer agent's and registrar's fees and expenses	1,000.00
Total	\$ 52,478.64

## **RECENT SALES OF UNREGISTERED SECURITIES**

Set forth below is information regarding the issuance and sales of Providence's securities without registration within the last three years. The following securities are shares of common stock, warrants to purchase common stock, and debentures convertible into common stock. Sales which involved the use of an underwriter and commissions paid in connection with the sale of securities are noted.

Date	Shares	Name	Consideration	Price	Description	Exemption
10/30/2003	110,000	Richard Bullock	\$22,000	\$0.20	Cash	Reg. S / 4(2)
12/6/2003	142,500	Global Convertible Megatrend Ltd.	\$35,623	\$0.25	Interest due on convertible debt	Reg. S / 4(2)
12/12/2003	55,555	Union Securities Ltd.	\$11,111	\$0.20	Cash	Reg. S / 4(2)
12/12/2003	111,110	FE Global Undervalued Investment Ltd.	\$22,222	\$0.20	Cash	Reg. S / 4(2)
9/30/2004	416,667	Global Convertible Megatrend Ltd.	\$25,000	\$0.06	Cash	Reg. S / 4(2)
9/30/2004	237,746	Max Fugman	\$14,265	\$0.06	Interest due on convertible debt	Reg. S / 4(2)
3/1/2005	750,000	Global Convertible Megatrend Ltd.	\$75,000	\$0.10	Cash	Reg. S / 4(2)
4/8/2005	500,000	FAGEB AG	\$50,000	\$0.10	Cash	Reg. S / 4(2)
10/3/2005	136,298	Global Convertible Megatrend Ltd.	\$13,628	\$0.10	Interest due on convertible debt	Reg. S / 4(2)
10/3/2005	56,250	Max Fugman	\$5,625	\$0.10	Interest due on convertible debt	Reg. S / 4(2)
10/25/2005	50,000	Nora Coccoaro*	\$5,000	\$0.10	Consulting fees	Reg. S / 4(2)
10/25/2005	2,092,293	Markus Mueller**	\$209,229	\$0.10	Consulting fees, interest, loans	Reg. S / 4(2)

\* Chief executive officer and director

\*\* Chairman of the board of directors

Date	Convertible Debenture Amount	Name	Interest Rate (semi-annual, convertible)	Due Date	Conversion Rate	Exemption
11/28/2005	\$1,000,000	FAGEB AG	7%	11/30/2010	\$0.35	Reg. S
11/28/2005	\$360,000	Desmodio Management, Inc.	7%	11/30/2010	\$0.35	Reg. S
11/28/2005	\$360,000	Capriccio Investments, Inc.	7%	11/30/2010	\$0.35	Reg. S
11/28/2005	\$400,000	FE Global Leveraged Investments Ltd.	7%	11/30/2010	\$0.35	Reg. S
11/28/2005	\$250,000	FE Global Undervalued Investments Ltd.	7%	11/30/2010	\$0.35	Reg. S
11/28/2005	\$100,000	Sunshine, Inc.	7%	11/30/2010	\$0.35	Reg. S
11/28/2005	\$850,000	FE Global Convertible Investment Ltd.	7%	11/30/2010	\$0.35	Reg. S

A sales commission was authorized in connection with the above debentures, see below (dated 12/28/2005).

Date	Shares	Name	Consideration	Price	Description	Exemption
11/23/2005	200,000	Erich Hofer	\$60,000	\$0.30	Cash	Reg. S
11/25/2005	340,000	Bruno Sauter	\$102,000	\$0.30	Cash	Reg. S
11/28/2005	400,000	Joe Eberhard	\$120,000	\$0.30	Cash	Reg. S
11/30/2005	340,000	Ralph Ruoss	\$102,000	\$0.30	Cash	Reg. S
11/30/2005	1,700,000	Nicolas Mathys	\$510,000	\$0.30	Cash	Reg. S
11/30/2005	1,300,000	Desmodio Management Inc.	\$390,000	\$0.30	Cash	Reg. S
11/30/2005	1,300,000	Capriccio Investments Inc.	\$390,000	\$0.30	Cash	Reg. S
12/20/2005	260,000	Bruno Sauter	\$78,000	\$0.30	Cash	Reg. S
12/21/2005	170,000	Dieter Schaerer	\$51,000	\$0.30	Cash	Reg. S
12/21/2005	260,000	Walter Roeper	\$78,000	\$0.30	Cash	Reg. S

A sales commission was authorized in connection with the above shares, see below (dated 12/28/2005).

Date	Warrants	Name	Exercise Price	Description	Exemption
12/28/2005	166,543	Christian Russenberger	\$0.30	Commission*	Reg. S
12/28/2005	148,571	Sunshine, Inc.	\$0.30	Commission**	Reg. S

\* In connection with the offering of common stock authorized between 11/23/2005 and 12/21/2005 in the aggregate amount of \$1,881,000 and convertible debentures authorized on 11/28/2005 in the aggregate amount of \$720,000 for a total amount of \$2,601,000, a sales commission totaling 5% was authorized for payment, comprised of 3% in cash and 2% in warrants.

\*\* In connection with the above offering of convertible debentures authorized on 11/28/2005 in the aggregate amount of \$2,600,000, a sales commission totaling 5% was authorized for payment, comprised of 3% in cash and 2% in warrants.

Date	Shares	Name	Consideration	Price	Description	Exemption
4/11/2006	867,493	Max Fugman	\$86,749	\$0.10	Interest due and convertible debt	Reg. S / 4(2)
4/26/2006	300,000	Nora Coccoaro*	\$360,000	\$1.20	Services	Reg. S / 4(2)
6/15/2006	167,810	Global Convertible Megatrend Ltd.	\$16,781	\$0.10	Interest due on convertible debt	Reg. S / 4(2)

\* Chief executive officer and director

On July 25, 2006, Providence authorized the issuance of 6,779,640 restricted shares of common stock and authorized the delivery of 3,389,820 share purchase warrants, for cash consideration of \$4,067,784 in connection with an equity financing, to 41 investors pursuant to the exemptions from registration provided by Regulation S of the Securities Act.

Shares	Warrants	Name	Exercise Price	Consideration
60,000	30,000	Roman Sandmayr	\$1.00	\$36,000
25,000	12,500	Roland Wiesmann	\$1.00	\$15,000
40,000	20,000	Markus Wassmer	\$1.00	\$24,000
80,000	40,000	Heidi Haefeli	\$1.00	\$48,000
50,000	25,000	Roger Curchod	\$1.00	\$30,000
170,000	85,000	Westwood Trading Ltd.	\$1.00	\$102,000
150,000	75,000	Brigadoon Investments Ltd.	\$1.00	\$90,000
50,000	25,000	Hans Peter Stocker	\$1.00	\$30,000
50,000	25,000	Hansruedi Schumacher	\$1.00	\$30,000
100,000	50,000	Daniel Beck	\$1.00	\$60,000
60,000	30,000	Dr. Marc-Andre Schwab	\$1.00	\$36,000
80,000	40,000	Dieter Schaerer	\$1.00	\$48,000
100,000	50,000	Klimkin Associated SA	\$1.00	\$60,000
100,000	50,000	Elsbeth Russenberger	\$1.00	\$60,000
300,000	150,000	Global Leveraged Investment	\$1.00	\$180,000
450,000	225,000	Global Undervalued Investment	\$1.00	\$270,000
100,000	50,000	George Scherrer	\$1.00	\$60,000
700,000	350,000	Mamo Limited	\$1.00	\$420,000
85,000	42,500	Ilse Kaufmann	\$1.00	\$51,000
250,000	125,000	Germal GMBH	\$1.00	\$150,000

Shares	Warrants	Name	Exercise Price	Consideration
100,000	50,000	Martin Alex Murbach	\$1.00	\$60,000
70,000	35,000	Wylar Esther	\$1.00	\$42,000
1,666,670	833,335	Nicolas Mathys	\$1.00	\$1,000,002
380,000	190,000	Bank Julius Baer & Co. Ltd	\$1.00	\$228,000
20,000	10,000	Niconsult GmbH	\$1.00	\$12,000
53,000	26,500	Patrick Meier	\$1.00	\$31,800
10,000	5,000	Vladimir Mitrovic	\$1.00	\$6,000
25,000	12,500	Christoph Oeschger	\$1.00	\$15,000
860,000	430,000	Finter Bank Zurich	\$1.00	\$516,000
50,000	25,000	Claire Spencer	\$1.00	\$30,000
100,000	50,000	Brad Holland	\$1.00	\$60,000
100,000	50,000	Middlemarch Partners Limited	\$1.00	\$60,000
100,000	50,000	Bank Vontobel AG	\$1.00	\$60,000
16,670	8,335	Nasim Nasir	\$1.00	\$10,002
25,000	12,500	Peter John Noble	\$1.00	\$15,000
50,000	25,000	Arno Gassner	\$1.00	\$30,000
50,000	25,000	Klimkin Associated SA	\$1.00	\$30,000
20,000	10,000	Dominik Zehnder	\$1.00	\$12,000
83,300	41,650	Antonio Herrero	\$1.00	\$49,980

On July 25, 2006, Providence authorized the issuance of 6,590,280 restricted shares of common stock and authorized the delivery of 3,295,140 share purchase warrants, for cash consideration of \$3,954,168 in connection with an equity financing, to 117 investors pursuant to the exemptions from registration provided by Regulation D of the Securities Act.

Shares	Warrants	Name	Exercise Price	Consideration
83,300	41,650	Dr. Harvey Glicker	\$1.00	\$49,980
16,000	8,000	Victor T. Aellen	\$1.00	\$9,600
40,000	20,000	Steve Nelson	\$1.00	\$24,000
50,000	25,000	Bruce Colgin	\$1.00	\$30,000
333,330	166,665	Crenshaw Family Partnership, LTD	\$1.00	\$199,998
15,000	7,500	Theodore L Rhyne	\$1.00	\$9,000
20,000	10,000	Southwest Securities, Inc. FBO Steve Nelson IRA	\$1.00	\$12,000
30,000	15,000	Southwest Securities, Inc. FBO Mishawn M. Nelson IRA	\$1.00	\$18,000
100,000	50,000	James R. Foster	\$1.00	\$60,000
25,000	12,500	Daryl M. Anderson	\$1.00	\$15,000
100,000	50,000	Peter Kubin and Marie Kubin	\$1.00	\$60,000
50,000	25,000	Paul D. Stewart	\$1.00	\$30,000
166,680	83,340	William Marc Hill and Elizabeth Brogdon Hill	\$1.00	\$100,008
166,680	83,340	Willowbend Ventures, LP	\$1.00	\$100,008
50,000	25,000	David Hunter	\$1.00	\$30,000

Shares	Warrants	Name	Exercise Price	Consideration
100,000	50,000	Michael Crabtree	\$1.00	\$60,000
8,500	4,250	Meera Khedkar	\$1.00	\$5,100
500,000	250,000	Randall A. Crenshaw	\$1.00	\$300,000
50,000	25,000	Spiral Bridge Family Limited Partnership	\$1.00	\$30,000
33,330	16,665	Rodney Robert Martin	\$1.00	\$19,998
50,000	25,000	Joseph Simone	\$1.00	\$30,000
10,000	5,000	Kenneth W. Mullane	\$1.00	\$6,000
50,000	25,000	Peter E. Kenefick	\$1.00	\$30,000
60,000	30,000	Chris J. Kaskow	\$1.00	\$36,000
25,000	12,500	Sharad Khedkar	\$1.00	\$15,000
25,000	12,500	Billie H. Hill and Georgia M. Hill	\$1.00	\$15,000
10,000	5,000	Hernan P. and Beverly L. Puentes	\$1.00	\$6,000
66,660	33,330	Samuel Weir	\$1.00	\$39,996
50,000	25,000	David J. Serra	\$1.00	\$30,000
50,000	25,000	Rebecca L. Gettemy	\$1.00	\$30,000
33,330	16,665	Michael J. Schneider	\$1.00	\$19,998
16,670	8,335	Joseph C. Bork	\$1.00	\$10,002
33,330	16,665	Curry Plumbing And Heating	\$1.00	\$19,998
50,000	25,000	Katy M. Chen	\$1.00	\$30,000
50,000	25,000	Sally M. Chen	\$1.00	\$30,000
20,000	10,000	Gen Liang Shi	\$1.00	\$12,000
41,670	20,835	Jerry Hart	\$1.00	\$25,002
20,000	10,000	Harold Milbrodt	\$1.00	\$12,000
35,000	17,500	Thomas E. Jordan	\$1.00	\$21,000
30,000	15,000	Dr. Robert. M. Squire M.D	\$1.00	\$18,000
40,000	20,000	Alan Miller	\$1.00	\$24,000
50,000	25,000	Randy Clakson	\$1.00	\$30,000
35,000	17,500	Frank M. Andrews	\$1.00	\$21,000
40,000	20,000	Kim Davies Roth IRA	\$1.00	\$24,000
20,000	10,000	Michelle Maggio	\$1.00	\$12,000
60,000	30,000	Kate McKnight	\$1.00	\$36,000
25,000	12,500	Stanley Fineberg	\$1.00	\$15,000
25,000	12,500	Harolyn And Harvey Glicker	\$1.00	\$15,000
33,330	16,665	Charles Hough	\$1.00	\$19,998
16,670	8,335	Steven Hamilton	\$1.00	\$10,002
33,330	16,665	Berkeley Alliance Capital Circle	\$1.00	\$19,998
340,000	170,000	Barry Davis, Roth IRA	\$1.00	\$204,000
70,000	35,000	TTASSB Parters	\$1.00	\$42,000
10,000	5,000	Nachum Y. Klar	\$1.00	\$6,000
50,000	25,000	Roger W. Patch Jr.	\$1.00	\$30,000
166,670	83,335	Alfred Berg	\$1.00	\$100,002
20,000	10,000	Wayne A. Reuter	\$1.00	\$12,000

Shares	Warrants	Name	Exercise Price	Consideration
16,670	8,335	Theodore T. Magel	\$1.00	\$10,002
20,000	10,000	David Hunter	\$1.00	\$12,000
100,000	50,000	Charles B. Crowell*	\$1.00	\$60,000
10,000	5,000	Frank M. Andrews	\$1.00	\$6,000
100,000	50,000	Barry Donnell	\$1.00	\$60,000
416,700	208,350	Elite Trading, LLC	\$1.00	\$250,020
20,000	10,000	Bennett Bouarnick	\$1.00	\$12,000
2,000	1,000	Michael Swanson	\$1.00	\$1,200
86,700	43,350	Joshua Klar	\$1.00	\$52,020
16,700	8,350	David Klar	\$1.00	\$10,020
20,000	10,000	Joseph Sorrentino	\$1.00	\$12,000
166,670	83,335	Crenshaw Family Partnership, LTD	\$1.00	\$100,002
15,000	7,500	Mary Contini	\$1.00	\$9,000
33,330	16,665	Mauricio A Platacuadros	\$1.00	\$19,998
33,330	16,665	Tom Vaughn	\$1.00	\$19,998
25,000	12,500	Harvey Glicker	\$1.00	\$15,000
16,000	8,000	Herbert Naiztat	\$1.00	\$9,600
250,000	125,000	Alfred Berg	\$1.00	\$150,000
30,000	15,000	Charles Wronski	\$1.00	\$18,000
15,000	7,500	Southwest Securities, Inc. FBO Steve Nelson IRA	\$1.00	\$9,000
15,000	7,500	Southwest Securities, Inc. FBO Mishawn M. Nelson IRA	\$1.00	\$9,000
16,670	8,335	Charles Harbey	\$1.00	\$10,002
20,000	10,000	Kevin Mcknight	\$1.00	\$12,000
20,000	10,000	Peter Santamaria	\$1.00	\$12,000
41,670	20,835	Sherman Dreiseszun	\$1.00	\$25,002
16,670	8,335	Dennis Estrada	\$1.00	\$10,002
83,340	41,670	Jerald Gunnelson	\$1.00	\$50,004
20,000	10,000	Rick Riley	\$1.00	\$12,000
92,000	46,000	Nelson Canache	\$1.00	\$55,200
16,670	8,335	Mauricio A. Platacuadros	\$1.00	\$10,002
100,000	50,000	Joseph Simone	\$1.00	\$60,000
10,000	5,000	Benjamin Fakheri	\$1.00	\$6,000
16,670	8,335	Angela K. Holahan	\$1.00	\$10,002
20,000	10,000	Ernest G. Ianetti	\$1.00	\$12,000
8,000	4,000	Victor T. Aellen	\$1.00	\$4,800
16,000	8,000	Leonard M. Rhoades	\$1.00	\$9,600
20,000	10,000	David Iannacconi	\$1.00	\$12,000
60,000	30,000	Chris J. Kaskow	\$1.00	\$36,000
83,340	41,670	Tom Vaughn	\$1.00	\$50,004
30,000	15,000	Mathew Todd Frailey	\$1.00	\$18,000
60,000	30,000	Joseph Simone	\$1.00	\$36,000
20,000	10,000	Robert Katan	\$1.00	\$12,000



Shares	Warrants	Name	Exercise Price	Consideration
20,000	10,000	David Vezzetti	\$1.00	\$12,000
16,670	8,335	Y. Shmuel Herz	\$1.00	\$10,002
30,000	15,000	Sean Hajo	\$1.00	\$18,000
100,000	50,000	Michael J. Simone	\$1.00	\$60,000
20,000	10,000	Randolph Wallace	\$1.00	\$12,000
20,000	10,000	Joseph Hope and Mary Lynn Ashby-Hope	\$1.00	\$12,000
83,000	41,500	Wayne Todd Ervin	\$1.00	\$49,800
10,000	5,000	V. K. Mullins	\$1.00	\$6,000
10,000	5,000	Carol H Cassidy	\$1.00	\$6,000
20,000	10,000	Sueperior Investments LLC	\$1.00	\$12,000
10,000	5,000	Stewart Kennedy	\$1.00	\$6,000
50,000	25,000	Michael J. Simone	\$1.00	\$30,000
100,000	50,000	Michael Monaco	\$1.00	\$60,000
40,000	20,000	Stewart Kennedy	\$1.00	\$24,000
15,000	7,500	Carla and Mark Coyle	\$1.00	\$9,000
10,000	5,000	Victoria Stapleton	\$1.00	\$6,000
17,000	8,500	Laurence Maguire	\$1.00	\$10,200
140,000	70,000	Martin Oring	\$1.00	\$84,000

\* Former Director

Date	Shares	Name	Consideration	Price	Description	Exemption
8/11/2006	40,548	FE Global Leveraged Investments Ltd.	\$14,192	\$0.35	Interest due and convertible debt	Reg. S / 4(2)
8/11/2006	25,343	FE Global Undervalued Investments Ltd.	\$8,870	\$0.35	Interest due and convertible debt	Reg. S / 4(2)
8/11/2006	10,137	First Equity Securities Ltd.	\$3,158	\$0.35	Interest due on convertible debt	Reg. S / 4(2)
8/11/2006	86,165	FE Global Convertible Investment Ltd.	\$30,158	\$0.35	Interest due on convertible debt	Reg. S/ 4(2)
8/11/2006	101,370	FAGEB AG	\$35,479	\$0.35	Interest due on convertible debt	Reg. S/ 4(2)

On September 29, 2006, Providence issued 16,500,000 shares of common stock valued at \$13,200,000 pursuant to the acquisition of Providence Exploration. In connection with the acquisition, the Company issued a further 3,500,000 shares of common stock valued at \$2,800,000 as payment of the outstanding balance for oil and gas leases in Val Verde County.

Date	Shares	Name	Consideration	Price	Description	Exemption
9/29/2006	2,286,330	Abram Janz	\$1,829,064	\$0.80	Per Exchange Agreement dated April 10, 2006	Reg. D/ 4(2)
9/29/2006	2,000,000	Shirly Janz	\$1,600,000	\$0.80	Per Exchange Agreement dated April 10, 2006	Reg. D/ 4(2)

Date	Shares	Name	Consideration	Price	Description	Exemption
9/29/2006	50,000	Edward Kneiffel	\$40,000	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/2006	400,000	Christian Diem	\$320,000	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/2006	400,000	George Scheerer	\$320,000	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/06	2,160,949	Markus Mueller*	\$1,728,760	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/06	1,100,000	Global Project Finance AG	\$880,000	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/06	500,000	JTE Finanz AG	\$400,000	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/06	1,600,000	Swanlake Investments Limited	\$1,280,000	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/06	1,485,037	Carrera Investments Limited	\$1,188,030	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/06	2,658,759	Bo Thorwald Berglin	\$2,127,007	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/06	291,119	Gosta Wilhelm Bergholtz	\$232,895	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/06	291,119	Inge Wicki	\$232,895	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/06	681,119	James Ladner	\$544,895	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/06	165,000	Neal and Norma Bezaire	\$132,000	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)
9/29/06	430,568	Arden Gibb	\$344,454	\$0.80	Per Note Agreement dated April 10, 2006	Reg. S / 4(2)

\* Chairman of the Board of Directors

Date	Shares	Name	Consideration	Price	Description	Exemption
10/4/2006	3,500,000	Global Mineral Solutions	\$1,924,800	\$0.55	Per Agreement for Purchase and Sale dated February 22, 2006	Section 4(2)

Providence has paid brokers commissions on the proceeds from the above July 25, 2006 equity financings in the aggregate amount of \$225,096 in cash and an aggregate of 234,690 in share purchase warrants, as follows:

Date	Warrants	Name	Commission Consideration	Exercise Price	Maturity Date	Exemption
11/7/2006	122,640	CR Innovations AG	\$122,640	\$0.72	11/7/2009	Reg. S
11/7/2006	35,700	JTE Finanz AG	\$ 35,700	\$0.72	11/7/2009	Reg. S
11/7/2006	7,350	Chris Trina	\$ 7,350	\$0.72	11/7/2009	Section 4(2)
11/7/2006	1,500	Quentin Bischoff	\$ 1,500	\$0.72	11/7/2009	Section 4(2)
11/7/2006	21,000	Todd McKnight	\$21,000	\$0.72	11/7/2009	Section 4(2)
11/20/2006	46,500	BlueMont Trade & Investment Inc.	\$46,500	\$0.72	11/20/2009	Reg. S

Date	Shares	Name	Consideration	Price	Description	Exemption
12/1/2006	40,548	FE Global Leveraged Investments Ltd.	\$14,038	\$0.35	Interest due and convertible debt	Reg. S / 4(2)
12/1/2006	25,343	FE Global Undervalued Investments Ltd.	\$8,740	\$0.35	Interest due and convertible debt	Reg. S / 4(2)
12/1/2006	10,137	Sunshine Ltd.	\$3,510	\$0.35	Interest due on convertible debt	Reg. S / 4(2)
12/1/2006	85,233	FE Global Convertible Investment Ltd.	\$29,832	\$0.35	Interest due on convertible debt	Reg. S/ 4(2)
12/1/2006	101,274	FAGEB AG	\$35,096	\$0.35	Interest due on convertible debt	Reg. S/ 4(2)

Date	Shares	Name	Consideration	Price	Description	Exemption
12/31/2006	145,200	FE Global Leveraged Investments Ltd.	\$14,192	\$0.10	Interest due and convertible debt	Reg. S / 4(2)

Date	Shares	Name	Consideration	Price	Description	Exemption
5/15/2007	500,000	Highlander Energy LLC	\$120,000	\$0.24	Consult Services	Reg. D/ 4(2)

All of the above recent sales of unregistered securities were made in reliance upon an exemption from registration provided by either Regulation S, Regulation D, or Section 4(2) promulgated by the Commission pursuant to the Securities Act.

Providence complied with the requirements of Regulation S by having directed no offering efforts in the United States, by offering only to offerees who were outside the United States at the time the shares were issued, and ensuring that the offerees to whom the stock were issued were non-U.S. offerees with addresses in foreign countries.

Providence's Regulation D equity financing in 2006 (which shares were issued on June 25, 2006) was comprised of securities sold in the United States to accredited investors. Providence complied with the requirements of Rule 506.

Providence complied with the requirements of Section 4(2) based on the following factors: (i) the issuances were isolated private transactions by Providence which did not involve public offerings; (ii) the offerees committed to hold the stock for at least one year; (iii) there were no subsequent or contemporaneous public offerings of the stock; (iv) the stock was not broken down into smaller denominations; and (v) the negotiations for the offerings of the stock took place directly between the offerees and Providence.

## INDEX TO AND DESCRIPTION OF EXHIBITS

The following exhibits are filed as part of this registration statement.

### ***Exhibit Description***

- 3(i)(a) Articles of Incorporation (incorporated by reference from the Form 10-SB filed with the Commission on April 17, 2000).
- 3(i)(b) Amendment to Articles of Incorporation (incorporated by reference from the Form 10-SB filed with the Commission on April 17, 2000).
- 3(i)(c) Amendment to Articles of Incorporation (incorporated by reference from the Form 10-SB filed with the Commission on April 17, 2000).
- 3(i)(d) Amended and Restated Articles of Incorporation (incorporated by reference from the Form 10-SB filed with the Commission on April 17, 2000).
- 3(i)(e) Articles of Amendment to the Amended and Restated Articles of Incorporation (incorporated by reference from the Form 10-QSB filed with the Commission on November 17, 2003).
- 3(i)(f) Amendment to the Amended and Restated Articles of Incorporation (incorporated by reference from the Form 8-K filed with the Commission on October 2, 2006).
- 3(i)(g) Amendment to the Amended and Restated Articles of Incorporation (attached hereto on page 53).
- 3(ii)(a) Bylaws of Providence (incorporated by reference from the Form 10-SB filed with the Commission on April 17, 2000).
- 3(ii)(b) Amended and Restated Bylaws of Providence (incorporated by reference from the Form 8-K filed with the Commission on October 26, 2006).
- 5 Opinion Letter of Gerald Einhorn, dated May 1, 2007 (attached hereto on page 54).
- 10(i) Joint Venture Agreement between Providence Exploration and Harding Company, dated October 1, 2005 (incorporated by reference from the Form 8-K filed with the Commission on October 2, 2006).
- 10(ii) Extension of the Term of Series "A" Convertible Debenture Certificate with Max Fugman (incorporated by reference from the Form 10-KSB/A filed with the Commission on October 11, 2005).
- 10(iii) Extension of the Term of Series "A" Convertible Debenture Certificate with Global Convertible Megatrend Ltd. (incorporated by reference from the Form 10-KSB/A filed with the Commission on October 11, 2005).
- 10(iv) Agreement for Purchase and Sale between Providence Exploration and Global Mineral Solutions, L.P., dated February 22, 2006 (incorporated by reference from the Form 8-K filed with the Commission on October 2, 2006).
- 10(v) Letter Agreement between Providence Exploration and Harding Company, dated March 30, 2006 (incorporated by reference from the Form SB2/A2 filed with the Commission on February 28, 2007).
- 10(vi) Consulting Agreement with Eastgate Associates Ltd., dated April 1, 2006 (incorporated by reference from the Form 10-QSB filed with the Commission on November 13, 2006).
- 10(vii) Securities Exchange Agreement dated April 10, 2006, between Providence, Providence Exploration, and the membership unit holders of Providence Exploration (filed on Form 8-K with the Commission on April 14, 2006).
- 10(viii) Note Exchange Agreement dated April 10, 2006, between Providence and the holders of certain promissory notes issued by Providence Exploration (filed on Form 8-K with the Commission on April 14, 2006).
- 10(ix) Amendment to the Terms of the Securities Exchange Agreement dated effective as of May 26, 2006, between Providence, Providence Exploration, and the membership unit holders of Providence Exploration (filed on Form 8-K with the Commission on July 3, 2006).
- 10(x) Amendment to the Terms of the Note Exchange Agreement dated effective as of May 26, 2006, between Providence and the holders of certain promissory notes issued by Providence Exploration (filed on Form 8-K with the Commission on July 3, 2006).
- 14 Code of Ethics, adopted as of March 1, 2004 (incorporated by reference from the form 10QSB filed with the Commission on November 17, 2004).
- 21 Subsidiaries of Providence (incorporated by reference from the Form SB2/A2 filed with the Commission on February 28, 2007)..
- 23(i) Consent of Independent Registered Public Accounting Firm dated May 1, 2007 (attached hereto on page 56).
- 23(ii) Consent of Counsel (See Exhibit 5).

## UNDERTAKINGS

Providence hereby undertakes that we will:

- File, during any period in which we offer or sell securities, a post-effective amendment to this registration statement to:
  - Include any prospectus required by section 10(a)(3) of the Securities Act;
  - Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in the volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and
  - Include any additional or changed material information on the plan of distribution.
- For determining liability under the Securities Act, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.
- File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.
- For determining liability of the undersigned small business issuer under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned small business issuer undertakes that in a primary offering of securities of the undersigned small business issuer pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned small business issuer will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:
  - Any preliminary prospectus or prospectus of the undersigned small business issuer related to the offering required to be filed pursuant to Rule 424;
  - Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned small business issuer or used or referred to by the undersigned small business issuer;
  - The portion of any other free writing prospectus related to the offering containing material information about the undersigned small business issuer or the securities provided by or on behalf of the undersigned small business issuer; and
  - Any other communication that is an offer in the offering made by the undersigned small business issuer to the purchaser.

- Each prospectus filed pursuant to Rule 424(b) as part of the registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to the purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of Providence, pursuant to the foregoing provisions, or otherwise, Providence has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

In the event a claim for indemnification against such liabilities, other than payment by Providence of expenses incurred or paid by a director, officer or controlling person of Providence in the successful defense of any action, suit or proceeding, is asserted by such director, officer or controlling person in connection with the securities being registered, Providence will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

## SIGNATURES

In accordance with the requirements of the Securities Act, Providence certifies that we have reasonable grounds to believe that we meet all of the requirements for filing on Form SB-2 and authorized this registration statement to be signed on our behalf by the undersigned, hereunto duly authorized, in Vancouver, British Columbia, Canada on May 24, 2007.

### *Providence Resources, Inc.*

/s/ Nora Coccaro

Nora Coccaro, Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer

In accordance with the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates stated.

<i>Signature</i>	<i>Title</i>	<i>Date</i>
<u>/s/ Nora Coccaro</u> Nora Coccaro	Director	May 24, 2007
<u>/s/ Markus Mueller</u> Markus Mueller	Director	May 24, 2007

**ARTICLES OF AMENDMENT**  
**OF**  
**PROVIDENCE RESOURCES, INC.**

Pursuant to the provisions of Article 4.04 of the Texas Business Corporation Act, the undersigned corporation adopts Articles of Amendment to its Amended and Restated Articles of Incorporation filed on October 2, 2006.

**ARTICLE ONE**

The name of the corporation is Providence Resources, Inc. (the "Corporation"). The Corporation has a filing number of 126085300.

**ARTICLE TWO**

The amendment alters the first paragraph of Article Four of the Amended and Restated Articles of Incorporation, and the full text of each provision as altered is as follows:

"The total number of shares of stock which the corporation has authority to issue is Two Hundred and Seventy-Five Million (275,000,000) shares, of which Two Hundred and Fifty Million (250,000,000) shares shall be Common Stock, par value \$0.0001 per share (the "Common Stock") and Twenty-Five Million (25,000,000) shares shall be Preferred Stock, par value \$0.0001 per share (the "Preferred Stock"). The corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the corporation shall have notice thereof, except as expressly provided by applicable law. The shares of the Preferred Stock and Common Stock, respectively, shall have the following express terms:"

**ARTICLE THREE**

The amendment was approved in the manner required by the Texas Business Corporation Act and the constituent documents of the Corporation.

DATED this seventeenth day of May, 2007.

Providence Resources, Inc.

By: /s/ Nora Coccaro  
Nora Coccaro  
President



**Gerald Einhorn**  
**1751 East Oakridge Drive**  
**Salt Lake City, Utah 84106**  
**Telephone (801) 575-8073, Ext. 102**  
**Facsimile (801) 575-8092**

May 1, 2007

Nora Coccaro, Chief Executive Officer  
Providence Resources, Inc.  
2610 – 1066 West Hastings Street  
Vancouver, British Columbia V6E 3X2

I am an attorney at law, admitted to practice in the State of New York, and have been requested to provide an opinion in respect to Texas law as to whether Providence Resources, Inc. (“Providence”) has legally issued a total of 12,669,920 fully paid and non-assessable common shares and 6,523,150 common shares underlying warrants which, when issued by Providence in accordance with the terms of the warrants, will be validly issued, fully paid, and non-assessable, in accordance with Texas corporate law.

In this connection I have examined and/or discussed the following documents provided by you:

1. Articles of Incorporation filed February 17, 1993 for GFB Alliance Services, Inc.
2. Articles of Amendment to Articles of Incorporation, filed July 24, 1997.
3. Articles of Amendment to Articles of Incorporation of World Staffing II, Inc., filed November 3, 1998.
4. Amended and Restated Articles of Incorporation of WattMonitor, Inc., filed May 13, 1999.
5. Articles of Amendment to the Amended and Restated Articles of Incorporation of Healthbridge, Inc., dated July 18, 2003.
6. Articles of Amendment to the Amended and Restated Articles of Incorporation of Heathbridge, Inc., dated September 29, 2006.
7. Bylaws of Providence.
8. Amended and Restated Bylaws of Providence, dated October 17, 2006.
9. Registration Statement on Form SB-2 to be filed by Providence under the Securities Act of 1933, as amended.
10. Subscription Agreements relating to the purchase of shares and warrants.

In addition, I have obtained from the Texas Secretary of State and the State Comptroller by telephone the status of Providence as an active corporation with franchise taxes paid through May 15, 2007, all as of May 1, 2007.

Based upon the foregoing documents and my opinion as to Texas corporate law, I conclude the following:

1. Providence was incorporated on February 17, 1993 in accordance with the Texas Business Corporation Act (“TBCA”) and is active and in good standing as of May 1, 2007.
2. Providence is authorized to issue 100 million shares of common stock, par value \$0.0001. The issuance of 19,193,070 shares and shares underlying warrants is therefore within the limits of its legal authorization.

3. Providence has no restriction or control of share ownership or transfer in the Articles of Incorporation or Bylaws, of the types contemplated by Article 2.22 (rights of refusal/mandatory purchases) or Article 2.22-1 (preemptive rights) of the TBCA. Similarly the Subscription Agreements referred to in Number 10 hereinabove contain no such restrictions on ownership or transfer.
4. Article 2.21 of the TBCA states generally that corporate stock is non-assessable.
5. Therefore, it is my opinion, that under Texas corporate law, Providence's 12,669,920 issued and outstanding common shares are legally issued, fully paid, and non-assessable, and that when issued by Providence in accordance with the terms of the warrants, the 6,523,150 common shares underlying the warrants will be legally issued, fully paid, and non-assessable.

The following qualifications and conditions apply to this opinion:

1. This opinion does not address the legality of any transaction other than the issuance and transfer of the stock which is the subject of this opinion.
2. This opinion does not address Providence's compliance with the Securities Act of 1933 or with the securities laws of any other jurisdiction.
3. This opinion does not address Providence's financial condition, its future prospects or the present and future value of its stock.
4. This opinion does not address the reasonableness or adequacy of any consideration paid for the issuance of its stock. Rather, the opinion assumes that Providence received full payment of agreed consideration, which had a value in excess of the par value of the stock.
5. This opinion assumes that all documents forming the basis of the opinion are genuine and have not been since modified or replaced.
6. This opinion assumes that there is no agreement amongst shareholders which creates a restriction on ownership or transfer of stock of the type contemplated by Article 2.22 or Article 2.22-1 of the TBCA.
7. This opinion does not address the accuracy of Providence's stock books or other ownership records, or any question of stock ownership or title.

You may attach this opinion as an exhibit to your Registration Statement to be filed with the U.S. Securities and Exchange Commission.

Sincerely,

/s/ Gerald Einhorn

Gerald Einhorn

Member, New York State Bar

**CHISHOLM, BIERWOLF & NILSON**

***Certified Public Accountants***

A Limited Liability  
Partnership

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CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the use of our report dated March 27, 2007, with respect to the consolidated financial statements included in the filing of the Amended Registration Statement (Form SB-2/A3) of Providence Resources, Inc. (formerly HealthBridge, Inc.) for the fiscal year ended December 31, 2006 and 2005.

/s/ Chisholm, Bierwolf & Nilson, LLC

Chisholm, Bierwolf & Nilson, LLC  
Bountiful, UT  
May 1, 2007