

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

- ☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **March 31, 2008**.
- ☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission file number: **000-30377**

PROVIDENCE RESOURCES, INC.
(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction of
incorporation or organization)

06-1538201
(I.R.S. Employer
Identification No.)

5300 Bee Caves Rd, Bldg 1 Suite 240, Austin, Texas, 78746
(Address of principal executive offices) (Zip Code)

(512) 970-2888
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changes since last report)

Indicate by check mark whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act: Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

At May 14, 2008, the number of shares outstanding of the registrant's common stock, \$0.0001 par value (the only class of voting stock), was 59,161,118.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

As used herein, the terms “Company,” “we,” “our,” “us,” “it,” and “its” refer to Providence Resources, Inc., a Texas corporation, and its predecessors and subsidiaries, unless otherwise indicated. In the opinion of management, the accompanying unaudited, consolidated financial statements included in this Form 10-Q reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

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

	March 31, 2008 (Unaudited)	December 31, 2007
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,084,730	\$ 1,180,147
Note receivable	290,000	350,000
Prepaid expenses	-	34,168
Total current assets	<u>1,374,730</u>	<u>1,564,315</u>
PROPERTY AND EQUIPMENT:		
Oil and gas leases – undeveloped	<u>14,115,585</u>	<u>14,115,585</u>
Total property and equipment	<u>14,115,585</u>	<u>14,115,585</u>
OTHER ASSETS:		
Loan origination fees, net of amortization of \$73,250	-	20,399
Total other assets	<u>-</u>	<u>20,399</u>
Total assets	<u>\$ 15,490,315</u>	<u>\$ 15,700,299</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,088,442	\$ 1,082,222
Accrued expenses	625,792	539,413
Related party payables	121,500	135,500
Short-term note payable	-	500,000
Short-term convertible promissory notes	-	780,821
Current portion of long-term notes payable	-	773,925
Total current liabilities	<u>1,835,734</u>	<u>3,811,881</u>
CONVERTIBLE DEBENTURES	3,320,000	3,320,000
LONG-TERM CONVERTIBLE PROMISSORY NOTES	1,433,315	1,075,695
LONG-TERM NOTES PAYABLE	<u>700,000</u>	<u>200,000</u>
Total liabilities	7,289,049	8,407,576
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARY	<u>150,973</u>	<u>150,973</u>
STOCKHOLDERS' EQUITY		
Preferred stock, \$.0001 par value, 25,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$.0001 par value, 250,000,000 shares authorized, 59,161,118 and 59,161,118 shares issued and outstanding, respectively	5,916	5,916
Additional paid-in capital	47,159,583	45,240,221
Accumulated other comprehensive income	-	14,572
Deficit accumulated during the development stage	<u>(39,115,206)</u>	<u>(38,118,959)</u>
Total stockholder's equity	<u>8,050,293</u>	<u>7,141,750</u>
Total liabilities and stockholders' equity	<u>\$ 15,490,315</u>	<u>\$ 15,700,299</u>

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

PROVIDENCE RESOURCES, INC.
(A Development Stage Company)
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
Three months ended March 31, 2008 and 2007 and Cumulative Amounts

	Three months ended March 31, 2008	Three months ended March 31, 2007	Inception on February 17, 1993 through March 31, 2008
Sales	\$ -	\$ -	\$ 350
Cost of Sales	-	-	25,427
Gross profit	-	-	25,777
General and administrative expenses	(188,019)	(220,469)	(8,764,045)
Loss from operations	(188,019)	(220,469)	(8,738,268)
Other income (expense):			
Interest expense	(808,682)	(68,400)	(7,806,610)
Debt conversion expense	-	-	(162,444)
Interest income	454	11,295	474,766
Impairment of capital assets	-	-	(19,390,826)
Loss on disposal of assets	-	-	(35,899)
Loss before provision for minority interest, income taxes and discontinued operations	(996,247)	(277,574)	(35,659,281)
Minority interest	-	-	53,854
Loss before provision for income taxes and discontinued operations	(996,247)	(277,574)	(35,605,427)
Provision for income taxes	-	-	-
Loss before discontinued operations	(996,247)	(277,574)	(35,605,427)
Gain (loss) from discontinued operations, net of tax	-	-	(3,407,279)
Net loss before cumulative effect of accounting change	(996,247)	(277,574)	(39,012,706)
Cumulative effect of accounting change, net of tax	-	-	(102,500)
Net loss	(996,247)	(277,574)	39,115,206
Loss per share from continuing operations – basic and diluted	\$ (0.02)	\$ (0.01)	
Net Loss per common share - basic and diluted	\$ (0.02)	\$ (0.01)	
Weighted average common shares - basic and diluted	59,161,118	51,855,539	
Net loss	(996,247)	(277,574)	(39,115,206)
Other comprehensive income			
Foreign currency translation adjustment	(14,572)	(8)	-
Net comprehensive income (loss)	\$ (1,010,819)	\$ (277,582)	\$ (39,115,206)

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

PROVIDENCE RESOURCES, INC.
(A Development Stage Company)
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
Three months ended March 31, 2008 and 2007 and Cumulative Amounts

	Three months ended March 31,		Inception on February 17, through 1993 March 31,
	2008	2007	2008
<u>Cash flows from operating activities:</u>			
Net loss	\$ (996,247)	\$ (277,574)	\$ (39,115,206)
Adjustments to reconcile net loss to net cash used in operating activities:			
Shares issued for services	-	-	645,000
Shares issued with financing	-	-	3,532,073
Shares issued for debt and accrued interest conversion	-	-	404,761
Additional value of shares issued for debt and services conversion	-	-	3,151,831
Amortization of conversion rights on debt	576,799	-	1,524,983
Depreciation, amortization and impairment	20,399	8,100	19,647,455
Minority interest	-	-	(53,854)
Discontinued operations	-	-	2,542,150
Gain on write-off of liabilities	-	-	(96,270)
Loss on disposal of assets	-	-	35,899
(Increase) decrease in:			
Accounts receivable and prepaid expenses	34,168	(500,000)	144,893
Inventory	-	-	374,515
Accounts payable	6,220	160,926	1,685,466
Accrued expenses	231,816	66,202	827,739
Related party payables	(14,000)	30,000	221,812
Net cash used in operating activities	<u>(140,845)</u>	<u>(512,346)</u>	<u>(4,526,753)</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)	(8,717,517)
Cash collected from notes receivable	60,000	-	60,000
Issuance of notes receivable	-	-	(616)
Net cash used in investing activities	<u>60,000</u>	<u>(1,103,425)</u>	<u>(17,622,021)</u>
<u>Short-term convertible promissory notes</u>			
Current portion of long-term notes payable	-	500,000	1,392,999
Proceeds from convertible promissory notes payable	-	-	5,000,000
Issuance of common stock	-	-	13,347,979
Commissions paid to raise convertible debentures	-	-	(41,673)
Minority investment in subsidiary	-	33,956	136,915
Proceeds from (payments for) convertible debentures	-	-	3,654,173
Payments on notes payable	-	-	(256,889)
Net cash provided by financing activities	<u>-</u>	<u>533,956</u>	<u>23,233,504</u>
Change in accumulated other comprehensive income	<u>(14,572)</u>	<u>(8)</u>	<u>-</u>
Net increase (decrease) in cash	<u>(95,417)</u>	<u>(1,081,823)</u>	<u>1,084,730</u>
Cash, beginning of period	<u>1,180,147</u>	<u>1,540,145</u>	<u>-</u>
Cash, end of period	<u>\$ 1,084,730</u>	<u>\$ 458,322</u>	<u>\$ 1,084,730</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Non-cash investing and financing activities (Note 10)

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

PROVIDENCE RESOURCES INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007

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. Healthbridge AG was formed as a German subsidiary during 2002. The Company changed its name from Healthbridge, Inc. to Providence Resources, Inc. on September 29, 2006.

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. 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.

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 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.

PROVIDENCE RESOURCES INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007

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

Interim Financial Statements

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at March 31, 2008 and March 31, 2007 and for the periods then ended have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these interim financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2007 audited financial statements. The results of operations for the periods ended March 31, 2008 and March 31, 2007 are not necessarily indicative of the operating results for the full year.

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.

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, 2008, 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, 2008, 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, 2008.

PROVIDENCE RESOURCES INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007

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

Convertible Notes Payable

The fair value of the conversion option on a convertible note payable is calculated using the intrinsic value method and recorded as a discount on the face value of the note. This amount is amortized using the straight-line method over the term of the note.

Intangible Assets

Costs associated with the acquisition of definite life intangibles are capitalized and amortized over their useful life. Costs of property acquisition, exploration and development are capitalized and subjected to a quarterly impairment (ceiling) test, based on the net present value of proved reserves on the property. Management will write this intangible down to its net realizable value at the time impairment appears to exist. During fiscal 2007, management determined that due to the dry holes experienced to date, that the carrying values of the Company's oil and gas leases and its oil and gas pipeline exceeded the ceiling test amounts pursuant to Regulation S-X, Rule 4-10. Accordingly, the Company recorded impairment charges of \$17,881,092 and \$1,509,734 on the leases and pipeline respectively.

Long-Lived Assets

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").

Income Taxes

The Company has adopted FASB 109 to account for income taxes. The Company currently has no issues which create timing differences that would mandate deferred tax expense. Net operating losses would create possible tax assets in future years, but due to the uncertainty as to the utilization of net operating loss carry forwards a valuation allowance has been made to the extent of any tax benefit that net operating losses may generate. No provision for income taxes has been recorded due to the net operating loss carry forward which will be offset against future taxable income.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. At March 31, 2008, the Company had \$1,084,730 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.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007

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, 2008. 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

Prior to January 1, 2006, we accounted for stock compensation plans under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations ("APB 25"), as permitted by FASB Statement No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). No stock-based employee compensation cost was recognized for stock option awards in our consolidated statements of operations for the periods prior to January 1, 2006, as all options granted under those plans had an exercise price equal to the market value of the Common Stock on the date of the grant in accordance with APB 25.

Effective January 1, 2006, we adopted the fair value recognition provisions of FASB Statement No. 123(R), "Share-Based Payment" ("SFAS 123R"), using the modified-prospective-transition method. Under this transition method, total compensation cost recognized in periods subsequent to January 1, 2006 includes compensation costs for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, and compensation costs for all share-based payments granted subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123R. Under SFAS 123R, the value of our option awards granted are calculated using the Black-Scholes option-pricing formula and is recorded as compensation expense over the option's vesting period.

There was no effect on our earnings per share for the three months ended March 31, 2008 and 2007 as a result of implementation of SFAS 123R.

PROVIDENCE RESOURCES INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007

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 7,267,650 stock equivalents of warrants at March 31, 2008 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>2008</u>	<u>2007</u>
Numerator – (loss from continuing operations) \$	(996,247)	\$ (277,574)
Denominator – weighted average number of shares outstanding	<u>59,161,118</u>	<u>51,855,539</u>
Loss per share	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>

Earnings Per Share computation from Discontinued Operations:

	Three months ended March 31,	
	<u>2008</u>	<u>2007</u>
Numerator – (loss from discontinued operations)\$	Nil	\$ Nil
Denominator – weighted average number of shares outstanding	<u>59,161,118</u>	<u>51,855,539</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>2008</u>	<u>2007</u>
Numerator – (Net Loss)	\$ (996,247)	\$ (277,574)
Denominator – weighted average number of shares outstanding	<u>59,161,118</u>	<u>51,855,539</u>
Loss per share	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>

PROVIDENCE RESOURCES INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007

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 2007 financial statements may have been reclassified to conform to the 2008 presentation.

Note 2 — Going Concern

As of March 31, 2008, the Company's revenue generating activities are not in place, and the Company has incurred losses of \$39,115,206 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 – Long-term Convertible Promissory Notes

The Company has ten outstanding secured convertible promissory notes with a total face value of \$5,919,362. The principal and interest are due in full on the maturity date of the notes. The notes are secured by:

1. All seismic data obtained in connection with the 3D Seismic Project Proposal and Agreement dated March 27, 2007 between the Company and TRNCO Petroleum Corporation which seismic data may not be shared with any third party without the express written consent of the holder of the note.
2. Any and all proceeds arising from or attributable to the assets.

PROVIDENCE RESOURCES INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007

Note 3 – Long-term Convertible Promissory Notes (continued)

At the sole discretion of the holder, the principal and accrued interest on the note may be converted into shares of the Company's common stock. The promissory notes bear interest at rates that range between 10% and 12% per annum. The principal and interest on notes can be converted into shares of common stock at a conversion price of \$0.08.

Convertible Promissory Note Payable – Global Project Finance AG, secured, payable in full on May 31, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 1,000,000
Convertible Promissory Note Payable – Global Convertible Megatrend Ltd., secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 1,400,000
Convertible Promissory Note Payable – Golden Beach Company Ltd., secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 100,000
Convertible Promissory Note Payable – CR Innovations AG, secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 600,000
Convertible Promissory Note Payable – Global Project Finance AG, secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 400,000
Convertible Promissory Note Payable – Global Undervalued Investment Ltd., secured, payable in full on August 15, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 250,000
Convertible Promissory Note Payable – FE Global Leveraged Investment Ltd., secured, payable in full on August 15, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 250,000
Convertible Promissory Note Payable – Miller Energy LLC, secured, payable in full on April 29, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 1,000,000
Convertible Promissory Note Payable – FAGEB AG, secured, payable in full on March 4, 2010, including interest at 12%, convertible at \$0.08 per common share.	\$ 496,174
Convertible Promissory Note Payable – Global Convertible Megatrend Ltd., secured, payable in full on March 4, 2010, including interest at 12%, convertible at \$0.08 per common share	<u>\$ 423,188</u>
Total Principal Long-Term Convertible Promissory Notes Payable	\$ 5,919,362
Less: unamortized discount	<u>(\$ 4,486,047)</u>
Net book value	\$ 1,433,315

PROVIDENCE RESOURCES INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007

Note 3 – Long-term Convertible Promissory Notes (continued)

For the three months ended March 31, 2008, the Company recorded \$156,490 as interest and financing expense relating to long-term convertible promissory notes. Accrued interest as at March 31, 2007 for the outstanding long-term convertible promissory notes totaled \$376,791.

The fair value of the conversion option on the long-term promissory notes using the intrinsic value method was recorded as a discount on the face value of the notes. This amount will be amortized using the straight-line method over the term of the notes. In the three months ended March 31, 2008, the Company recorded \$576,799 as interest expense due to amortization of the discount.

Note 4 – Long-term Notes Payable

Note Payable - Global Convertible Megatrend LTD, unsecured, principal payable in full on February 23, 2010, interest at 10% payable at the end of each fiscal quarter, interest convertible to common shares at \$0.08 per share.	500,000
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Note Payable – Bluemont Investment Ltd, payable in full by August 8, 2010 including interest at 10%.	<u>200,000</u>
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Total	700,000
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For the three months ended March 31, 2008, the Company recorded \$17,452 as interest and financing expense relating to long-term notes payable. Accrued interest as at March 31, 2008 for the outstanding long-term notes payable totaled \$66,959.

PROVIDENCE RESOURCES INC.
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Note 5 – Convertible Debentures

The convertible debentures are secured by substantially all of the Company's assets consisting of all tangible and intangible property.

On June 13, 2007, the principal amount of a \$250,000 debenture to Global Convertible Megatrend Ltd. and \$12,357 of accrued interest were converted into shares of common stock at \$0.10 per share. After applying the 10% bonus, the Company issued 2,873,563 shares of common stock to extinguish \$287,356 of debt consisting of \$250,000 of principal repayment and \$37,356 in accrued interest and bonus. The Company recorded compensation expense of \$139,944 to reflect the value of the shares issued upon conversion in excess of the debt and interest amounts.

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 an additional 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 an additional interest expense of \$52,142 to reflect the value of the shares issued upon conversion of the book amount.

On December 1, 2007, the interest accrued on the seven debentures was partially converted into shares of common stock at between \$0.08 and \$0.35 per share. The Company issued 994,516 shares for \$178,214 of interest owed.

For the three months ended March 31, 2008, the Company recorded \$57,941 as interest and financing expense relating to convertible debentures. Accrued interest as at March 31, 2008 for all outstanding debentures totaled \$182,042.

The total value of the principal of the seven convertible debentures, the ten long-term convertible promissory notes and the two long-term notes payable outstanding as of March 31, 2008 was \$9,939,362. Repayment of this principle is due according to the following schedule:

	2008	2009	2010	2011	2012
Convertible debentures	-	-	3,320,000	-	-
Long-term convertible promissory notes	-	-	5,919,362	-	-
Long-term notes payable	-	-	700,000	-	-
Total	-	-	9,939,362	-	-

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Note 6 — 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, 2008 and 2007, the Company recognized consulting expense of \$22,500 and \$22,500 respectively. The balance of \$75,000 was due to Mr. Mueller at March 31, 2008.

The Company has entered into an agreement with Nora Coccaro, 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, 2008 and 2007, the Company recognized consulting expense of \$24,000 and \$22,500 respectively. The balance of \$9,000 was due to Ms. Coccaro at March 31, 2008.

The Company has entered into an agreement with Gil Burciaga, a director of the Company for consulting services. During the three months ended March 31, 2008 and 2007, the Company recognized consulting expense of \$37,500 and \$Nil respectively. The balance of \$37,500 was due to Mr. Burciaga at March 31, 2008.

Note 7 — Stockholders' Equity Transactions

During the year ended December 31, 2007, the Company issued 1,450,000 shares of common stock valued at \$285,000 for consulting and legal services. The Company recorded additional compensation expense of \$22,500 to reflect the value of the shares issued upon conversion in excess of the debt and interest amounts.

During the year ended December 31, 2007, the principal amount of a \$250,000 convertible debenture to Global Convertible Megatrend Ltd. and \$12,357 of accrued interest were converted into shares of common stock at \$0.10 per share. After applying a 10% bonus, the Company issued 2,873,563 shares of common stock to extinguish \$287,356 of debt consisting of \$250,000 of principal repayment and \$37,356 in accrued interest and bonus. The Company recorded compensation expense of \$139,944 to reflect the value of the shares issued upon conversion in excess of the debt and interest amounts.

During the year ended December 31, 2007, the Company issued 994,516 shares of common stock to extinguish \$178,214 in accrued interest on convertible debentures.

During year ended December 31, 2007, the Company issued 1,987,500 shares of common stock for total proceeds of \$236,700.

During the year ended December 31, 2007, the Company recorded \$4,091,667 of discount on promissory notes to value their conversion option as calculated using the intrinsic value method.

Note 8 — 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.

PROVIDENCE RESOURCES INC.
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Note 9 — 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, 2008.

Note 10 — 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.

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

Year Issued	Warrants Outstanding		Weighted Average Contractual Life (Years)	Warrants Exercisable	
	Exercise Price	Number Shares Outstanding		Number Exercisable	Weighted Average Exercise Price
2005	\$ 0.30	348,000	2.50	348,000	\$ 0.30
2006	\$ 1.00	6,684,960	1.25	6,684,960	\$ 1.00
2006	\$ 0.72	234,690	1.25	234,690	\$ 0.72
				Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2004				—	\$ —
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, 2007 and March 31, 2008				7,267,650	\$.96

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Note 11 — 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 12 - 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, consisting of \$1,924,800 in cash and a \$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.

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Note 13 – Commitments and Contingencies

The royalty on the Company's Val Verde property is 25% of net revenue. In addition, the Company must make annual installments for property leases in the amounts of \$2,858 on February 24 and \$320 April 13.

Note 14 — 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 15 — 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 2008 and 2007. No stock options were outstanding at March 31, 2008.

Note 16 — 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 17 — Recent Accounting Pronouncements

In March 2008, the FASB issued SFAS 161 which amends and expands the disclosure requirements of SFAS 133 to provide an enhanced understanding of an entity's use of derivative instruments, how they are accounted for under SFAS 133 and their effect on the entity's financial position, financial performance and cash flows. The provisions of SFAS 161 are effective for the period beginning after November 15, 2008. The Company is currently reviewing the effect, if any, that the adoption of this statement will have on our financial statements.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling interests in Consolidated Financial Statements – An amendment of ARB No. 51." This statements objective is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require ownership interests in the subsidiaries held by parties other than the parent be clearly identified. The adoption of SFAS 160 did not have an impact on the Company's financial statements.

PROVIDENCE RESOURCES INC.
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Note 17 — Recent Accounting Pronouncements (continued)

In December 2007, the FASB issued SFAS No. 141 (revised), "Business Combinations." This revision statement's objective is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its effects on recognizing identifiable assets and measuring goodwill. The adoption of SFAS 141 (revised) did not have an impact on the Company's financial statements.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 creates a fair value option allowing an entity to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities, with changes in fair value recognized in earnings as they occur. SFAS 159 also requires an entity to report those financial assets and financial liabilities measured at fair value in a manner that separates those reported fair values from the carrying amounts of assets and liabilities measured using another measurement attribute on the face of the statement of financial position. Lastly, SFAS 159 requires an entity to provide information that would allow users to understand the effect on earnings of changes in the fair value on those instruments selected for the fair value election. SFAS 159 is effective for fiscal years beginning after November 15, 2007 with early adoption permitted. The Company is continuing to evaluate SFAS 159 and to assess the impact on our results of operations and financial condition if an election is made to adopt the standard.

In January 2007, we adopted FIN 48. FIN 48 clarifies the accounting for uncertain taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "*Accounting for Income Taxes.*" FIN 48 prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in an enterprise's tax return. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure related to uncertain income tax positions.

Note 18 — Subsequent Events

None.

End of Notes to Financial Statements

PROVIDENCE RESOURCES INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007

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.

Net Proved Reserves (1, 2)

	Natural Gas <i>(millions of cubic feet)</i>	Crude Oil and Natural Gas Liquids <i>(thousands of barrels)</i>
December 31, 2006	-	-
Purchase of reserves in place	-	-
Production	-	-
Adjustment for uneconomic wells	-	-
December 31, 2007 and March 31, 2008	-	-
	<hr/>	<hr/>
Developed	-	-
Undeveloped	-	-
Total	-	-
	<hr/>	<hr/>

PROVIDENCE RESOURCES INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Supplemental Oil and Gas Information – FAS69 (continued)

(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
- ii. installed program in the reservoir, provides support for the engineering analysis on which the project or program was based.
- iii. 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.

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

- 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.

(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.*

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>March 31, 2008</u>	United States
Proved oil and gas properties	\$ -
Unproved oil and gas properties	14,115,585
Total capital costs	<u>14,115,585</u>
Accumulated depletion	(-)
Net capitalized costs	<u>\$ 14,115,585</u>

PROVIDENCE RESOURCES INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Supplemental Oil and Gas Information – FAS69 (continued)

Costs Incurred

<u>Years ended March 31, 2008</u>	<u>United States</u>
Acquisitions:	
Proved reserves	\$ -
Unproved reserves	-
Total acquisitions	-
Exploration costs	-
Development costs	-
Asset retirement obligations	-
Total costs incurred	\$ -

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This *Management’s Discussion and Analysis of Financial Condition and Results of Operations* and other parts of this quarterly report 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 report. Our fiscal year end is December 31. All information presented herein is based on the three month period ended March 31, 2008.

Discussion and Analysis

The Company is involved in oil and gas exploration through its wholly owned subsidiary, Providence Exploration, LLC (“Providence Exploration”). We have oil and gas lease hold interests in Val Verde, Comanche, and Hamilton Counties, Texas.

Val Verde County

The Company’s interests in Val Verde County include 12,832 acres of oil and gas leases containing multiple target zones within a large structure delineated by prior seismic and drilling in the area. The Val Verde leases lie along a trend that has produced from multiple large gas fields, including the Gomez field, which has produced 10.6 trillion cubic feet to date, the Brown Bassett, which has produced 1.6 trillion cubic feet to date, and the JM Field, which has produced 650 billion cubic feet to date.

The Company is now in the later stages of processing seismic data obtained from the Val Verde leases. Several geological features have been identified that require further interpretation prior to defining potential drill targets. We are currently evaluating the seismic information and reviewing area maps in an effort to generate additional data on the leases. Meanwhile, the Company’s management and consultants are reviewing general geological and reservoir attributes in order to optimize seismic processing for mapping fractured reservoirs. The ultimate seismic challenge facing the Company is to map the most productive pays from Ellenberger carbonate to Strawn carbonate represented by compartmentalized and hydro-thermally fractured dolomitic reservoirs. The anticipated final processing of seismic data by our team of dedicated professionals is expected in May 2008.

Over the next twelve months we intend to initiate drilling on the Val Verde leases based upon the results of our final seismic analysis. The drilling, which will include multiple deep drilling targets for natural gas production, is anticipated to begin within the third quarter of 2008.

Comanche and Hamilton Counties

The Company’s interests in Comanche and Hamilton Counties included 7,374 acres of oil and gas leases. Seismic work was completed on the leases in 2006. Initial drill targets were identified and Harding Company drilled four wells. None of the wells indicated that commercial quantities of gas that could be produced on an economic basis and were abandoned. We now retain approximately 3,000 acres of the original acreage leased in Comanche and Hamilton Counties as several of the leases have expired due to non-production. No additional wells are anticipated for these leases until such time as further evaluation of existing work is completed.

Over the next twelve months we intend to evaluate the prospect of further development of acreage that remains under lease in Comanche and Hamilton Counties.

Additional Discussion and Analysis

The Company's business development strategy is prone to significant risks and uncertainties that can have an immediate impact on efforts to realize net cash flow. 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 without any corresponding revenue. Further, we can offer no assurance that our efforts to identify commercial quantities of oil or gas that can be produced economically will be successful or that the Company will ever produce revenue from oil and gas exploration activities.

Results of Operations

During the three months ended March 31, 2008, the Company was involved in evaluating seismic data obtained from the Val Verde leases as well as satisfying continuous public disclosure requirements.

The Company has been funded since inception primarily from public or private debt or equity placements. While we expect to begin oil and gas drilling operations on our Val Verde leases in the third quarter of 2008, we can provide no assurance that we will produce revenue within the next twelve months

Net Losses

For the period from inception until March 31, 2008, the Company incurred net losses of \$39,115,206. Net losses for the three month period ended March 31, 2008 were \$996,247 as compared to \$277,574 for the three month period ended March 31, 2007. The increase in net losses over the comparative periods can be attributed to an increase in interest expenses. We did not generate any revenue during the current period.

We will likely continue to operate at a loss through fiscal 2008 due to the nature of the Company's oil and gas exploration and development operations and we cannot determine whether we will ever generate revenues from operations.

Expenses

General and administrative expenses for the three month period ended March 31, 2008 were \$188,019 as compared to \$220,469 for the three month period ended March 31, 2007. The decrease in general and administrative expenses over the comparative periods can be primarily attributed to decreases in legal, consulting, and accounting costs. We expect that general and administrative expenses will remain relatively consistent in future periods.

Other Income (Expenses)

Interest expense for the three month period ended March 31, 2008 was \$808,682 as compared to \$68,400 for the three month period ended March 31, 2007. Of the interest expense in the current period, \$576,799 is due to the amortization of the discount on the face value of our long-term promissory notes. Interest income for the three month period ended March 31, 2008 was \$454 as compared to \$11,295 for the three month period ended March 31, 2007

Depreciation, amortization and impairment expenses for the three month periods ended March 31, 2008 and 2007 were \$20,399 and \$8,100 respectively.

Income Tax Expense (Benefit)

The Company has a prospective income tax benefit resulting from a net operating loss carryforward and start up costs that will offset any future operating profit.

Impact of Inflation

The Company believes that inflation has had an effect on 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 inflationary increases by improving operating efficiencies.

Capital Expenditures

The Company spent no amounts on capital expenditures for the period from February 17, 1993 (inception) to March 31, 2008, except those costs of unproved oil and gas properties, pipeline construction, and related exploration costs.

Liquidity and Capital Resources

The Company has been in the development stage since inception and has experienced significant changes in liquidity, capital resources, and stockholders' equity.

For the period from inception until March 31, 2008, the Company's cash flow used in operating activities was \$4,526,753. Cash flows used in operating activities for the three month period ended March 31, 2008 were \$140,845 compared to \$512,346 for the three month period ended March 31, 2007. The cash flows used in operating activities during the current period is due primarily to general and administrative expenses.

For the period from inception until March 31, 2008, the Company's cash flow used in investing activities was \$17,622,021. Cash flows provided by investing activities for the three month period ended March 31, 2008 were \$60,000 compared to cash flows used in investing activities \$1,103,425 for the three month period ended March 31, 2007. Cash flows provided by investing activities in the current period are from cash collected from a note receivable.

For the period from inception until March 31, 2008, the Company's cash flow provided by financing activities was \$23,233,504. Cash flows provided by financing activities for the three month period ended March 31, 2008 were \$0 compared to \$533,956 for the three month period ended March 31, 2007.

The Company had current assets of \$1,374,730 as of March 31, 2008 which consisted of cash on hand of \$1,084,730 and a note receivable of \$290,000. We had total assets of \$15,490,315 as of March 31, 2008 which consisted of current assets as well as undeveloped oil and gas leases. We had current liabilities of \$1,835,734 and total liabilities of \$7,289,049 as of March 31, 2008. Stockholders equity in the Company was \$8,050,293 as of March 31, 2008.

We had a working capital deficit of \$461,004 as of March 31, 2008, and have funded our cash needs from inception primarily through 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 months. No assurances can be given that additional funding, needed to explore and develop our lease interests, will be available to us on acceptable terms or at all. Our inability to obtain funding would have a material adverse affect on our business.

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

We have no current plans to make any changes in the number of employees.

Off Balance Sheet Arrangements

As of March 31, 2008, the Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to stockholders.

Going Concern

The Company's audit expressed substantial doubt as to the Company's ability to continue as a going concern due to significant losses from operations and dependence on financings to sustain operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

Our ability to continue as a going concern requires that we either realize net income from operations or obtain funding from outside sources. Since our business plan cannot assure revenue within the next twelve months, management's plan to maintain our ability to continue as a going concern includes: (i) the private placement of debt or equity; (ii) realizing prospective oil and gas revenues; (iii) obtaining shareholder loans; and (iv) converting existing debt to equity.

Although management believes that they will be able to obtain the funding necessary for us to continue as a going concern there can be no assurances that the anticipated means for maintaining this objective will prove successful.

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

The statements contained in the section titled *Management's Discussion and Analysis of Financial Condition and Results of Operations* and elsewhere in this current report, with the exception of historical facts, are forward looking statements. 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 our operating results are subject to various risks and uncertainties that could cause our actual results to differ materially from those discussed or anticipated, including the factors set forth in the section entitled "*Risk Factors*" included elsewhere in this report. We also wish to advise readers not to place any undue reliance on the forward looking statements contained in this report, which reflect our beliefs and expectations only as of the date of this report. 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 that is required by law.

Stock-Based Compensation

On January 1, 2006, we adopted SFAS No. 123 (revised 2004) (SFAS No. 123R), Share-Based Payment, which addresses the accounting for stock-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. In January 2005, the Securities and Exchange Commission (Commission) issued Staff Accounting Bulletin (SAB) No. 107, which provides supplemental implementation guidance for SFAS No. 123R. SFAS No. 123R eliminates the ability to account for stock-based compensation transactions using the intrinsic value method under Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and instead generally requires that such transactions be accounted for using a fair-value-based method. We use the Black-Scholes-Merton ("BSM") option-pricing model to determine the fair-value of stock-based awards under SFAS No. 123R, consistent with that used for pro forma disclosures under SFAS No. 123, Accounting for Stock-Based Compensation. We have elected the modified prospective transition method as permitted by SFAS No. 123R and accordingly prior periods have not been restated to reflect the impact of SFAS No. 123R. The modified prospective transition method requires that stock-based compensation expense be recorded for all new and unvested stock options, restricted stock, restricted stock units, and employee stock purchase plan shares that are ultimately expected to vest as the requisite service is rendered beginning on January 1, 2006, the first day of our fiscal year 2006. Stock-based compensation expense for awards granted prior to January 1, 2006 is based on the grant date fair-value as determined under the pro forma provisions of SFAS No. 123.

Prior to the adoption of SFAS No. 123R, we measured compensation expense for our employee stock-based compensation plans using the intrinsic value method prescribed by APB Opinion No. 25. We applied the disclosure provisions of SFAS No. 123 as amended by SFAS No. 148, Accounting for Stock-Based Compensation – Transition and Disclosure, as if the fair-value-based method had been applied in measuring compensation expense. Under APB Opinion No. 25, when the exercise price of the Company's employee stock options was equal to the market price of the underlying stock on the date of the grant, no compensation expense was recognized.

We account for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with SFAS No. 123 and the conclusions reached by the Emerging Issues Task Force ("EITF") in Issue No. 96-18. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by EITF 96-18.

Critical Accounting Policies

In the notes to the audited consolidated financial statements for the Company for the year ended December 31, 2007, the Company's auditors discussed those accounting policies that are considered to be significant in determining the results of operations and financial position. The Company's 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 March 2008, the FASB issued SFAS 161 which amends and expands the disclosure requirements of SFAS 133 to provide an enhanced understanding of an entity's use of derivative instruments, how they are accounted for under SFAS 133 and their effect on the entity's financial position, financial performance and cash flows. The provisions of SFAS 161 are effective for the period beginning after November 15, 2008. The Company is currently reviewing the effect, if any, that the adoption of this statement will have on our financial statements.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling interests in Consolidated Financial Statements – An amendment of ARB No. 51." This statement's objective is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require ownership interests in the subsidiaries held by parties other than the parent be clearly identified. The adoption of SFAS 160 did not have an impact on the Company's financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised), "Business Combinations." This revision statement's objective is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its effects on recognizing identifiable assets and measuring goodwill. The adoption of SFAS 141 (revised) did not have an impact on the Company's financial statements.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 creates a fair value option allowing an entity to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities, with changes in fair value recognized in earnings as they occur. SFAS 159 also requires an entity to report those financial assets and financial liabilities measured at fair value in a manner that separates those reported fair values from the carrying amounts of assets and liabilities measured using another measurement attribute on the face of the statement of financial position. Lastly, SFAS 159 requires an entity to provide information that would allow users to understand the effect on earnings of changes in the fair value on those instruments selected for the fair value election. SFAS 159 is effective for fiscal years beginning after November 15, 2007 with early adoption permitted. The Company is continuing to evaluate SFAS 159 and to assess the impact on our results of operations and financial condition if an election is made to adopt the standard.

In January 2007, we adopted FIN 48. FIN 48 clarifies the accounting for uncertain taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in an enterprise's tax return. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure related to uncertain income tax positions.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4T. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this report on Form 10-Q, an evaluation was carried out by the Company's management, with the participation of the chief executive officer and the chief financial officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act")). Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms and that such information is accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, the Company's management concluded, as of the end of the period covered by this report, that the Company's disclosure controls and procedures were effective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Commission's rules and forms.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process, under the supervision of the chief executive officer and the chief financial officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with United States generally accepted accounting principles (GAAP). Internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the board of directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2008, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result of this assessment, management had not identified any material weaknesses in internal control over financial reporting.

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the period ended March 31, 2008, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Our future operating results are highly uncertain. Before deciding to invest in us or to maintain or increase your investment, you should carefully consider the risks described below, in addition to the other information contained in this annual report. If any of these risks actually occur, our business, financial condition or results of operations could be seriously harmed. In that event, the market price for our common stock could decline and you may lose all or part of your investment.

Risks Related to the Company's Business

The Company has a history of operating losses and such losses may continue in the future.

Since the Company's inception in 1993, our operations have resulted in a continuation of losses. 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 the Company fail to produce oil and gas revenue we may continue to operate at a loss and might never be profitable.

The Company has a history of uncertainty about continuing as a going concern.

The Company's audits for the periods ended December 31, 2007 and December 31, 2006 expressed substantial doubt as to its ability to continue as a going concern due to our dependence on financings as well the accumulation of significant losses of \$38,118,959 as of December 31, 2007 which amount increased to \$39,115,206 as of March 31, 2008. Unless we are able to overcome our dependence on financings and begin to generate revenue from operations, our ability to continue as a going concern will be in jeopardy.

The Company has a limited operating history as an oil and gas exploration company.

The Company 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 in the oil and gas exploration sector provides an inadequate track record from which to base future projections of success.

The Company cannot represent that it will be successful in continuing operations.

The Company has not, to date, generated revenue from operations and may not generate revenue over the next twelve months. Should the Company be unable to realize revenue over the next twelve months, it will be forced to continue to raise 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 as necessary to sustain operations.

Risks Related to the Oil and Gas Industry

Oil and natural gas drilling and producing operations involve 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.

The Company 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 the Company'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 the Company'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 the Company's operations depend on the exploration and operational efforts of TRNCO Petroleum Corporation, Dawson Geophysical, Fairfield Industries, Harding Company and certain consultants, all of whom are third parties.

Exploration efforts through seismic exploration, processing and interpretation in Val Verde County have been provided by TRNCO Petroleum Corporation, Dawson Geophysical, Fairfield Industries, Sam Ting and Bill Purves, while drilling on the leases will be conducted by a third party. Exploration and operational efforts through seismic exploration, drilling and operation in Comanche and Hamilton Counties have been provided by Harding Company. Despite being experienced in their respective fields, our dependence on third parties to initiate, determine and conduct operations could impede our own prospect of success.

Oil and natural gas prices are volatile, and any substantial decrease in prices could cause the Company to continue to operate at a loss in the event that we are successful in producing oil and gas.

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 even if we produce oil or gas.

Risks Related to the Company's Stock

The Company will require additional capital funding.

The Company will require additional funds, either through equity offerings or debt placements to develop our operations. Such additional capital may result in dilution to our current shareholders. Our ability to meet short-term and long-term financial commitments depends on future cash. There can be no assurance that future income will generate sufficient funds to enable us to meet our financial commitments.

The market for our stock is limited and our stock price may be volatile.

The market for our common stock has been limited due to low trading volume and the small number of brokerage firms acting as market makers. Because of the limitations of our market and volatility of the market price of our stock, investors may face difficulties in selling shares at attractive prices when they want to. The average daily trading volume for our stock has varied significantly from week to week and from month to month, and the trading volume often varies widely from day to day.

The Company does not pay cash dividends.

The Company does not pay cash dividends. We have not paid any cash dividends since inception and have no intention of paying any cash 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.

We incur significant expenses as a result of being quoted on the Over the Counter Bulletin Board, which may negatively impact our financial performance.

We incur significant legal, accounting and other expenses as a result of being listed on the Over the Counter Bulletin Board. The Sarbanes-Oxley Act of 2002, as well as related rules implemented by the Commission, has required changes in corporate governance practices of public companies. We expect that compliance with these laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 as discussed in the following risk factor, may substantially increase our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly. As a result, there may be a substantial increase in legal, accounting and certain other expenses in the future, which would negatively impact our financial performance and could have a material adverse effect on our results of operations and financial condition.

Our internal controls over financial reporting may not be considered effective in the future, which could result in a loss of investor confidence in our financial reports and in turn have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 we are required to furnish a report by our management on our internal controls over financial reporting. Such report must contain, among other matters, an assessment of the effectiveness of our internal controls over financial reporting as of the end of the year, including a statement as to whether or not our internal controls over financial reporting are effective. This assessment must include disclosure of any material weaknesses in our internal controls over financial reporting identified by management. If we are unable to continue to assert that our internal controls are effective, our investors could lose confidence in the accuracy and completeness of our financial reports, which in turn could cause our stock price to decline.

The Company's shareholders may face significant restrictions on their stock.

The Company'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 information 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 the Company'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.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS ON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibits required to be attached by Item 601 of Regulation S-K are listed in the Index to Exhibits on page 39 of this Form 10-Q, and are incorporated herein by this reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Providence Resources, Inc.

/s/ Gilbert Burciaga

May 14, 2008

Gilbert Burciaga

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

EXHIBITS

<i>Exhibit</i>	<i>Description</i>
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)(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.
3(ii)(a)*	Bylaws of the Company (incorporated by reference from the Form 10-SB filed with the Commission on April 17, 2000).
3(ii)(b)*	Amended and Restated Bylaws of the Company (incorporated by reference from the Form 8-K filed with the Commission on October 26, 2006).
10(i)*	Consulting Agreement between the Company and Markus Mueller dated May 1, 2003 (incorporated by reference from the Form 8-K filed with the Commission on November 17, 2003).
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)*	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(v)*	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(vi)*	Securities Exchange Agreement dated April 10, 2006, between the Company, Providence Exploration, and the membership unit holders of Providence Exploration (filed on Form 8-K with the Commission on April 14, 2006).
10(vii)*	Note Exchange Agreement dated April 10, 2006, between the Company and the holders of certain promissory notes issued by Providence Exploration (filed on Form 8-K with the Commission on April 14, 2006).

- 10(viii)* Amendment to the Terms of the Securities Exchange Agreement dated effective as of May 26, 2006, between the Company, Providence Exploration, and the membership unit holders of Providence Exploration (filed on Form 8-K with the Commission on July 3, 2006).
- 10(ix)* Amendment to the Terms of the Note Exchange Agreement dated effective as of May 26, 2006, between the Company and the holders of certain promissory notes issued by Providence Exploration (filed on Form 8-K with the Commission on July 3, 2006).
- 10(x)* 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(xi)* Letter Agreement between Providence Exploration and Harding Company, dated March 30, 2006 (incorporated by reference from the Form SB2/A-2 filed with the Commission on February 28, 2007).
- 10(xii)* Exploration and development agreement with Miller Energy, LLC and certain of its affiliates dated June 29, 2007 (filed on Form 8-K with the Commission on July 11, 2007).
- 10(xiii)* Secured Revolving Convertible Promissory Note with Miller Energy, LLC dated June 29, 2007 (filed on Form 8-K with the Commission on July 11, 2007).
- 14* Code of Ethics, adopted as of March 1, 2004 (incorporated by reference from the form 10-QSB filed with the Commission on November 17, 2004).
- 21* Subsidiaries of the Company (incorporated by reference from the form 10-K filed with the Commission on April 7, 2008).
- 31 Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated by reference to previous filings of the Company.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gilbert Burciaga, certify that:

1. I have reviewed this report on Form 10-Q ("Report") of Providence Resources, Inc.;
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this Report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant is made known to me by others within those entities, particularly during the period in which this Report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - c) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 14, 2008

/s/ Gilbert Burciaga

Gilbert Burciaga

Chief Executive Officer and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the report on Form 10-Q of Providence Resources, Inc. for the quarterly period ended March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof ("Report"), I, Gilbert Burciaga, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) This Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this Report fairly represents, in all material respects, the financial condition of the registrant at the end of the period covered by this Report and results of operations of the registrant for the period covered by this Report.

Date: May 14, 2008

/s/ Gilbert Burciaga

Gilbert Burciaga

Chief Executive Officer and Chief Financial Officer

This certification accompanies this Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for the purposes of §18 of the Securities Exchange Act of 1934, as amended. This certification shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Report), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by §906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.