

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

FORM 10-K/A

(Mark One)

☒ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended **December 31, 2007**.

☐ 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
(Issuer's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: none.

Securities registered under Section 12(g) of the Exchange Act: common stock (title of class), \$0.001 par value.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933: Yes ☐ No ☒.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act: Yes ☐ No ☒.

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 if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A ☐.

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: 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 ☒.

The aggregate market value of the registrant's common stock, \$0.0001 par value, held by non-affiliates (49,653,214 shares) was approximately \$9,185,845 based on the average closing bid and asked prices (\$0.185) for the common stock on October 15, 2008.

At October 17, 2008, the number of shares outstanding of the registrant's common stock, \$0.0001 par value (the only class of voting stock), was 60,261,118.

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Explanatory Note

This Form 10-K/A has been amended to: (a) clarify our *Business* section disclosure; (b) correct our *Liquidity and Capital Resources* subsection and *Critical Accounting Pronouncements* subsection; (c) insert a revised *Report of Independent Registered Public Accounting Firm*; (d) revise our financial statements and notes; (e) add to our *Controls and Procedures*; and (f) modify *Exhibit 31*.

PART I

ITEM 1. BUSINESS

As used herein the terms “Company,” “we,” “us,” and “our,” refer to Providence Resources, Inc., a Texas corporation, and our subsidiaries. All references herein to “Providence Exploration” refer to Providence Exploration, LLC, our wholly owned subsidiary, and its subsidiary PDX Drilling I, LLC.

Corporate History

The Company was incorporated under the laws of the State of Texas on February 17, 1993, as “GFB Alliance Services, Inc.” We have since undergone several name changes and on May 13, 1999, pursuant to an amendment to our articles of incorporation, adopted the name “Healthbridge, Inc.” During early 2002 we acquired exclusive ownership and intellectual property rights for a medical waste disposal technology. Prior to year end 2005 we decided to discontinue all operations due to our inability to successfully commercialize this technology.

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

The Company’s principal place of business is located at 5300 Bee Caves Rd, Bldg 1 Suite 240, Austin, Texas, 78746, and our telephone number is (512) 970-2888.

The Company’s registered statutory office is located at 408 West 17th Street, Ste. 101, Austin, Texas 78701.

The Company

The Company is involved in oil and gas exploration in Val Verde, Comanche, and Hamilton Counties, Texas.

Oil and Gas Exploration in Val Verde County

On March 30, 2006, the Company closed an Agreement for Purchase and Sale with Global Mineral Solutions, L.P., to purchase approximately 12,832 acres of oil and gas leases located in Val Verde County, Texas, in exchange for \$3,849,600.

The Company’s interests in Val Verde County include multiple oil and gas target zones within a large structure delineated by prior seismic and drilling in the area. The 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.

Seismic Exploration – Val Verde County Leases

On March 27, 2007 the Company engaged TRNCO Petroleum Corporation (“TRNCO”) of Midland, Texas to design and implement a high-tech, high-quality 3D seismic survey of the Val Verde County leases. The data collected is intended to illuminate deep gas targets at depths ranging from 14,000 to 16,000 feet in the Ellenberger carbonate, Strawn carbonate and Pennsylvanian-Wolfcamp sandstone reservoirs which underlie our leasehold interests over 57 square miles. TRNCO was responsible for supervising the acquisition, processing, licensing and interpretation of the seismic data while Dawson Geophysical Company (“Dawson”) was engaged to obtain the actual 3D seismic data.

Dawson went to work on the property obtaining seismic data at a rate of 1 square mile a day delivering data on a weekly basis. Demux and geometry work was performed on accumulated data as it was received. Actual data acquisition was completed by the end of November. The Company engaged Fairfield Industries Incorporated (“FairField”) to process and interpret the Val Verde seismic data. Fairfield is well known worldwide for developing and operating sophisticated software and hardware configurations to process data that creates accurate images of the Earth’s subsurface for geologic interpretation. High-performance networking that utilizes workstation cluster technology empowers Fairfield with supercomputing capabilities that generate superior algorithms with the best available noise reduction, multiple removal, pre-stack time, depth imaging, and multi-component seismic processing. Superior hardware and software capabilities, coupled with international experience in marine streamer, shallow water, transition zone, and high land seismic data analysis and processing enable Fairfield to provide geophysical services in a timely and cost-effective manner.

The Company also engaged Mr. Sam Ting as a consultant to provide additional processing experience to the work of Fairfield and TRNCO to ensure high quality results. Mr. Ting is a dedicated geophysicist with over 25 years experience that includes exploration seismic projects in the Delaware, Midland, and Val Verde Basins in Texas. Since early 2005, Mr. Ting has provided geophysical services as a private consultant. Between April 2000 and February 2005, Mr. Ting was the founder and president of Geo-Experts, Inc., a geo-science consulting company of more than 40 consultants that provided expertise associated with exploration and production projects worldwide. Prior to founding Geo-Experts, Mr. Ting was with Mobil Research and Development for 20 years with his last 9 years of service as senior geophysical advisor responsible for providing technical evaluations and assistance for Mobil's worldwide geophysical applications.

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 to Strawn represented by compartmentalized and hydro-thermally fractured dolomitic reservoirs.

The anticipated final processing of seismic data by our team of dedicated professionals is expected by the middle of April 2008. Interpretative work to identify and prioritize initial drilling locations will be determined shortly thereafter. Initial drilling on the leases is anticipated within the third quarter of 2008. In the event that we do not begin drilling by early 2009 the Val Verde County leases will begin to expire.

Drilling – Val Verde Leases

On June 29, 2007, the Company entered into an exploration and development agreement (“Agreement”) with Miller Energy, LLC and certain of its affiliates (“Miller”) providing for the further exploration and development of the Company’s oil and gas leasehold interests in Val Verde County, Texas. Miller, and its affiliates, is a group of privately owned oil and gas companies, based in Lafayette, Louisiana. Miller’s business operations include oil and gas interests within the Barnett Shale, in the vicinity of Fort Worth, Texas.

The Agreement includes the following provisions:

- Miller will undertake all activities necessary to test and develop the Company’s oil and gas leasehold interests in Val Verde County;
- Miller will fund up to \$10,000,000 of drilling costs in Val Verde County through a series of convertible debentures; and
- Miller will acquire a 10% working interest in the Company’s Val Verde County oil and gas leasehold interests.

The Company is now actively working with Miller in anticipation of the final interpretation and processing of seismic data that is expected to indicate prospective drill targets.

Oil and Gas Exploration in Comanche and Hamilton Counties

On October 1, 2005, Providence Exploration purchased interests in approximately 6,272 acres of oil and gas leases located in Comanche and Hamilton Counties, Texas from Harding Company. Seismic work was completed on the leases and initial drill targets identified. An oil and gas pipeline infrastructure was also completed in Southeast Comanche County by Comanche County Pipeline, LLC, a partnership owned 90% by the Company and 10% by Harding Company and others. Harding Company drilled four wells, Marrs #1, Steward #1H, Nowell #1 and Patton #2H on the Company’s Comanche County leases. None of the wells indicated 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 County 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.

Competition

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

Marketability

The products to be sold by us, oil and natural gas, are commodities purchased by many distribution and retail companies. Crude oil can be sold whenever it is produced subject to transportation cost. Natural gas requires transportation from point of production to the purchaser by pipeline. The Company does not produce oil or gas products for market at this time.

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

We currently have no patents, trademarks, licenses, franchises, concessions, or labor contract, except the leases we have acquired for oil, gas and mineral interests do provide for the payment of royalties in the event production is realized.

Governmental and Environmental Regulation

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

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

Many state authorities require permits for drilling operations, drilling bonds and reports concerning operations and impose other requirements relating to the exploration and production of oil and gas. Such states also have ordinances, statutes or regulations addressing conservation matters, including provisions for the unitization or pooling of properties, the regulation of spacing, plugging and abandonment of wells, and limitations establishing maximum rates of production from wells. Texas regulations do provide certain limitations with respect to our operations.

Environmental Regulation

The recent trend in environmental legislation and regulation has been generally toward stricter standards, and this trend will likely continue. The Company does not presently anticipate that we will be required to expend amounts relating to future oil and gas production operations that are material in relation to our total capital expenditure program by reason of environmental laws and regulations, but because such laws and regulations are subject to interpretation by enforcement agencies and are frequently changed by legislative bodies, we are unable to accurately predict the ultimate cost of such compliance for 2008.

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

The following environmental laws and regulatory programs appear to be the most significant to our operations in 2008:

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

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

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

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

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

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

Employees

The Company currently has 2 employees. We also use an independent operator and contractors to assist us in managing our interests in oil and gas properties. Management also uses consultants, attorneys, and accountants as necessary to assist in the development of our business.

Reports to Security Holders

The Company's annual report contains audited financial statements. We are not required to deliver an annual report to security holders and will not automatically deliver a copy of the annual report to our security holders unless a request is made for such delivery. We file all of our required reports and other information with the Securities and Exchange Commission (the "Commission"). The public may read and copy any materials that are filed by the Company with the Commission at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The statements and forms filed by us with the Commission have also been filed electronically and are available for viewing or copy on the Commission maintained Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission. The Internet address for this site can be found at <http://www.sec.gov>.

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 and an accumulated deficit of \$38,118,959 at December 31, 2007. We will continue to incur operating losses until such time as we begin producing oil and gas revenue, which may or may not eventuate. Should the Company fail to produce oil and gas revenue we may continue to operate at a loss and may never be profitable.

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 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 our ability to continue as a going concern as a result of recurring losses, an accumulated deficit of \$38,118,959 as of December 31, 2007, and revenue generating activities that were insufficient to sustain operations. Unless we are able to cure this pattern of reoccurring losses and insufficient revenue, our ability to continue as a going concern will be in jeopardy.

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

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

Risks Related to the Oil and Gas Industry

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

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

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

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

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

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

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 Miller Energy, LLC, Harding Company, TRNCO Petroleum Corporation, Dawson Geophysical, Fairfield Industries, and certain consultants, all of whom are third parties.

Exploration and operational efforts through seismic exploration, drilling and operation in Comanche and Hamilton Counties have been provided by Harding Company, exploration efforts through seismic exploration, processing and interpretation in Val Verde County have been provided by TRNCO, Dawson, Fairfield, Sam Ting and Bill Purves, while drilling on the Val Verde County leases will prospectively be conducted by Miller Energy. Despite being leaders 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 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Oil and Gas Properties

The Company has approximately 12,832 acres of oil and gas leases located in Val Verde County, Texas and approximately 3,000 acres of oil and gas leases in Comanche and Hamilton County.

Drilling Activity

In the last three fiscal years, the Company has drilled no productive wells. In 2006 and 2007 we drilled 4 exploratory wells on our leases in Comanche County which failed to produce economically recoverable quantities of oil or gas.

Present Activities

As of the date of this current report on Form 10-K/A, the Company is not in the process of drilling wells, installing waterfloods, performing pressure maintenance operations, or performing any other related operations of material importance.

Delivery Commitments

The Company has not contracts to provide a fixed and determinable quantity of oil or gas.

Undeveloped Acreage

All acreage in which the Company maintains an interest is to be considered undeveloped acreage. Undeveloped acreage is considered to be those lease acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether or not such acreage contains proved reserves. Undeveloped acreage should not be confused with undrilled acreage held by production under the terms of a lease.

Oil and Gas Reserves

Oil and gas reserves for our properties have not been determined as of December 31, 2007.

Oil and Gas Titles

As is customary in the oil and gas industry, we perform only a perfunctory title examination at the time of acquisition of undeveloped properties. Prior to the commencement of drilling, in most cases, and in any event where we are the operator, a title examination is conducted and significant defects remedied before proceeding with operations. We believe that the title to our properties is generally acceptable to a reasonably prudent operator in the oil and gas industry. The properties owned by us are subject to royalty, overriding royalty, and other interests customary in the industry, liens incidental to operating agreements, current taxes and other burdens, minor encumbrances, easements, and restrictions. We do not believe that any of these burdens materially detract from the value of the properties or will materially interfere with their use in the operation of our business.

Office and Warehouse Facilities

The Company currently maintains limited office space in Austin, Texas at 5300 Bee Caves Rd, Bldg 1 Suite 240, Austin Texas, 78746 for which we pay no rent. Our wholly owned subsidiary Providence Exploration maintained limited officer space at 100 Crescent Court, 7th Floor, Dallas, Texas, 75201 until December of 2007. Providence Exploration paid rent of \$Nil for the year ended December 31, 2007 and \$5,325 for the year ended December 31, 2006. Providence Exploration's wholly owned subsidiary PDX Drilling I, LLC maintained warehouse space in Young County, Texas until December of 2006. PDX Drilling I, LLC paid rent of \$9,600 for the year ended December 31, 2007 and \$12,200 for the year ended December 31, 2006. We believe that our office space will be adequate for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

The Company is currently not a party to any legal proceedings.

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

No matters were submitted to a vote of the security holders, through the solicitation of proxies or otherwise, during the fourth quarter ended December 31, 2007.

PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

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

<i>Year</i>	<i>Quarter Ended</i>	<i>High</i>	<i>Low</i>
2007	December 31	\$0.23	\$0.08
	September 30	\$0.25	\$0.14
	June 30	\$0.33	\$0.14
	March 31	\$0.60	\$0.32
2006	December 31	\$1.00	\$0.35
	September 30	\$1.60	\$0.70
	June 30	\$2.50	\$0.96
	March 31	\$0.96	\$0.48

Capital Stock

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

Common Stock

As of April 1, 2008, there were 241 shareholders of record holding a total of 59,161,118 shares of fully paid and non-assessable common stock of the 250,000,000 shares of common stock, par value \$0.0001, authorized. The board of directors believes that the number of beneficial owners is greater than the number of record holders because a portion of our outstanding common stock is held in broker "street names" for the benefit of individual investors. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

Preferred Stock

As of April 1, 2008, there were no shares issued and outstanding of the 25,000,000 shares of preferred stock authorized. The par value of the preferred stock is \$0.0001 per share. 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.

Warrants

As of April 1, 2008, the Company has 7,267,650 outstanding warrants. The Company has issued (i) 348,000 common share purchase warrants exercisable at \$0.30 per share at any time until December 1, 2010, (ii) 6,684,960 common share purchase warrants exercisable at \$1.00 per share at any time until July 25, 2009, (iii) 188,190 common share purchase warrants exercisable at \$0.72 per share at any time until November 7, 2009, and (iv) 46,500 common share purchase warrants exercisable at \$0.72 per share at any time until November 20, 2009.

Stock Options

As of April 1, 2008, the Company had no outstanding stock options to purchase shares of our common stock.

Convertible Debentures and Notes

The outstanding convertible debentures and notes issued by the Company are as follows:

During 2007, the Company issued secured eight convertible promissory notes in the aggregate amount of \$5,000,000 with interest at 10% per annum. The principal and accrued interest on the notes may be converted into shares of the Company's common stock at any time until three years from the date of issuance at a conversion price of \$0.08. The notes were issued as follows: one note in the principal amount of \$1,000,000 was issued on April 29, 2007, one note in the principal amount of \$1,000,000 was issued on May 31, 2007, four notes with an aggregate value of \$2,500,000 were issued on August 8, 2007, and two notes with an aggregate value of \$500,000 were issued on August 15, 2007.

During 2005, the Company issued seven convertible debentures in the aggregate amount of \$3,320,000 with interest at 7% per annum. The principal and accrued interest on the notes may be converted into shares of the Company's common stock at any time until five years from the date of issuance at a conversion price of \$0.35. The notes were issued on November 28, 2005.

Dividends

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

Transfer Agent and Registrar

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

Purchases of Equity Securities made by the Issuer and Affiliated Purchasers

None.

Recent Sales of Unregistered Securities

None.

ITEM 6. SELECTED FINANCIAL DATA

Not required.

ITEM 7. 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 current 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 current report. Our fiscal year end is December 31.

Discussion and Analysis

During the year ended December 31, 2007, the Company was involved in (i) seismic exploration activities on the Val Verde County leases with TRNCO, (ii) raising additional capital by way of loans to fund the exploration, and development of those properties under lease (iii) evaluating the performance and results of drilling activities on the Comanche and Hamilton County leases, (iv) engaging Miller Energy, LLC. as a partner in the development of the Val Verde County leases, and (v) seismically exploring for gas prospects within the Val Verde leases.

Over the next twelve months the Company intends to:

- initiate drilling on the Val Verde leases to include multiple deep drilling targets for natural gas production; and
- evaluate the prospect of further development of acreage that remains under lease in Comanche and Hamilton County.

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

Net Losses

For the period from inception until December 31, 2007, the Company incurred a net loss of \$38,118,959. Net losses for the year ended December 31, 2007 were \$22,204,275 as compared to \$6,761,584 for the year ended December 31, 2006. The increase in net losses over the comparative periods can be primarily attributed to a loss associated with impairment charges to our oil and gas leases and pipeline.

We did not generate any revenues during this period.

We will 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 cannot determine whether we will ever generate revenues from operations.

Expenses

General and administrative expenses for the year ended December 31, 2007 were \$1,120,602 as compared to \$2,121,062 for the year ended December 31, 2006. 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 expenses for the year ended December 31, 2007 were \$21,117,629 as compared to other expenses of \$4,686,197 for the year ended December 31, 2006. This increase in other expenses is primarily due to impairment charges associated with exploration activities in Comanche County. During the year ended December 31, 2007, management determined that the accounting values for our oil and gas leases and our oil and gas pipeline were too high in relation to the probability of recouping expenses attributed to the Comanche County exploration activities. This determination was made based on our failure to discover commercial quantities of oil and gas on the Comanche County/Hamilton County leases and those expenses attributed to the construction of a pipeline to non-productive wells. Accordingly, we recorded impairment charges of \$17,881,092 on the leases and \$1,509,734 on the pipeline. Other expenses were offset by interest income of \$25,828 for the year ended December 31, 2007 and \$416,306 for the year ended December 31, 2006.

Depreciation expenses for the years ended December 31, 2007 and 2006 was \$9,911 and \$9,544 respectively.

Income Tax Expense (Benefit)

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

Impact of Inflation

The Company believes that inflation has had an effect on Providence Exploration's operations due to the increased interest in oil and gas exploration over the last three years which has increased prices for labor, maintenance services and equipment. We believe that we can offset 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 December 31, 2007, except those costs of unproved properties acquired with Providence Exploration, pipeline construction, and related exploration costs.

Liquidity and Capital Resources

The Company had current assets of \$1,564,315 and total assets of \$15,700,299 as of December 31, 2007. These assets include cash on hand of \$1,180,147 and undeveloped oil and gas leases of \$14,115,585. Stockholders equity in the Company was \$7,141,750 at December 31, 2007.

Cash flows used in operating activities were \$227,453 for the year ended December 31, 2007, compared to cash flows used in operating activities of \$211,623 for the year ended December 31, 2006. The cash flows used in operating activities during the current period is due primarily to net losses.

Cash flows used in investing activities were \$6,069,257 for the year ended December 31, 2007, compared to \$8,379,886 for the year ended December 31, 2006. Cash flows used in investing activities focused on obtaining seismic data in connection with the Val Verde County leases.

Cash flows from financing activities were \$5,936,700 for the year ended December 31, 2007, compared to \$8,096,026 for the year ended December 31, 2006. Cash flows from financing activities during the current period consisted of proceeds from convertible promissory notes of \$5,000,000, proceeds from notes payable, and the sale of common stock.

We had a working capital deficit of \$2,247,566 as of December 31, 2007, and have funded our cash needs from inception through revenues and a series of debt and equity transactions, including several private placements. We do not believe that our current assets are sufficient to conduct our exploration and development activities over the next twelve (12) months though we do intend to rely on the terms and conditions of our funding agreement with Miller Energy LLC to finance a prospective drilling program on the Val Verde leases. However, no assurances can be given that additional funding, as needed to explore and develop our lease interests will be available to us on acceptable terms or at all. Our inability to obtain funding, as necessary, 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 December 31, 2007, 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 as a result of reoccurring losses, lack of revenue generating activities, and an accumulated deficit of \$38,118,959 as of December 31, 2007. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

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

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

The statements contained in the section titled “*Results of Operations*” and “*Description of Business*”, with the exception of historical facts, are forward looking statements. A safe-harbor provision may not be applicable to the forward looking statements made in this current report. 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 (SEC) 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 our 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, 2006, the Company discussed those accounting policies that are considered to be significant in determining the results of operations and financial position. The Company’s management believes 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 December 2007, the FASB issued SFAS 160, “Noncontrolling interests in Consolidated Financial Statements – an amendment of ARB No. 51”. This Statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years beginning on or after December 15, 2008. Early adoption is not permitted. Management is currently evaluating the effects of this statement, but it is not expected to have any 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our audited financial statements for the years ended December 31, 2007 and 2006 are attached hereto as F-1 through F-34.

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Providence Resources, Inc. and Subsidiaries
Austin, Texas

We have audited the accompanying balance sheets of Providence Resources, Inc. and Subsidiaries (An Exploratory Stage Company) at December 31, 2007 and 2006 and the related statements of operations and comprehensive loss, stockholders' equity (deficit) and cash flows for the years then ended and for the cumulative period from February 17, 1993 (date of inception) to December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Providence Resources, Inc. and Subsidiaries at December 31, 2007 and 2006 and the results of its operations and comprehensive loss and its cash flows for the years then ended and from February 17, 1993 (inception) through December 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

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

Chisholm, Bierwolf & Nilson, LLC
Bountiful, Utah
October 17, 2008

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
CONSOLIDATED BALANCE SHEETS

	December 31, 2007	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,180,147	\$ 1,540,145
Note receivable	350,000	-
Drilling rig inventory	-	724,515
Prepaid expenses	34,168	98
Total current assets	<u>1,564,315</u>	<u>2,264,758</u>
PROPERTY AND EQUIPMENT (Note 3) :		
Unproved oil and gas properties, not subject to amortization	14,115,585	26,266,981
Oil and gas pipeline (construction in progress)	-	1,170,173
Equipment, net of amortization	-	45,810
Total property and equipment	<u>14,115,585</u>	<u>27,482,964</u>
OTHER ASSETS:		
Loan origination fees, net of amortization of \$55,851	20,399	45,799
Deposits	-	2,266
Total other assets	<u>20,399</u>	<u>48,065</u>
Total assets	<u>\$ 15,700,299</u>	<u>\$ 29,795,787</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,082,222	\$ 953,803
Accrued expenses	539,413	153,909
Related party payables	135,500	75,000
Short-term note payable (Note 4)	500,000	-
Short-term convertible promissory notes (Note 5)	780,821	-
Current portion of long-term notes payable (Note 7)	773,925	454,099
Total current liabilities	<u>3,811,881</u>	<u>1,636,811</u>
CONVERTIBLE DEBENTURES (Note 8)	3,320,000	3,570,000
LONG-TERM CONVERTIBLE PROMISSORY NOTES (Note 6)	1,075,695	-
LONG-TERM NOTES PAYABLE (Note 7)	<u>200,000</u>	<u>319,826</u>
Total liabilities	8,407,576	5,526,637
COMMITMENTS (Note 16)	-	-
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARY	150,973	117,017
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 51,855,539 shares issued and outstanding, respectively	5,916	5,185
Additional paid-in capital	45,240,221	40,047,072
Accumulated other comprehensive income	14,572	14,560
Deficit accumulated during the exploratory stage	<u>(38,118,959)</u>	<u>(15,914,684)</u>
Total stockholder's equity	<u>7,141,750</u>	<u>24,152,133</u>
Total liabilities and stockholders' equity	<u>\$ 15,700,299</u>	<u>\$ 29,795,787</u>

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

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
Years ended December 31, 2007 and 2006 and Cumulative Amounts

	Years ended December 31,		Inception on February 17, 1993 Through December 31, 2007
	2007	2006	
Sales	\$ -	\$ 350	\$ 350
Cost of Sales	-	25,427	25,427
Gross profit	-	25,777	25,777
General and administrative expenses	(1,120,602)	(2,121,062)	(8,576,026)
Loss from operations	(1,120,602)	(2,095,285)	(8,550,249)
Other income (expense):			
Interest expense	(1,554,288)	(5,102,503)	(6,997,928)
Debt conversion expense	(162,444)	-	(162,444)
Interest income	25,828	416,306	474,312
Impairment of capital assets	(19,390,826)	-	(19,390,826)
Loss on disposal of assets	(35,899)	-	(35,899)
Loss before provision for minority interest, income taxes and discontinued operations	(22,238,231)	(6,781,482)	(34,663,034)
Minority interest	33,956	19,898	53,854
Loss before provision for income taxes and discontinued operations	(22,204,275)	(6,761,584)	(34,609,180)
Provision for income taxes	-	-	-
Loss before discontinued operations	(22,204,275)	(6,761,584)	(34,609,180)
Gain (loss) from discontinued operations, net of tax	-	-	(3,407,279)
Net loss before cumulative effect of accounting change	(22,204,275)	(6,761,584)	(38,016,459)
Cumulative effect of accounting change, net of tax	-	-	(102,500)
Net loss	(22,204,275)	(6,761,584)	(38,118,959)
Loss per share from continuing operations - basic and diluted	\$ (0.38)	\$ (0.24)	
Net Loss per common share - basic and diluted	\$ (0.38)	\$ (0.24)	
Weighted average common shares - basic and diluted	58,845,406	28,296,428	
Net loss	(22,204,275)	(6,761,584)	(38,118,959)
Other comprehensive income			
Foreign currency translation adjustment	12	190	14,572
Net comprehensive income (loss)	\$ (22,204,263)	\$ (6,761,394)	\$ (38,104,387)

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

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
February 17, 1993 (Date of Inception) to December 31, 2007

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

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
February 17, 1993 (Date of Inception) to December 31, 2007

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Deficit Accumulated During the Development Stage	Total
	Shares	Amount	Shares	Amount				
Balance forward, December 31, 1998	-	-	125,038	14	120,628	-	(117,581)	3,061
Rounding	-	-	(38)	-	-	-	-	-
Issuance of common stock for:								
Cash	-	-	22,500	2	899,998	-	-	900,000
Assets	-	-	128,012	13	1,020,452	-	-	1,020,465
Net book value of Healthbridge, Inc.	-	-	20,500	2	(2)	-	-	-
Dividends-in-kind	-	-	50,202	5	2,008,091	-	(2,008,096)	-
Debt	-	-	242,500	23	999,978	-	-	1,000,001
Reverse acquisition with Healthbridge, Inc. and Wattmonitor, Inc.	-	-	147,500	15	798,046	-	-	798,061
Common stock offering costs	-	-	-	-	(105,000)	-	-	(105,000)
Reverse acquisition, retirement of old shares of Wattmonitor, Inc.	-	-	(147,500)	(15)	(915,627)	-	117,581	(798,061)
Share adjustment for shares previously issued	-	-	150	-	-	-	-	-
Net loss	-	-	-	-	-	-	(3,196,076)	(3,196,076)
Balance at December 31, 1999	-	-	588,864	60	4,826,564	-	(5,204,172)	(377,549)
Issuance of common stock for:								
Debt	-	-	34,950	4	349,496	-	-	349,500
Services	-	-	11,000	1	71,199	-	-	71,200
Cash	-	-	19,500	2	194,998	-	-	195,000
Accounts payable	-	-	7,500	1	74,999	-	-	75,000
Common stock offering costs	-	-	-	-	(15,600)	-	-	(15,600)
Stock option compensation expense	-	-	-	-	6,000	-	-	6,000
Net loss	-	-	-	-	-	-	(816,545)	(816,545)
Balance at December 31, 2000	-	-	661,814	67	5,507,656	-	(6,020,717)	(512,994)

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
February 17, 1993 (Date of Inception) to December 31, 2007

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Deficit Accumulated During the Development Stage	Total
	Shares	Amount	Shares	Amount				
Balance forward, December 31, 2000	-	-	661,814	67	5,507,656	-	(6,020,717)	(512,994)
Issuance of common stock for:								
Services	-	-	84,400	9	258,941	-	-	258,950
Accounts payable	-	-	13,750	1	59,999	-	-	60,000
Debt	-	-	41,603	4	249,614	-	-	249,618
Net loss	-	-	-	-	-	-	(422,008)	(422,008)
Balance at December 31, 2001	-	-	801,567	81	6,076,210	-	(6,442,725)	(366,434)
Comprehensive loss:								
Net loss	-	-	-	-	-	-	(1,221,203)	(1,221,203)
Other comprehensive loss - cumulative foreign currency translation adjustment	-	-	-	-	-	4,869	-	4,869
Total comprehensive loss								(1,216,334)
Issuance of common stock for:								
Intellectual property	-	-	37,500	4	224,996	-	-	225,000
Services	-	-	143,000	14	806,086	-	-	806,100
Accounts payable and services	-	-	5,000	1	10,999	-	-	11,000
Stock option compensation expense	-	-	-	-	12,500	-	-	12,500
Balance at December 31, 2002	-	-	987,067	99	7,130,791	4,869	(7,663,928)	(528,169)

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
February 17, 1993 (Date of Inception) to December 31, 2007

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

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
February 17, 1993 (Date of Inception) to December 31, 2007

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Deficit Accumulated During the Development Stage	Total
	Shares	Amount	Shares	Amount				
Balance forward, December 31, 2004	-	-	6,626,000	663	8,004,131	5,313	(8,208,245)	(198,138)
Issuance of common stock for:								
Cash	-	-	7,520,000	752	2,005,248	-	-	2,006,000
Debt	-	-	2,334,841	233	349,992	-	-	350,226
Issuance of warrants for finders fees	-	-	-	-	191,400	-	-	191,400
Common stock offering costs	-	-	-	-	(125,400)	-	-	(125,400)
Other comprehensive loss - cumulative foreign currency translation adjustment	-	-	-	-	-	9,057	-	9,057
Net loss for the period	-	-	-	-	-	-	(944,857)	(944,857)
Balance at December 31, 2005	-	\$ -	16,480,841	\$ 1,648	\$ 10,425,371	\$ 14,370	\$ (9,153,101)	\$ 1,288,288
Issuance of common stock for:								
Acquisition of Providence Exploration	-	-	20,000,000	2,000	15,998,000	-	-	16,000,000
Cash	-	-	13,369,920	1,337	8,020,615	-	-	8,021,952
Debt	-	-	2,004,778	200	2,071,014	-	-	2,071,214
Issuance of warrants with equity financing	-	-	-	-	3,409,330	-	-	3,409,330
Issuance of warrants for finders fees	-	-	-	-	122,743	-	-	122,743
Other comprehensive loss - cumulative foreign currency translation adjustment	-	-	-	-	-	190	-	190
Net loss for the period	-	-	-	-	-	-	(6,761,584)	(6,761,584)
Balance at December 31, 2006	-	\$ -	51,855,539	\$ 5,185	\$ 40,047,072	\$ 14,560	\$ (15,914,684)	\$ 24,152,133

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
February 17, 1993 (Date of Inception) to December 31, 2007

	Preferred Stock		Common Stock		Additional	Accumulated	Deficit	
	Shares	Amount	Shares	Amount	Paid-in Capital	Other Comprehensive Income	Accumulated During the Development Stage	Total
Balance at December 31, 2006	-	\$ -	51,855,539	\$ 5,185	\$ 40,047,072	\$ 14,560	\$ (15,914,684)	\$ 24,152,133
Issuance of common stock for:								
Cash	-	-	1,987,500	199	236,501	-	-	236,700
Services			1,450,000	145	284,855	-	-	285,000
Debt			3,868,079	387	580,126	-	-	580,513
Discount on convertible notes					4,091,667			4,091,667
Other comprehensive loss - cumulative foreign currency translation adjustment	-	-	-	-	-	12	-	12
Net loss for the period	-	-	-	-	-	-	(22,204,275)	(22,204,275)
Balance at December 31, 2007	-	\$ -	59,161,118	\$ 5,916	\$ 45,240,221	\$ 14,572	\$ (38,118,959)	\$ 7,141,750

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

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2007 and 2006 and Cumulative Amounts

	Years ended December 31,		Inception on February 17, 1993 through December 31, 2007
	2007	2006	
Cash flows from operating activities:			
Net loss	\$ (22,204,275)	\$ (6,761,584)	\$ (38,118,959)
Adjustments to reconcile net loss to net cash used in operating activities:			
Shares issued for services	285,000	360,000	645,000
Shares issued with financing	-	3,532,073	3,532,073
Shares issued for debt and accrued interest conversion	178,214	226,547	404,761
Additional value of shares issued for debt and services conversion	152,300	1,409,667	3,151,831
Amortization of conversion rights on debt	948,184	-	948,184
Depreciation, amortization and impairment	19,462,036	9,544	19,627,056
Minority interest	(33,956)	(19,898)	(53,854)
Discontinued operations	-	-	2,542,150
Gain on write-off of liabilities	-	-	(96,270)
Loss on disposal of assets	35,899	-	35,899
(Increase) decrease in:			
Accounts receivable and prepaid expenses	207	121,615	110,725
Inventory	374,515	-	374,515
Accounts payable	128,419	931,721	1,679,246
Accrued expenses	385,504	(82,808)	595,923
Related party payables	60,500	61,500	235,812
Net cash used in operating activities	(227,453)	(211,623)	(4,385,908)
Cash flows from investing activities:			
Advances to Providence Exploration prior to acquisition	-	(5,811,761)	(8,886,761)
Cash of Providence Exploration on acquisition date	-	73,271	73,271
Acquisition of intangible assets	-	-	(150,398)
Acquisition of property and equipment	(6,069,257)	(2,644,520)	(8,717,517)
Issuance of notes receivable	-	3,124	(616)
Net cash used in investing activities	(6,069,257)	(8,379,886)	(17,682,021)
Cash flows from financing activities:			
Proceeds from notes payable	700,000	-	1,392,999
Proceeds from convertible promissory notes payable	5,000,000	-	5,000,000
Issuance of common stock	236,700	8,021,952	13,347,979
Commissions paid to raise convertible debentures	-	-	(41,673)
Minority investment in subsidiary	-	136,915	136,915
Proceeds from (payments for) convertible debentures	-	-	3,654,173
Payments on notes payable	-	(62,841)	(256,889)
Net cash provided by financing activities	5,936,700	8,096,026	23,233,504
Change in accumulated other comprehensive income	12	190	14,572
Net increase (decrease) in cash	(359,998)	(495,293)	1,180,147
Cash, beginning of period	1,540,145	2,035,438	-
Cash, end of period	\$ 1,180,147	\$ 1,540,145	\$ 1,180,147
Cash paid for interest	\$ -	\$ -	
Cash paid for taxes	\$ -	\$ -	
Non-cash investing and financing activities (Note 10)			

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

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

Note 1 — Organization and Summary of Significant Accounting Policies

Organization

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

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

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

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

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

Providence 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 an exploratory stage company as defined in SFAS No. 7.

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

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

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.

Unproved Oil and Gas Properties, Not Subject to Amortization

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

The Company follows the full cost method of accounting for exploration and development of oil and gas properties whereby all costs in acquiring, exploring and developing properties are capitalized, including estimate of abandonment costs, net of estimated equipment salvage costs, 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.

Prior to acquisition on September 29, 2006, Providence Exploration capitalized \$3,278,647 in exploration costs. No costs related to production, general corporate overhead, or similar activities have been capitalized. As of December 31, 2007, the Company only has capitalized costs of unproved properties acquired and related exploration costs. Leasehold costs are depleted based on the units-of-production method based on estimated proved reserves. No proved reserves currently exist for the Company and therefore no depletion has been taken as of December 31, 2007.

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.

Loan Origination Fees

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

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

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

Long-Lived Assets

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

Income Taxes

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.

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

	Years Ended December 31,		Cumulative
	2007	2006	Amounts
Income tax benefit at statutory rate	\$(7,549,454)	\$(2,299,000)	\$(12,270,454)
Change in valuation allowance	7,549,454	2,299,000	12,270,454
	\$ -	\$ -	\$ -

Deferred tax assets are as follows at December 31, 2007:

	2007	2006
NOL Carry-forward	12,270,454	4,721,000
Valuation allowance	(12,270,454)	(4,721,000)
	\$ -	

The Company has incurred Net Operating Losses of approximately \$38,118,959. These losses will be carried forward to offset future taxable income and will expire beginning in 2014. However, realization of the future tax benefit of these carry-forwards is contingent on the Company's ability to generate positive net operations. A valuation allowance has been recorded for the full amount of the deferred tax asset because it is more likely than not that the deferred tax asset will not be realized. The components of current income tax expense as of December 31, 2007 and 2006 respectively are as follows:

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

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

Income Taxes

	As at December 31,	
	2007	2006
Current federal tax expense	\$ -	\$ -
Current state tax expense	-	-
Change in NOL benefits	7,549,454	2,299,000
Change in valuation allowance	(7,549,454)	(2,299,000)
Income tax expense	\$ -	\$ -

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. At December 31, 2007, the Company had \$1,180,147 in bank deposit accounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Translation of Foreign Currencies

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

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

Revenue Recognition

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

Stock-Based Compensation

At December 31, 2007, the Company has stock-based employee compensation plans and the Company accounts for those plans under the recognition and measurement principles of SFAS 123 (R), "Share Based Payment," and related Interpretations, and has adopted these disclosure provisions.

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

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 December 31, 2007 (2006 -7,267,650) 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:

	Years ended December 31, <u>2007</u>	<u>2006</u>
Numerator – (loss from continuing operations)	\$ (22,204,275)	\$ (6,761,584)
Denominator – weighted average number of shares outstanding	<u>54,845,406</u>	<u>28,296,428</u>
Loss per share	<u>\$ (0.38)</u>	<u>\$ (0.24)</u>

Earnings Per Share computation from Discontinued Operations:

	Years ended December 31, <u>2007</u>	<u>2006</u>
Numerator – (loss from discontinued operations)\$	Nil	\$ Nil
Denominator – weighted average number of shares outstanding	<u>54,845,406</u>	<u>28,296,428</u>
Loss per share-discontinued operations	<u>\$ (0.38)</u>	<u>\$ (0.00)</u>

Earnings Per Share computation for Net Income:

	Years ended December 31, <u>2007</u>	<u>2006</u>
Numerator – (Net Loss)	\$ (22,204,275)	\$ (6,761,584)
Denominator – weighted average number of shares outstanding	<u>54,845,406</u>	<u>28,296,428</u>
Loss per share	<u>\$ (0.38)</u>	<u>\$ (0.24)</u>

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

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

Use of Estimates in the Preparation of Financial Statements

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

Reclassifications

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

Note 2 — Going Concern

As of December 31, 2007, the Company's revenue generating activities have not generated sufficient funds for profitable operations, and the Company has incurred losses of \$38,118,959 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 — Property and Equipment

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

Upon sale and retirement of property and equipment the cost and related accumulated depreciation of the assets were removed from the Company's accounts and a loss was recognized. In the year ended December 31, 2007, the Company recorded a loss on disposal of property and equipment in the amount of \$35,899.

	<u>2007</u>	<u>2006</u>
Drilling rigs and equipment	-	15,441
Vehicles	-	27,495
Office furniture and equipment	-	12,659
Less accumulated depreciation	-	(9,785)
Equipment, net	\$ -	\$ 45,810

Depreciation expense for the years ended December 31, 2007 and 2006 was \$9,911 and \$9,544 respectively.

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Note 4 – Short-term Note Payable

Note Payable - Global Convertible Megatrend LTD, unsecured, principal payable in full on February 23, 2008, interest at 10% payable at the end of each fiscal quarter, interest convertible to common shares at \$0.35 per share. \$500,000

For the year ended December 31, 2007, the Company recorded \$42,603 as interest and financing expense relating to a short-term note payable. Accrued interest as at December 31, 2007 for the outstanding short-term note payable totaled \$42,603.

Note 5 – Short-term Convertible Promissory Notes

In 2007, the Company issued a secured convertible promissory note with a total face value of \$1,000,000 in exchange for a cash advance of the same amount. The principal and interest are due in full on the maturity date of the note. 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.

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 10% per annum. The principal and interest on the notes can be converted into shares of common stock at a conversion price of \$0.15. The terms of the note are outlined in the following table.

Convertible Promissory Note Payable – Miller Energy LLC, secured, payable in full on April 29, 2008, including interest at 10%, convertible at \$0.15 per common share.	<u>\$ 1,000,000</u>
Total Principal of Convertible Promissory Note	\$ 1,000,000
Less: unamortized note discount	<u>(\$ 219,179)</u>
Net book value	\$ 780,821

For the year ended December 31, 2007, the Company recorded \$67,123 as interest and financing expense relating to short-term convertible promissory notes. Accrued interest as at December 31, 2007 for the outstanding short-term convertible promissory notes totaled \$67,123.

The fair value of the conversion option on the short-term promissory note of \$666,667 as calculated using the intrinsic value method was recorded as a discount on the face value of the note. This amount will be amortized using the straight-line method over the term of the note. In 2007, the Company recorded \$447,489 as interest expense due to amortization of the discount.

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Note 6 – Long-term Convertible Promissory Notes

In 2007, the Company issued secured seven convertible promissory notes with a total face value of \$4,000,000 in exchange for a cash advance of the same amount. The principal and interest are due in full three years after the issue 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.

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 10% per annum. The principal and interest on notes with a total face value of \$3,000,000 can be converted into shares of common stock at a conversion price of \$0.08. The principal and interest on the remaining note with a face value of \$1,000,000 can be converted into shares of common stock at a conversion price of \$0.15. The terms of the note are outlined in the following table.

Convertible Promissory Note Payable – Global Project Finance AG, secured, payable in full on May 31, 2010, including interest at 10%, convertible at \$0.15 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.	<u>\$ 250,000</u>
Total Principal Long-Term Convertible Promissory Notes Payable	\$ 4,000,000
Less: unamortized discount	<u>(\$ 2,924,305)</u>
Net book value	\$ 1,075,695

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Note 6 – Long-term Convertible Promissory Notes (continued)

For the year ended December 31, 2007, the Company recorded \$176,849 as interest and financing expense relating to long-term convertible promissory notes. Accrued interest as at December 31, 2007 for the outstanding long-term convertible promissory notes totaled \$176,849.

The fair value of the conversion option on the long-term promissory notes of \$3,425,000 as calculated 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 2007, the Company recorded \$500,696 as interest expense due to amortization of the discount.

Note 7 – Long-term Notes Payable

Note Payable - FAGEB AG, secured by drilling equipment, payable in quarterly installments of \$25,119 through July 31, 2008, including interest at 12%.	\$156,515
Note Payable - Global Convertible Megatrend LTD., secured by drilling equipment, payable in quarterly installments of \$50,238 through July 31, 2008, including interest at 12%.	352,608
Note Payable - FAGEB AG, secured by drilling equipment, payable in quarterly installments of \$37,722 through September 25, 2008, including interest at 12%.	264,802
Note Payable – Bluemont Investment Ltd, payable in full by August 8, 2010, including interest at 10%.	<u>200,000</u>
Total	973,925
Less current portion	<u>773,925</u>
Long-Term Notes Payable	<u>\$ 200,000</u>

For the year ended December 31, 2007, the Company recorded \$99,775 as interest and financing expense relating to long-term notes payable. Accrued interest as at December 31, 2007 for the outstanding long-term notes payable totaled \$128,670.

Note 8 – Convertible Debentures

Two convertible debentures were issued during 2002 (May 3, 2002-\$75,000 and May 6, 2002-\$250,000), bearing interest at 7.5% per annum, which mature in three years. The convertible debentures become immediately due and payable upon certain events of default unless waived by the lender. Interest on the principal amount was due annually on the anniversary date of the issue date. The conversion feature allowed the holder at any time to convert any unpaid amount of principal or interest at \$5.00 per share for a period of three years from the date of issuance. Pursuant to the terms of the convertible debenture, the Company agrees to file a Registration Statement within 60 days of conversion with the U.S. Securities and Exchange Commission. On January 14, 2004, the conversion price of the two debentures was adjusted to \$0.10 per share.

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Note 8 – Convertible Debentures (continued)

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

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

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

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

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

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

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

On June 13, 2007, the principal amount of the \$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 an interest and finance expense of \$139,944 to reflect the value of the shares issued upon conversion in excess of the debt and interest amounts.

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Note 8 – Convertible Debentures (continued)

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

On August 24, 2006, the interest accrued on the seven debentures was partially converted into shares of common stock at \$0.35 per share. The Company issued 263,563 shares for \$92,247 of interest owed. The Company recorded 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 year ended December 31, 2007, the Company recorded \$232,399 as interest and financing expense relating to convertible debentures. Accrued interest as at December 31, 2007 for all outstanding debentures totaled \$124,101.

The total value of the principal of the short-term note payable, the short-term convertible promissory note, the seven convertible debentures, the seven long-term convertible promissory notes and the four long-term notes payable outstanding as of December 31, 2007 was \$9,793,925. Repayment of this principle is due according to the following schedule:

	2008	2009	2010	2011	2012
Short term note payable	500,000	-	-	-	-
Short-term convertible promissory notes	1,000,000	-	-	-	-
Convertible debentures	-	-	3,320,000	-	-
Long-term convertible promissory notes	-	-	4,000,000	-	-
Long-term notes payable	773,925	-	200,000	-	-
Total	2,273,925	-	7,520,000	-	-

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Note 9 — Related Party Transactions

The Company has entered into an agreement with Markus Mueller, a director of the Company for consulting services. The agreement has an automatic renewal provision unless terminated by either party. During the years ended December 31, 2007 and 2006, the Company recognized consulting expense of \$90,000 and \$64,500 respectively. In 2007, the Company also recognized compensation expense of \$22,500 which relates to shares issued to convert an outstanding balance due to Mr. Mueller. In 2007, the Company issued 750,000 shares for \$112,500 of consulting fees owed to Mr. Mueller. The Company recorded compensation expense of \$22,500 to reflect the value of the shares issued upon conversion of the book amount. The balance of \$52,500 was due to Mr. Mueller at December 31, 2007.

The Company has entered into an agreement with Nora Cocco, a director of the Company for consulting services. The agreement has an automatic renewal provision unless terminated by either party. During the years ended December 31, 2007 and 2006, the Company recognized consulting expense of \$109,500 and \$406,500 respectively. Of the 2007 charge, \$16,000 relates to the fair market value of 100,000 shares of common stock issued to Ms. Cocco. Of the 2006 charge, \$360,000 relates to the fair market value of 300,000 shares of common stock. The balance of \$8,000 was due to Ms. Cocco at December 31, 2007.

The Company has entered into an agreement with Gil Burciaga, a director of the Company for consulting services. During the years ended December 31, 2007 and 2006, the Company recognized consulting expense of \$75,000 and \$Nil respectively. The balance of \$75,000 was due to Mr. Burciaga at December 31, 2007.

Note 10 — 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 an additional interest and financing 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.

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Note 10 — Stockholders' Equity Transactions (continued)

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

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

The Company acquired the following fixed assets upon acquisition:

Drilling rig inventory	\$ 724,515
Property and equipment	47,979
Oil and gas leases - undeveloped	<u>24,792,635</u>
	\$ 25,565,129

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

Note 11 — Minority Interest

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

Note 12 — Preferred Stock

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

Note 13 — 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.

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Note 13 — Warrants (Continued)

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

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

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

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

Year Issued	Warrants Outstanding			Warrants Exercisable	
	Exercise Price	Number Shares Outstanding	Weighted Average Contractual Life (Years)	Number Exercisable	Weighted Average Exercise Price
2005	\$ 0.30	348,000	3.00	348,000	\$ 0.30
2006	\$ 1.00	6,684,960	1.50	6,684,960	\$ 1.00
2006	\$ 0.72	234,690	1.50	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 and December 31, 2007	<u>7,267,650</u>	<u>\$.96</u>

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Note 14 — 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. This transaction was accounted for using the purchase method as required by SFAS 141 “Business Combinations”.

The purchase price of the transaction required the Company to issue 20,000,000 common shares with a fair market value of \$16,000,000. However, 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, and this balance was eliminated upon the completion of the transaction. Prior to the transaction, Providence Exploration had \$73,271 in cash, \$724,515 of drilling rig equipment, \$47,979 in equipment, \$10,402,797 of unproved oil and gas properties, an intercompany balance due to the Company of \$9,189,364, debt of \$3,571,311, other assets and liabilities with a net balance of negative \$449,036. Therefore, Providence Exploration had a net assets deficit of \$1,961,149 on the date of the transaction. The \$3,571,311 of debt held by Providence Exploration was eliminated on the date of the transaction by the assignment of a portion of the 20,000,000 shares to certain creditors. The fair market value of the shares issued of \$16,000,000 plus the net assets deficit of \$1,961,149, less the \$3,571,311 of debt extinguished as a result of the transaction, 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. Accordingly, the value of the unproved oil and gas properties acquired was recorded at \$24,792,635.

Note 15 - 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 for a 5% working interest in the the Val Verde lease. 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.

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Note 15 – Agreements (continued)

In early 2007, the Company engaged TRNCO Petroleum Corporation (“TRNCO”) of Midland, Texas to design and implement a high-tech, high-quality 3D seismic survey of those leases located in Val Verde County. The data is intended to illuminate deep gas targets at depths ranging from 14,000 to 16,000 feet within the identified carbonates. TRNCO will supervise the acquisition, processing, licensing and interpretation of all seismic data and has engaged Dawson Geophysical Company to be responsible for obtaining the actual 3D seismic data. Founded in 1952, Dawson is a leading provider of onshore seismic data acquisition and processing services that operates two state-of-the-industry data processing centers in Houston and Midland, Texas, staffed by experienced geophysicists. The processing professionals use the latest kits of powerful processing tools and back their analytical excellence with practical geophysical field experience in correlating complex producing horizons. Dawson’s prior experience in the Val Verde Basin is expected to be of considerable benefit to Providence in acquiring reliable 3D seismic data.

The contract commitment cost for the agreement with TRNCO Petroleum Corporation (see Note 15) was \$4,553,787, payable in installments on or before August 1, 2007. The Company had paid \$5,000,000 to TRNCO by December 31, 2007 to cover project overruns of which all but \$34,168 was used by the contractor by December 31, 2007.

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 16 — Fair Value of Financial Instruments

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

Note 17 — Stock Based Compensation

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

Note 18 — Reverse Common Stock Split

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

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Note 19 — Recent Accounting Pronouncements

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

In July 2006, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes,” which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, “Accounting for Income Taxes.” FIN 48 provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. Adoption of FIN 48 did not have a material impact on our Consolidated Financial Statements.

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

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

In February 2007, the FASB issued SFAS No. 159, The Fair Value option for Financial Assets and Financial Liabilities – Including an Amendment of FASB No. 115. This statement’s objective is to improve financial reporting by providing the Company with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This statement is expected to expand the use of fair value measurement, which is consistent with the FASB’s long-term measurement objective for accounting for financial instruments. The Company presently comments on significant accounting policies (including fair value of financial instruments) in Note 2 to the financial statements. SFAS No. 159 becomes effective beginning with our first quarter 2008 fiscal period. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

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Note 19 — Recent Accounting Pronouncements (continued)

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. SFAS No. 160 becomes effective beginning with our first quarter 2009 fiscal period. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 141 (revised), Business Combinations. This revision statements 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. SFAS No. 141 (revised) becomes effective beginning with our first quarter 2009 fiscal period. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

Note 20 — Subsequent Events

On February 29, 2008, the Company amended the terms of the \$500,000 note payable to Global Convertible Megatrend Ltd. The amendment changed the maturity date to February 23, 2010 and conversion price for accrued interest to \$0.08 per common share.

On February 29, 2008, the Company amended the terms of the \$1,000,000 convertible promissory note payable to Miller Energy LLC. The amendment changed the maturity date to April 29, 2010 and conversion price for principal and accrued interest to \$0.08 per common share.

On February 29, 2008, the Company amended the terms of the \$1,000,000 convertible promissory note payable to Global Project Finance AG. The amendment changed conversion price for principal and accrued interest to \$0.08 per common share.

On March 4, 2008, the Company issued a convertible promissory note to FAGEB AG in the amount of \$496,174 with a maturity date of March 4, 2010. The convertible promissory note bears interest at 12% per annum. The principal and interest on the note can be converted into shares of common stock at a conversion price of \$0.08. This note was issued in exchange for the full release and discharge of two promissory notes due to FAGEB AG for the same amount.

On March 4, 2008, the Company issued a convertible promissory note to Global Convertible Megatrend Ltd. in the amount of \$423,188 with a maturity date of March 4, 2010. The convertible promissory note bears interest at 12% per annum. The principal and interest on the note can be converted into shares of common stock at a conversion price of \$0.08. This note was issued in exchange for the full release and discharge of a promissory note due to Global Convertible Megatrend Ltd. for the same amount.

End of Notes to Financial Statements

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

Supplemental Oil and Gas Information – FAS69

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

Standardized Measure of Discounted Future Net Cash Flows and Changes Therein

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

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, 2005	-	-
Purchase of reserves in place	-	-
Production	-	-
Adjustment for uneconomic wells	-	-
December 31, 2006 and December 31, 2007	-	-
Developed	-	-
Undeveloped	-	-
Total	-	-

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

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

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

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

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

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

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

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

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>December 31, 2007</u>	<u>United States</u>
Proved oil and gas properties	\$ -
Unproved oil and gas properties	14,115,585
Total capital costs	14,115,585
Accumulated depletion	(-)
Net capitalized costs	\$ 14,115,585

PROVIDENCE RESOURCES, INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

Supplemental Oil and Gas Information – FAS69 (continued)

Costs Incurred

	United States
<u>Years ended December 31, 2007</u>	
Acquisitions:	
Proved reserves	\$ -
Unproved reserves	-
Total acquisitions	-
Exploration costs	5,729,696
Development costs	-
Asset retirement obligations	-
Total costs incurred	\$ 5,729,696

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES (ITEM 9A (T))

Management's Annual Report on Internal Control over Financial Reporting

The Company's management, including our chief executive officer and chief financial officer, is responsible for establishing and maintaining adequate internal control over our financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, our chief executive and chief financial officers and implemented by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Because of their 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.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2007.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Commission that permit us to provide only the management's report in this Form 10-K/A.

Changes in Internal Controls over Financial Reporting

During the period ended December 31, 2007, there has been no change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Officers and Directors

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

<i>Name</i>	<i>Age</i>	<i>Year Elected/Appointed</i>	<i>Positions Held</i>
Gilbert Burciaga	54	2007	CEO, CFO, PAO, and director
Markus Mueller	49	2003	Chairman of the board of directors
Nora Coccaro	51	1999	Director
Christian Russenberger	39	2008	Director

Gilbert Burciaga was appointed as chief executive officer, chief financial officer, principal accounting officer, and director on July 2, 2007.

Mr. Burciaga is a director of Miller Energy, LLC, as well as the chairman/chief executive officer of Miller's recently created gas marketing company, Vintage Gas Marketing, LLC. Mr. Burciaga has been involved in the natural gas supply and marketing business for over 25 years in which time he was a founding member of Dynegy, Inc. Mr. Burciaga served as one of six senior vice-presidents involved in the startup and development of Dynegy, which became a Fortune 500 trading company. Between 1992 and 1997, Mr. Burciaga was the president of NGC Energy Resources, a division of Dynegy. NGC Energy Resources focused on the acquisition and operation of downstream assets.

The appointment of Mr. Burciaga to the board of directors was included in the Agreement with Miller. Mr. Burciaga is an affiliate of Miller, serving as a director of Miller and as a director/chief executive officer of Miller's subsidiary Vintage Gas Marketing. The Agreement provides that both the Company and Miller waive any conflict of interest rights that may arise as result of the relationships between the parties.

Markus Mueller was first appointed to the Corporation's board of directors on May 28, 2003.

Mr. Mueller currently acts as a director of Scherrer & Partner Portfolio Management AG Zurich and of First Equity Securities AG Zurich. He has held these positions since August of 2000. Both companies are involved in asset management for private clients and manage investment funds. Prior to Mr. Mueller's current engagements, he acted as a director of Jefferies (Switzerland) AG Zurich and as the managing director of Jefferies Management AG Zug (Switzerland) from 1995 until 2000. The Jefferies companies are also involved in asset management for private clients.

Nora Coccoaro was first appointed to the Company's board of directors on November 16, 1999.

Ms. Coccoaro attended medical school at the University of Uruguay before becoming involved in the management of public entities. Ms. Coccoaro has served as officer and/or director with the following companies:

- an officer and director (November 2005 to September 2008) of ASP Ventures, Inc., an OTC:BB quoted company without operations,
- an officer and director (December 2005 to September 2008) of Newtech Resources, Inc., an OTC:BB quoted company without operations, and
- an officer and director (March 2007 to September 2008) of Enwin Resources, Inc, an OTC:BB quoted company without operations.
- an officer and director (January 2000 to June 2007) of Sibling Entertainment Corp. (formerly Sona Development Corp.) an OTC:BB quoted company formerly without operations, and
- an officer and director (February 2000 to January 2004) of SunVesta Inc. (formerly OpenLimit, Inc.), an OTC:BB quoted company formerly involved in credit card encryption technology, and
- a director (February 2004 to March 2007) of Solar Energy Limited an OTC:BB quoted company involved in the development of alternative sources of energy.

Between September 1998 and December 2005 Ms. Coccoaro acted as the Consul of Uruguay to Western Canada.

Christian Russenberger was appointed as a director on March 31, 2008.

Mr. Russenberger is the sole owner and director of CR Innovations Holding AG, CR Innovations AG (financial consulting), Global Project Finance AG (long term investments), T2MConnect International AG (telecom operations) and Satellutions GmbH (telecom operations). Since 2004 Mr. Russenberger has been involved in the management and direction of each of these companies. Prior to his current experience Mr. Russenberger worked with Finter Bank in Zurich, Switzerland (1993-2004) as a relationship manager and analyst. Before joining Finter Bank, Mr. Russenberger worked in Zurich as an analyst with Anlage-und Kreditbank AKB (1991-1993) and Bank Leu AG (1990-1991).

No persons other than executive officers or directors of the Company are expected to make any significant contributions to management.

Term of Office

Our directors are appointed for staggered terms of one (1) year, two (2) years and three (3) years to hold office until the next annual meeting of our shareholders or until removed from office in accordance with our bylaws. Our executive officers are appointed by our board of directors and hold office until removed by the board.

Family Relationships

There are no family relationships between or among the directors or executive officers.

Director Independence

The Company is quoted on the OTC Bulletin Board inter-dealer quotation system, which does not have director independence requirements. However, for purposes of determining director independence, we have applied the definitions set out in NASDAQ Rule 4200(a)(15). NASDAQ Rule 4200(a)(15) states that a director is not considered to be independent if he or she is also an executive officer or employee of the corporation. Accordingly, we consider Mr. Berndt to be an independent director.

Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past five years, none of the following occurred with respect to a present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offences); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Compliance with Section 16(A) of the Exchange Act

Based solely upon a review of Forms 3, 4 and 5 furnished to the Company, we are not aware of any persons who, during the period ended December 31, 2007, failed to file, on a timely basis, reports required by Section 16(a) of the Securities Exchange Act of 1934.

Code of Ethics

The Company has adopted a Code of Ethics within the meaning of Item 406(b) of Regulation S-B of the Securities Exchange Act of 1934. The Code of Ethics applies to directors and senior officers, such as the principal executive officer, principal financial officer, controller, and persons performing similar functions. The Company has incorporated a copy of its Code of Ethics as Exhibit 14 to this form 10-K/A. Further, our Code of Ethics is available in print, at no charge, to any security holder who requests such information by contacting us.

Board of Directors Committees

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

Director Compensation

Directors currently are not reimbursed for out-of-pocket costs incurred in attending meetings nor are they compensated for their service as directors. However, we have entered into a consulting agreement with the chairman of our board of directors for the rendition of services pertinent to our operation (see the *Summary Compensation Table*, below). The Company may adopt a provision for compensating directors for their services in the future.

The following table provides summary information for the year 2007 concerning cash and non-cash compensation paid or accrued by the Company to or on behalf of our directors.

<i>Summary Compensation Table</i>							
Name	Fees earned or paid in cash (\$)	Stock awards (\$)	Option Awards (\$)	Non-equity incentive plan compensation (\$)	Nonqualified deferred compensation (\$)	All other compensation (\$)	Total (\$)
Markus Mueller	90,000*	-	-	-	-	-	90,000

* Fees earned in 2007 pursuant to a consulting agreement paid with 602,813 shares of our common stock.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The objective of the Company's compensation program is to provide compensation for services rendered by our executive officer. Salaries are generally the only type of compensation we utilize in our executive compensation program however we have used stock compensation awards to further incentivize executive officers. We have utilized these forms of compensation because we feel that same are adequate to retain and motivate our executive officers. The amounts we deem appropriate to compensate our executive officers are determined in accordance with market forces; we have no specific formula to determine compensatory amounts at this time. While we have deemed that our current compensatory program and the decisions regarding compensation are easy to administer and are appropriately suited for our objectives, we may expand our compensation program to any additional future employees to include options and other compensatory elements.

Tables

The following table provides summary information for the years 2007, and 2006 concerning cash and non-cash compensation paid or accrued by the Company to or on behalf of (i) the chief executive officer and (ii) any other employee to receive compensation in excess of \$100,000.

Summary Compensation Table									
Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation (\$)	All Other Compensation (\$)	Total (\$)
Gilbert Burciaga CEO, CFO, PAO and director*	2007 2006	75,000 -	- -	- -	- -	- -	- -	- -	75,000 -
Nora Coccaro CEO, CFO, PAO, and director**	2007 2006	93,500 64,500	- -	16,000 360,000	- -	- -	- -	- -	109,500 424,500

* Appointed to executive positions on July 2, 2007.

** Resigned executive positions on July 2, 2007.

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information concerning the ownership of the Company’s 59,161,118 shares of common stock issued and outstanding as of April 1, 2008, with respect to: (i) all directors; (ii) each person known by us to be the beneficial owner of more than five percent of our common stock; and (iii) our directors and executive officers as a group.

<i>Names and Addresses of Managers and Beneficial Owners</i>	<i>Title of Class</i>	<i>Number of Shares</i>	<i>Percent of Class</i>
Gilbert Burciaga, CEO, CFO, PAO, director 5300 Bee Caves Rd Bldg 1 Suite 240 Austin, Texas 78746	Common	0	0%
Markus Mueller, director Bleicherweg 66, 8022 Zurich, Switzerland	Common	7,934,384	13.41%
Nora Coccaro, director 2610-1066 West Hastings St., Vancouver, BC, Canada	Common	453,520	0.77%
Christian Russenberger*, director Meierhofrain 36 8820 Wädenswil	Common	1,120,000	1.89%
Nicolas Mathys Weinberghohe 17, 6340 Baar, Switzerland	Common	3,366,670	5.69%
Officer and directors (4) as a group	Common	9,507,904	16.07%

*Christian Russenberger is considered the beneficial owner of 1,000,000 shares held by Global Project Finance AG.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND
DIRECTOR INDEPENDENCE**

None of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction since the beginning of our last fiscal year or in any presently proposed transaction which, in either case, has or will materially affect us, except as listed below.

During the year ended December 31, 2007 the Company recognized a consulting expense of \$75,000 to Gilbert Burciaga, our chief executive officer, chief financial officer and principal accounting officer and one of our directors, which was due to Mr. Burciaga at December 31, 2007.

During the year ended December 31, 2007, the Company issued 750,000 shares of its common stock to Mr. Mueller, the chairman of our board of directors, to satisfy \$112,500 due for consulting fees incurred pursuant to a consulting agreement dated July 1, 2003. The Company recorded a compensation expense of \$22,500 to reflect the value of the shares issued upon conversion of the book amount due. A balance of \$52,500 was due to Mr. Mueller at December 31, 2007. For the year ended December 31, 2007, the Company recognized a consulting expense of \$90,000 pursuant to this agreement.

During the year ended December 31, 2007 the Company recognized a consulting expense of \$109,500 to Nora Cocco, formerly our chief executive officer, chief financial officer and principal accounting officer, currently our vice-president of corporate affairs and one of our directors pursuant to a consulting agreement dated March 16, 2000. For the 2007 charge, \$16,000 is the deemed value attributed to 100,000 shares of common stock issued to Ms. Cocco. A balance of \$8,000 was due to Ms. Cocco at December 31, 2007.

During the year ended December 31, 2007 the Company issued an aggregate of \$3,000,000 in convertible promissory notes to entities owned by Christian Russenberger, one of our directors. Each note bears 10% interest, is convertible at the holder's option into the Company's common stock at \$0.08 a share on or before the maturity dates ranging from May 31, 2010 to August 15, 2010 and are secured by all seismic data obtained in connection with the Carson/Cole Ranch leases in Val Verde County, Texas on a pro rata basis with like holders of the security.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Chisholm, Bierwolf & Nilson, LLC provided audit services to the Company in connection with its annual report for the fiscal year ended December 31, 2007 and 2006. The aggregate fees billed by Chisholm, Bierwolf & Nilson, LLC for the 2007 and 2006 audit of our annual financial statements and a review of our quarterly financial statements was \$25,000 and \$19,000, respectively.

Audit Related Fees

Chisholm, Bierwolf & Nilson, LLC billed to the Company no fees in 2007 or 2006 for professional services that are reasonably related to the audit or review of our financial statements that are not disclosed in "Audit Fees" above.

Tax Fees

Chisholm, Bierwolf & Nilson, LLC billed to the Company no fees in 2007 or 2006 for professional services rendered in connection with the preparation of our tax returns for the period.

All Other Fees

Chisholm, Bierwolf & Nilson, LLC billed to the Company no fees in 2007 or 2006 for other professional services rendered or any other services not disclosed above.

Audit Committee Pre-Approval

The Company does not have a standing audit committee. Therefore, all services provided to us by Chisholm, Bierwolf & Nilson, LLC, as detailed above, were pre-approved by our board of directors. Our independent auditors, Chisholm, Bierwolf & Nilson, LLC, performed all work using only their own full time permanent employees.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Consolidated Financial Statements

The following documents are filed under “*Item 8. Financial Statements and Supplementary Data*,” pages F-1 through F-11, and are included as part of this Form 10-K/A:

- Financial Statements of the Company for the years ended December 31, 2007 and 2006:
- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets
- Consolidated Statements of Income
- Consolidated Statements of Stockholders’ Equity
- Consolidated Statements of Cash Flows
- Notes to Consolidated Financial Statements

(b) Exhibits

The exhibits required to be attached by Item 601 of Regulation S-B are listed in the Index to Exhibits on page 32 of this Form 10-K/A, and are incorporated herein by this reference.

(c) Financial Statement Schedules

We are not filing any financial statement schedules as part of this Form 10-K/A because such schedules are either not applicable or the required information is included in the financial statements or notes thereto.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized this 17th day of October, 2008.

PROVIDENCE RESOURCES, INC.

/s/ Gilbert Burciaga

Gilbert Burciaga

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

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<i>Signature</i>	<i>Title</i>	<i>Date</i>
<u>/s/ Markus Mueller</u> Markus Mueller	Director	October 17, 2008
<u>/s/ Gilbert Burciaga</u> Gilbert Burciaga	Director	October 17, 2008
<u>/s/ Nora Coccaro</u> Nora Coccaro	Director	October 17, 2008
<u>/s/ Christian Russenberger</u> Christian Russenberger	Director	October 17, 2008

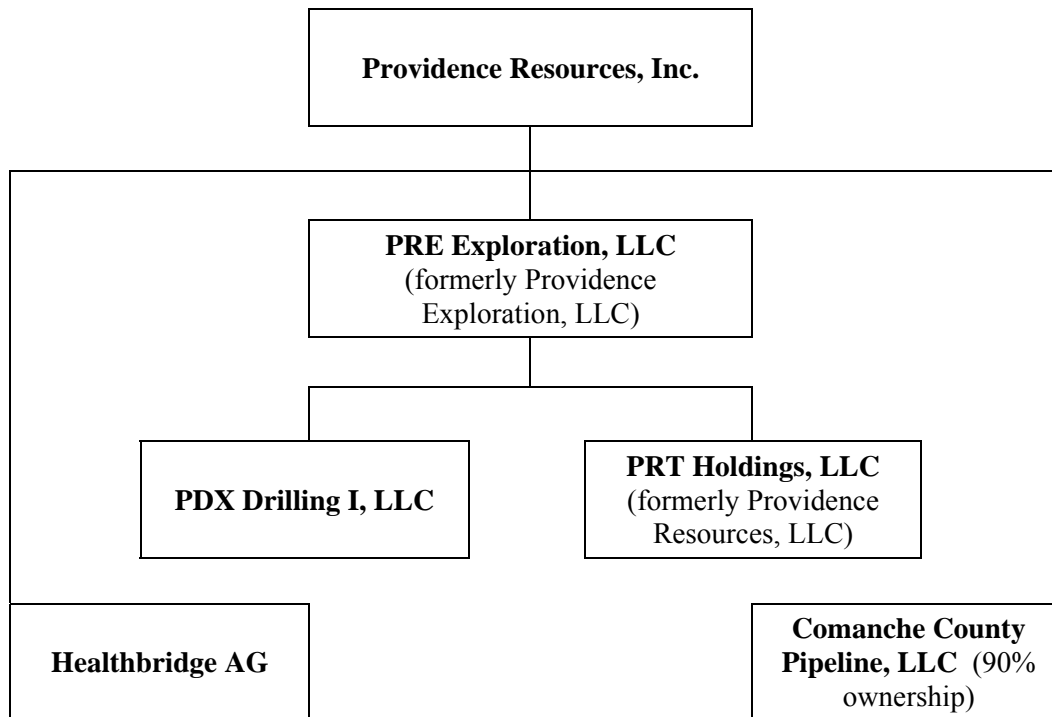
INDEX TO EXHIBITS

<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)*	Joint Venture Agreement between Providence Exploration and Harding Company, dated October 1, 2005 (incorporated by reference from the Form 8-K filed with the Commission on October 2, 2006).
10(ii)*	Extension of the Term of Series “A” Convertible Debenture Certificate with Max Fugman (incorporated by reference from the Form 10-KSB/A filed with the Commission on October 11, 2005).
10(iii)*	Extension of the Term of Series “A” Convertible Debenture Certificate with Global Convertible Megatrend Ltd. (incorporated by reference from the Form 10-KSB/A filed with the Commission on October 11, 2005).
10(iv)*	Agreement for Purchase and Sale between Providence Exploration and Global Mineral Solutions, L.P., dated February 22, 2006 (incorporated by reference from the Form 8-K filed with the Commission on October 2, 2006).
10(v)*	Letter Agreement between Providence Exploration and Harding Company, dated March 30, 2006 (incorporated by reference from the Form SB2/A-2 filed with the Commission on February 28, 2007).
10(vi)*	Consulting Agreement with Eastgate Associates Ltd., dated April 1, 2006 (incorporated by reference from the Form 10-QSB filed with the Commission on November 13, 2006).
10(vii)*	Securities Exchange Agreement dated April 10, 2006, between 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(viii)*	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(ix)*	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(x)*	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(xi)*	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(xii)*	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 10QSB filed with the Commission on November 17, 2004).
21	Subsidiaries of the Company
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.

SUBSIDIARIES OF PROVIDENCE RESOURCES, INC.



**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-K/A 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 small business issuer as of, and for, the period presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f) for the small business issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our 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
 - d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal controls over financial reporting.

Date: October 17, 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-K/A of Providence Resources, Inc. for the annual period ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof, 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 small business issuer at the end of the period covered by this report and results of operations of the small business issuer for the period covered by this report.

Date: October 17, 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 small business issuer 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 small business issuer and will be retained by the small business issuer and furnished to the Securities and Exchange Commission or its staff upon request.