

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

**FORM 10-Q/A-2**

*(Mark One)*

- ☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **June 30, 2008**.
- ☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: **000-30377**

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

**TEXAS**  
(State or other jurisdiction of  
incorporation or organization)

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

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

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

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

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

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

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

At December 8, 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.

## TABLE OF CONTENTS

### PART I – FINANCIAL INFORMATION

Item 1.	Financial Statements .....	3
	Consolidated Balance Sheets as of June 30, 2008 (unaudited) and December 31, 2007 (audited).....	4
	Unaudited Consolidated Statements of Operations and Comprehensive Loss for the three and six month periods ended June 30, 2008 and June 30, 2007 and the period from inception .....	5
	Unaudited Consolidated Statements of Cash Flows for the six month periods ended June 30, 2008 and June 30, 2007 and the period from inception.....	7
	Notes to Unaudited Consolidated Financial Statements .....	9
	Supplemental Oil and Gas Information – FAS69 .....	26
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations ...	33
Item 3.	Quantitative and Qualitative Disclosures about Market Risk.....	33
Item 4T.	Controls and Procedures .....	33

### PART II – OTHER INFORMATION

Item 1.	Legal Proceedings.....	33
Item 1A.	Risk Factors .....	39
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.....	38
Item 3.	Defaults upon Senior Securities.....	39
Item 4.	Submission of Matters to a Vote of Securities Holders.....	39
Item 5.	Other Information .....	40
Item 6.	Exhibits.....	40
	Signatures.....	41
	Index to Exhibits .....	42

### Explanatory Note

This Form 10-Q/A-2 has been amended to revise Note 1 and remove pro forma financial statements pertaining to the agreement with Elm Ridge Exploration Company which were revised and filed on Form 8-K with the Commission on December 3, 2008.

## **PART I – FINANCIAL INFORMATION**

### **ITEM 1. FINANCIAL STATEMENTS**

As used herein, the terms “Company,” “we,” “our,” “us,” “it,” and “its” refer to Providence Resources, Inc., a Texas corporation, and its predecessors and subsidiaries, unless otherwise indicated. In the opinion of management, the accompanying unaudited, consolidated financial statements included in this Form 10-Q/A-2 reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

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

	June 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,108,091	\$ 1,180,147
Note receivable	250,000	350,000
Prepaid expenses	-	34,168
Total current assets	<u>1,358,091</u>	<u>1,564,315</u>
PROPERTY AND EQUIPMENT:		
Unproved oil and gas properties, not subject to amortization	12,115,585	14,115,585
Total property and equipment	<u>12,115,585</u>	<u>14,115,585</u>
OTHER ASSETS:		
Loan origination fees, net of amortization of \$73,250	-	20,399
Total other assets	<u>-</u>	<u>20,399</u>
Total assets	<u>\$ 13,473,676</u>	<u>\$ 15,700,299</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,082,969	\$ 1,082,222
Accrued expenses	877,508	539,413
Related party payables	83,000	135,500
Short-term note payable	-	500,000
Short-term convertible promissory notes	-	780,821
Current portion of long-term notes payable	-	773,925
Total current liabilities	<u>2,043,477</u>	<u>3,811,881</u>
CONVERTIBLE DEBENTURES (Note 5)	3,320,000	3,320,000
LONG-TERM CONVERTIBLE PROMISSORY NOTES (Note 3)	1,949,290	1,075,695
LONG-TERM NOTES PAYABLE (Note 4)	<u>700,000</u>	<u>200,000</u>
Total liabilities	8,012,767	8,407,576
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARY	<u>150,973</u>	<u>150,973</u>
STOCKHOLDERS' EQUITY		
Preferred stock, \$.0001 par value, 25,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$.0001 par value, 250,000,000 shares authorized, 60,261,118 and 59,161,118 shares issued and outstanding, respectively	6,026	5,916
Additional paid-in capital	48,280,573	45,240,221
Accumulated other comprehensive income	-	14,572
Deficit accumulated during the exploratory stage	(42,976,663)	(38,118,959)
Total stockholder's equity	<u>5,309,936</u>	<u>7,141,750</u>
Total liabilities and stockholders' equity	<u>\$ 13,473,676</u>	<u>\$ 15,700,299</u>

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

PROVIDENCE RESOURCES, INC.  
(An Exploratory Stage Company)  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
Three months and six months ended June 30, 2008 and 2007 and Cumulative Amounts  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,		Inception on
	2008	2007	2008	2007	February 17, 1993 through June 30, 2008
Sales	\$ -	\$ -	\$ -	\$ -	\$ 350
Cost of Sales	-	-	-	-	25,427
Gross profit	-	-	-	-	25,777
General and administrative expenses	(1,169,258)	(292,539)	(1,357,277)	(513,008)	(9,933,303)
Loss from operations	(1,169,258)	(292,539)	(1,357,277)	(513,008)	(9,907,526)
Other income (expense):					
Interest expense	(767,691)	(280,327)	(1,576,373)	(348,727)	(8,574,301)
Debt conversion expense	(25,000)	(162,444)	(25,000)	(162,444)	(187,444)
Interest income	492	4,067	946	15,362	475,258
Non-refundable option	100,000	-	100,000	-	100,000
Impairment of capital assets	(2,000,000)	-	(2,000,000)	-	(21,390,826)
Loss on disposal of assets	-	-	-	-	(35,899)
Loss before provision for minority interest, income taxes and discontinued operations	(3,861,457)	(731,243)	(4,857,704)	(1,008,817)	(39,520,738)
Minority interest	-	-	-	-	53,854
Loss before provision for income taxes and discontinued operations	(3,861,457)	(731,243)	(4,857,704)	(1,008,817)	(39,466,884)
Provision for income taxes	-	-	-	-	-
Net Loss	(3,861,457)	(731,243)	(4,857,704)	(1,008,817)	(39,466,884)

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Loss before discontinued operations – repeated from previous page	(3,861,457)	(731,243)	(4,857,704)	(1,008,817)	(39,466,884)
Gain (loss) from discontinued operations, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,407,279)</u>
Net loss before cumulative effect of accounting change	(3,861,457)	(731,243)	(4,857,704)	(1,008,817)	(42,874,163)
Cumulative effect of accounting change, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,500)</u>
Net loss	<u>(3,861,457)</u>	<u>(731,243)</u>	<u>(4,857,704)</u>	<u>(1,008,817)</u>	<u>(42,976,663)</u>
Loss per share from continuing operations - basic and diluted	\$ <u>(0.06)</u>	\$ <u>(0.01)</u>	\$ <u>(0.08)</u>	\$ <u>(0.02)</u>	
Net Loss per common share - basic and diluted	\$ <u>(0.06)</u>	\$ <u>(0.01)</u>	\$ <u>(0.08)</u>	\$ <u>(0.02)</u>	
Weighted average common shares - basic and diluted	<u>59,572,100</u>	<u>52,534,000</u>	<u>59,366,600</u>	<u>52,196,600</u>	
Net loss	(3,861,457)	(731,243)	(4,857,704)	(1,008,817)	(42,976,663)
Other comprehensive income					
Foreign currency translation adjustment	<u>-</u>	<u>(5)</u>	<u>(14,572)</u>	<u>(13)</u>	<u>-</u>
Net comprehensive income (loss)	\$ <u>(3,861,457)</u>	\$ <u>(731,248)</u>	\$ <u>(4,872,276)</u>	\$ <u>(1,008,830)</u>	\$ <u>(42,976,663)</u>

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

PROVIDENCE RESOURCES, INC.  
(An Exploratory Stage Company)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Six months ended June 30, 2008 and 2007 and Cumulative Amounts  
(Unaudited)

	Six months ended June 30, 2008	Six months ended June 30, 2007	Inception on February 17, 1993 through June 30, 2008
<u>Cash flows from operating activities:</u>			
Net loss	\$ (4,857,704)	\$ (1,008,817)	\$ (42,976,663)
Adjustments to reconcile net loss to net cash used in operating activities:			
Shares issued for services	-	246,500	645,000
Shares issued with financing	-	-	3,532,073
Shares issued for debt and accrued interest conversion	195,000	12,356	599,761
Additional value of shares issued for debt and services conversion	25,000	162,444	3,176,831
Options issued for services	901,100	-	901,100
Amortization of conversion rights on debt	1,092,774	170,211	2,040,958
Depreciation, amortization and impairment	2,020,399	16,200	21,647,455
Minority interest	-	-	(53,854)
Discontinued operations	-	-	2,542,150
Gain on write-off of liabilities	-	-	(96,270)
Loss on disposal of assets	-	-	35,899
(Increase) decrease in:			
Accounts receivable and prepaid expenses	34,168		144,893
Inventory	-	-	374,515
Accounts payable	747	392,026	1,679,993
Accrued expenses	483,532	120,044	1,079,455
Related party payables	(52,500)	(59,500)	183,312
Net cash used in operating activities	<u>(157,484)</u>	<u>51,464</u>	<u>(4,543,392)</u>
<u>Cash flows from investing activities:</u>			
Advances to Providence Exploration prior to acquisition	-	-	(8,886,761)
Cash of Providence Exploration on acquisition date	-	-	73,271
Acquisition of intangible assets	-	-	(150,398)
Acquisition of property and equipment	-	(3,835,697)	(8,717,517)
Cash collected from notes receivable	100,000	-	100,000
Issuance of notes receivable	-	-	(616)
Net cash used in investing activities	<u>100,000</u>	<u>(3,835,697)</u>	<u>(17,582,021)</u>

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Cash flow from financing activities:

Current portion of long-term notes payable	-	500,000	1,392,999
Proceeds from convertible promissory notes payable	-	2,000,000	5,000,000
Issuance of common stock	-	166,500	13,347,979
Commissions paid to raise convertible debentures	-	-	(41,673)
Minority investment in subsidiary	-	33,956	136,915
Proceeds from (payments for) convertible debentures	-	-	3,654,173
Payments on notes payable	-	-	(256,889)
Net cash provided by financing activities	-	2,700,456	23,233,504
Change in accumulated other comprehensive income	(14,572)	(13)	-
Net increase (decrease) in cash	(72,056)	(1,083,790)	1,108,091
Cash, beginning of period	1,180,147	1,540,145	-
Cash, end of period	\$ 1,108,091	\$ 456,355	\$ 1,108,091
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 consolidated financial statements



**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

Note 1 — Organization and Summary of Significant Accounting Policies

Organization

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

The Company was organized as “Healthbridge, Inc.” on February 17, 1993 (date of inception) under the laws of the State of Texas. Healthbridge AG was formed as a German subsidiary during 2002. The Company changed its name to “Providence Resources, Inc.” on September 29, 2006.

Providence Exploration was formed on July 12, 2005. On November 21, 2005, the Company executed a letter of intent to acquire Providence Exploration and on September 29, 2006, the Company acquired Providence Exploration as a wholly owned subsidiary, pursuant to the closing of a Securities Exchange Agreement and a Note Exchange Agreement. In October of 2006, Providence Exploration entered into an agreement to form Comanche County Pipeline, LLC with the purpose of constructing an oil and gas pipeline in Comanche County, Texas.

The Securities Exchange Agreement, entered into on April 10, 2006 with Providence Exploration and the unit holders of Providence Exploration, provided for the exchange of 4,286,330 shares of the Company’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 has been 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 included 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.

As of June 30, 2008 the full value of the Fort Worth basin prospects and the Comanche County Pipeline LLC had been impaired due to a failure to produce commercial quantities of oil or gas from the prospects that lead to the expiration of the leases.

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**  
**June 30, 2008 and 2007**

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

Interim Financial Statements

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at June 30, 2007 and June 30, 2008 and for the periods then ended have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these interim financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2007 audited financial statements. The results of operations for the periods ended June 30, 2008 and June 30, 2007 are not necessarily indicative of the operating results for the full year.

Unproved Oil and Gas Properties, Not Subject to Amortization

Oil and gas lease costs were recorded at cost and consisted of 7,374.5 acres of land leases in North Eastern Texas in the Barnett Shale Formation, impaired as of June 30, 2008 and 12,847.2 acres of land leases in Southwest Texas in Val Verde County. The leases are undeveloped at June 30, 2008, and accordingly no depletion is included in the accompanying consolidated financial statements.

The Company follows the full cost method of accounting for exploration and development of oil and gas properties whereby all costs in acquiring, exploring and developing properties are capitalized, including an estimate of abandonment costs, net of estimated equipment salvage costs, and subjected to a quarterly impairment test based on the estimated net realizable value of the property. Management records the impairment of its long-lived assets at the time impairment appears to exist. During fiscal 2007, management determined that an impairment of long-lived assets had occurred due to unsuccessful drilling efforts that decreased the carrying values of the Company's oil and gas leases, allowed lease terms to expire and rendered the oil and gas pipeline unnecessary. Accordingly, the Company recorded impairment charges of \$17,881,092 and \$1,509,734 on the leases and pipeline respectively. During fiscal 2008, the Company recorded an impairment charge of \$2,000,000 which was the capitalized cost of Comanche and Hamilton County leases that expired on their own terms in the period.

Providence Exploration has capitalized \$3,278,647 in exploration costs on its oil and gas properties at the time incurred. No costs related to production, general corporate overhead, or similar activities were capitalized. As of June 30, 2008, the Company only has capitalized costs of unproved properties acquired and related exploration costs in connection with the Val Verde County leases. 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 June 30, 2008.

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

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

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. At June 30, 2008, the Company had \$1,108,091 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.

Stock-Based Compensation

On June 13, 2008, the Company adopted the 2008 Stock Option Plan (the “Plan”). The Plan provides eligible persons the opportunity to acquire a proprietary interest in the corporation through the grant of up to 2,000,000 incentive stock options (“ISO”) and 23,000,000 non-statutory stock options (“NSO”). No option shall have a term in excess of 10 years measured from the option grant date

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 June 30, 2008 that were excluded from the calculation of diluted earnings per share. The Company had 4,650,000 options outstanding at June 30, 2008 under the 2008 Stock Option Plan. 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:

	Six months ended June 30, <u>2008</u>	<u>2007</u>
Numerator – (loss from continuing operations) \$	(4,857,704)	\$ (1,008,817)
Denominator – weighted average number of shares outstanding	<u>59,366,600</u>	<u>52,196,600</u>
Loss per share	<u>\$ (0.08)</u>	<u>\$ (0.02)</u>

Earnings Per Share computation from Discontinued Operations:

	Six months ended June 30, <u>2008</u>	<u>2007</u>
Numerator – (loss from discontinued operations)\$	Nil	\$ Nil
Denominator – weighted average number of shares outstanding	<u>59,366,600</u>	<u>52,196,600</u>
Loss per share-discontinued operations	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

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

Earnings Per Share (continued)

Earnings Per Share computation for Net Income:

	Six months ended June 30,	
	<u>2008</u>	<u>2007</u>
Numerator – (Net Loss)	\$ (4,857,704)	\$ (1,008,817)
Denominator – weighted average number of shares outstanding	<u>59,366,600</u>	<u>52,196,600</u>
Loss per share	<u>\$ (0.08)</u>	<u>\$ (0.02)</u>

Reclassifications

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

Note 2 — Going Concern

As of June 30, 2008, the Company's revenue generating activities are not in place, and the Company has incurred losses of \$42,976,663 since inception. This factor raises substantial doubt about the Company's ability to continue as a going concern.

We anticipate that additional funding may 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 in the event that such funding becomes necessary.

Note 3 – Long-term Convertible Promissory Notes

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

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

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

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

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

Convertible Promissory Note Payable – Global Project Finance AG, secured, payable in full on May 31, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 1,000,000
Convertible Promissory Note Payable – Global Convertible Megatrend Ltd., secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 1,400,000
Convertible Promissory Note Payable – Golden Beach Company Ltd., secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 100,000
Convertible Promissory Note Payable – CR Innovations AG, secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 600,000
Convertible Promissory Note Payable – Global Project Finance AG, secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 400,000
Convertible Promissory Note Payable – Global Undervalued Investment Ltd., secured, payable in full on August 15, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 250,000
Convertible Promissory Note Payable – FE Global Leveraged Investment Ltd., secured, payable in full on August 15, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 250,000
Convertible Promissory Note Payable – Miller Energy LLC, secured, payable in full on April 29, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 1,000,000
Convertible Promissory Note Payable – FAGEB AG, secured, payable in full on March 4, 2010, including interest at 12%, convertible at \$0.08 per common share.	\$ 4 96,174
Convertible Promissory Note Payable – Global Convertible Megatrend Ltd., secured, payable in full on March 4, 2010, including interest at 12%, convertible at \$0.08 per common share	<u>\$ 423,188</u>
Total Principal Long-Term Convertible Promissory Notes Payable	\$ 5,919,362
Less: unamortized discount	<u>(\$ 3,970,072)</u>
Net book value	\$1,949,290

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

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

For the six months ended June 30, 2008, the Company recorded \$309,182 as interest and financing expense relating to long-term convertible promissory notes. Accrued interest as at June 30, 2008 for the outstanding long-term convertible promissory notes totaled \$529,483.

The fair value of the conversion option on the long-term promissory notes using the intrinsic value method was recorded as a discount on the face value of the notes. This amount will be amortized using the straight-line method over the term of the notes. In the six months ended June 30, 2008, the Company recorded \$1,092,774 as interest expense due to amortization of the discount.

Note 4 – Long-term Notes Payable

Note Payable - Global Convertible Megatrend LTD, unsecured, principal payable in full on February 23, 2010, interest at 10% payable at the end of each fiscal quarter, interest convertible to common shares at \$0.08 per share.	500,000
Note Payable – Bluemont Investment Ltd, payable in full by August 8, 2010, including interest at 10%.	<u>200,000</u>
Total	\$700,000

For the six months ended June 30, 2008, the Company recorded \$34,873 as interest and financing expense relating to long-term notes payable. Accrued interest as at June 30, 2008 for the outstanding long-term notes payable totaled \$151,339.

Note 5 – Convertible Debentures

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

On 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.

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

Note 5 – Convertible Debentures (continued)

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

On December 1, 2007, the interest accrued on the seven debentures was partially converted into shares of common stock at between \$0.15 and \$0.35 per share. The Company issued 994,516 shares for \$178,214 of interest owed.

For the six months ended June 30, 2008, the Company recorded \$76,406 as interest and financing expense relating to convertible debentures. Accrued interest as at June 30, 2008 for all outstanding debentures totaled \$200,507.

The total value of the principal of the seven convertible debentures, the ten long-term convertible promissory notes and the two long-term notes payable outstanding as of June 30, 2008 was \$9,939,362. Repayment of this principle is due according to the following schedule:

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

Note 6 — Notes Receivable

The Company has a note receivable due from Central Basin Oil Investments for \$250,000 as of June 30, 2008. A payment was due on August 1, 2008, for the remaining balance of the note. Subsequent to the period ended June 30, 2008, the note was amended to extend the due date to October 1, 2008.

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

Note 7 — Related Party Transactions

The Company entered into an agreement with Markus Mueller, a director of the Company for consulting services. The agreement had an automatic renewal provision unless terminated by either party. During the six months ended June 30, 2008 and 2007, the Company recognized consulting expense of \$22,500 and \$45,000 respectively. A balance of \$75,000 was due to Mr. Mueller at March 31, 2008. The agreement was terminated on March 31, 2008. The Company issued 500,000 shares of common stock at \$0.15 per share in satisfaction of amounts due totaling an aggregate of \$75,000. Fair value of shares issued was \$100,000. The excess (\$25,000) was recorded as a Debt Conversion Expense.

The Company has entered into an agreement with Nora Coccaro, a director of the Company for consulting services. The agreement has an automatic renewal provision unless terminated by either party. During the six months ended June 30, 2008 and 2007, the Company recognized consulting expense of \$48,000 and \$45,500 respectively. The balance of \$8,000 was due to Ms. Coccaro at June 30, 2008.

The Company has entered into an agreement with Gil Burciaga, a director of the Company for consulting services. During the six months ended June 30, 2008 and 2007, the Company recognized consulting expense of \$75,000 and \$Nil respectively. The balance of \$75,000 was due to Mr. Burciaga at June 30, 2008. As of six months ended June 30, 2008 he has vested 4,650,000 stock options. Gil Burciaga was appointed president and CEO of the Company on May 1, 2007. The term of the agreement shall for 4 years beginning on May 1, 2007 and ended on April 30, 2011. The Company will pay Gil Burciaga an annual base salary of \$150,000, which shall be payable monthly as it accrues. Mr. Burciaga is entitled to stock options as follows: 1,850,000 Incentive stock options, 5,650,000 Tenure stock options, and Performance stock options if he successfully meets certain performance requirements.

Note 8 — 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.



**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

Note 8 — Stockholders' Equity Transactions (continued)

During the six months ended June 30, 2008, the Company issued 500,000 shares of common stock to Markus Mueller, a director of the Company, at \$0.15 per share in satisfaction of amounts due for consulting services totaling an aggregate of \$75,000. Fair value of shares issued was \$100,000. The excess (\$25,000) was recorded as a Debt Conversion Expense.

During the six months ended June 30, 2008, the Company entered into an agreement with Edward Moses for his services as a director. For his services rendered, the Company issued 100,000 shares of common stock in satisfaction of amounts due of \$20,000.

During the six months ended June 30, 2008, the Company entered into an agreement with Bill Purves for his advisory services. For his services rendered, the Company issued 500,000 shares of common stock in satisfaction of amounts due \$100,000.

Note 9 — Warrants

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

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

Year Issued	Warrants Outstanding			Warrants Exercisable		
	Exercise Price	Number Shares Outstanding	Weighted Average Contractual Life (Years)	Number Exercisable	Weighted Average Exercise Price	
2005	\$ 0.30	348,000	2.50	348,000	\$ 0.30	
2006	\$ 1.00	6,684,960	1.25	6,684,960	\$ 1.00	
2006	\$ 0.72	234,690	1.25	234,690	\$ 0.72	

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

Note 9 — Warrants (continued)

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2004	—	\$ —
Granted	348,000	\$ .30
Exercised	—	\$ —
Cancelled	(—)	\$ (—)
Outstanding at December 31, 2005	348,000	\$ .30
Granted	6,919,650	\$ .99
Exercised	—	\$ —
Cancelled	—	\$ —
Outstanding at December 31, 2006, 2007 and June 30, 2008	7,267,650	\$ .96

Note 10 – Options

The options issued under the Option Grant Program are intended to be either incentive stock options or non-statutory stock options exempt from Code Section 409A. Gil Burciaga earned 4,500,000 stock options on the signing date of his contract with the Company. And 150,000 stock options were earned as of June 30, 2008.

Options Outstanding			Options Exercisable		
Year Issued	Exercise Price	Number Shares Outstanding	Weighted Average Contractual Life (Years)	Number Exercisable	Weighted Average Exercise Price
2008	\$ 0.20	4,650,000	10	4,650,000	\$ 0.20

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

Note 10 – Options - continued

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2007	—	\$ —
Granted	4,500,000	\$ .20
Exercised	—	\$ —
Cancelled	(—)	\$ (—)
Outstanding at June 30, 2008	4,500,000	\$ .20
Granted	150,000	\$ .20
Exercised	—	\$ —
Cancelled	—	\$ —
Outstanding at December 31, 2007 and June 30, 2008	4,650,000	\$ .20

Note 11 - Agreements

On June 13, 2008 Providence entered into a four-year employment agreement, effective May 1, 2007, with Gilbert Burciaga, our chief executive officer, chief financial officer, principal accounting officer and one of our directors. The agreement includes an annual base salary of \$150,000 and up to 16,187,500 stock options based on certain criteria. These options include 1,850,000 Incentive Stock Options, 5,650,000 Tenure Stock Options, and 8,687,500 Performance Stock Options.

On June 5, 2008, the Company entered into an option agreement with Elm Ridge Exploration Company, LLC (“Elm Ridge”). Under the terms of the agreement, Elm Ridge has paid a non-refundable \$100,000 for the right to a 30-day option to acquire 50% interest in the Val Verde Prospect. Working closely with Bill Purves, Elm Ridge will preform a title review of the prospect leases and lead a process to further understand the costs and technical requirements for the drilling of this prospect. Elm Ridge and Providence will develop a mutually accepted set of agreements covering the purchase and sale of a 50% interest in the prospects. Subsequent to the period ended June 30, 2008, the Company closed a purchase and sale agreement with Elm Ridge (see Note 14).

Note 12 – Commitments and Contingencies

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

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

Note 13 — Recent Accounting Pronouncements

The Financial Accounting Standards Board (“FASB”) has issued Statement of Financial Accounting Standards (“SFAS”) No. 163, Accounting for Financial Guarantee Insurance Contracts. SFAS No. 163 clarifies how SFAS No. 60, Accounting and Reporting by Insurance Enterprises, applies to financial guarantee insurance contracts issued by insurance enterprises, and addresses the recognition and measurement of premium revenue and claim liabilities. It requires expanded disclosures about contracts, and recognition of claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. It also requires disclosure about (a) the risk-management activities used by an insurance enterprise to evaluate credit deterioration in its insured financial obligations, and (b) the insurance enterprise's surveillance or watch list. The Company is currently evaluating the impact of SFAS No. 163.

In May 2008, FASB issued FASB Staff Position (“FSP”) APB 14-1, “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)” (“FSP APB 14-1”). FSP APB 14-1 clarifies that convertible debt instruments that may be settled in cash upon either mandatory or optional conversion (including partial cash settlement) are not addressed by paragraph 12 of APB Opinion No. 14, “Accounting for Convertible Debt and Debt issued with Stock Purchase Warrants.”

Additionally, FSP APB 14-1 specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. We will adopt FSP APB 14-1 beginning in the first quarter of 2009, and this standard must be applied on a retrospective basis. We are evaluating the impact the adoption of FSP APB 14-1 will have on our consolidated financial position and results of operations.

On May 8, 2008, FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles, which will provide framework for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles (GAAP) for nongovernmental entities. With the issuance of SFAS No. 162, the GAAP hierarchy for nongovernmental entities will move from auditing literature to accounting literature. The Company is currently assessing the impact SFAS No. 162 will have on its financial position and results of operations.

In April 2008, the FASB issued FSP No. 142-3, “Determination of the Useful Life of Intangible Assets” (“FSP 142-3”). FSP 142-3 amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under FASB Statement No. 142, “Goodwill and Other Intangible Assets”. This new guidance applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and asset acquisitions. FSP 142-3 is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. Early adoption is prohibited. We are currently evaluating the impact, if any, that FSP 142-3 will have on our consolidated financial statements.

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

Note 13 — Recent Accounting Pronouncements (continued)

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

In December 2007, 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 14— Subsequent Events

Subsequent to the period, Providence Exploration entered into a prospect participation and joint operating agreement on July 31, 2008 with Elm Ridge, whereby Elm Ridge acquired a 50% interest in the Val Verde leases at the close of the agreement on August 8, 2008. Under the agreement the Company received a payment of \$7,212,000 (including a credit for the \$100,000 paid as a non-refundable option) and will be carried on the first two Ellenberger wells by Elm Ridge for \$2,000,000. The Company and Elm Ridge have further agreed to hire R.K. Ford & Associates, Inc., for the initial drilling program.

End of Notes to Financial Statements

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

**Supplemental Oil and Gas Information – FAS69**

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

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

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

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

	<b>Natural Gas</b> <i>(millions of cubic feet)</i>		<b>Crude Oil and Natural Gas Liquids</b> <i>(thousands of barrels)</i>
December 31, 2006	-		-
Purchase of reserves in place	-		-
Production	-		-
Adjustment for uneconomic wells	-		-
December 31, 2007 and June 30, 2008	-		-
Developed	-		-
Undeveloped	-		-
Total	-		-

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

**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 shale, coal, gilsonite and other such sources.

**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

**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**

<b>June 30, 2008</b>	<b>United States</b>
Proved oil and gas properties	\$ -
Unproved oil and gas properties	12,115,585
Total capital costs	12,115,585
Accumulated depletion	
Net capitalized costs	\$ 12,115,585



**PROVIDENCE RESOURCES INC.**  
**(An Exploratory Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

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

**Costs Incurred**

	<b><u>United States</u></b>
<b><u>Years ended June 30, 2008</u></b>	
Acquisitions:	
Proved reserves	\$ -
Unproved reserves	-
Total acquisitions	-
Exploration costs	-
Development costs	-
Asset retirement obligations	-
Total costs incurred	\$ -

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This *Management's Discussion and Analysis of Financial Condition and Results of Operations* and other parts of this quarterly report contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can be identified by words such as "anticipates," "expects," "believes," "plans," "predicts," and similar terms. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include but are not limited to those discussed in the subsection entitled *Forward-Looking Statements and Factors That May Affect Future Results and Financial Condition* below. The following discussion should be read in conjunction with our financial statements and notes thereto included in this report. Our fiscal year end is December 31. All information presented herein is based on the three and six month periods ended June 30, 2008.

### **Discussion and Analysis**

The Company is involved in oil and gas exploration through its wholly owned subsidiary, Providence Exploration, LLC ("Providence Exploration") in Val Verde County, Texas.

#### ***Val Verde County***

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

In 2007 we performed an extensive 3D-seismic acquisition program on our Val Verde leases, supervised and interpreted by TRNCO Petroleum Corporation of Midland, Texas. From these results we have identified about 25 drilling targets. Our initial two well drilling program will target the Ellenberger formation at a depth of around 16,000 feet. Drilling is scheduled to begin on or before October 1, 2008.

On June 5, 2008, the Company entered into an option agreement with Elm Ridge Exploration Company, LLC ("Elm Ridge") of New Mexico. Under the terms of the agreement, Elm Ridge paid a non-refundable fee of \$100,000 for the right to a 30-day option to acquire a 50% interest in the Val Verde leases. On July 31, 2008 Providence Exploration signed a prospect participation and joint operating agreement with Elm Ridge entitling Elm Ridge to acquire a 50% interest in the Val Verde leases. On August 8, 2008 the prospect participation and joint operating agreement closed on the Company's receipt of \$7,212,000 (including a credit for the \$100,000 paid as a non-refundable option) and Elm Ridge's commitment to carry the Company for \$2,000,000 on the first two Ellenberger wells. The Company and Elm Ridge have further agreed to hire R.K. Ford & Associates, Inc., a Midland Texas based drilling and completion company, for the initial drilling program.

#### ***Comanche and Hamilton Counties***

The Company's interests in Comanche and Hamilton Counties included 7,374 acres of oil and gas leases. Seismic work was completed on the leases in 2006 to identify prospective drill targets. Harding Company drilled four wells none of which wells indicated commercial quantities of gas. All four wells have now been abandoned and these leases which have been fully impaired at June 30, 2008.

### ***Additional Discussion and Analysis***

The Company's business development strategy is prone to significant risks and uncertainties certain of which could have an immediate impact on its efforts to generate a positive net cash flow and could deter the anticipated expansion of its initial drilling program. Historically, the Company has not generated sufficient cash flow to sustain operations and has had to rely on debt or equity financing to remain in business. Therefore, we cannot offer that future expectations of oil and gas production will prove correct or that any production realized will be sufficient to generate the revenue required for our continued operation. Should we be unable to generate sufficient cash flow from our anticipated drill program, the Company may be forced to sell assets or seek additional debt or equity financing, as alternatives to the cessation of operations. The success of such measures can in no way be assured.

### **Results of Operations**

During the six months ended June 30, 2008, the Company was involved in evaluating seismic data obtained from the Val Verde leases, identifying prospective partners for the prospective drilling program, addressing outstanding issues related to the Hamilton and Comanche exploration and development program, concluding an option agreement with Elm Ridge in anticipation of concluding the prospect participation and joint operating agreement, and satisfying continuous public disclosure requirements.

While we expect to begin oil and gas drilling operations on our Val Verde leases on or before October 1, 2008, we can provide no assurance that such operations will produce economically recoverable quantities of oil and gas.

### ***Net Losses***

For the period from inception until June 30, 2008, the Company incurred net losses of \$42,976,663. Net losses for the three month period ended June 30, 2008 were \$3,861,457 as compared to \$731,243 for the three month period ended June 30, 2007. Net losses for the six month period ended June 30, 2008 were \$4,857,704 as compared to \$1,008,817 for the six month period ended June 30, 2007. The increase in net losses over the comparative periods can be primarily attributed to an increase in general and administrative expenses, interest expenses, and an impairment of capital assets. We have not generated any revenue during the current period.

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

### ***Expenses***

General and administrative expenses for the three month period ended June 30, 2008 were \$1,169,258 as compared to \$292,539 for the three month period ended June 30, 2007. General and administrative expenses for the six month period ended June 30, 2008 were \$1,357,277 as compared to \$513,008 for the six month period ended June 30, 2007. The increase in general and administrative expenses over the comparative periods can be primarily attributed to the expense related to the grant of stock options to our executive officer. We expect general and administrative expenses to decrease in future periods.

### ***Other Income (Expenses)***

Other expenses for the three month period ended June 30, 2008 were \$2,692,199 as compared to \$438,704 for the three month period ended June 30, 2007. Other expenses for the six month period ended June 30, 2008 were \$3,500,427 as compared to \$495,809 for the six month period ended June 30, 2007. The increase in other expenses over the comparative periods can be attributed to the increase in interest expense as well as the \$2,000,000 impairment on our oil and gas leases Comanche and Hamilton Counties offset by the \$100,000 non-refundable option payment received from Elm Ridge.

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

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

### ***Impact of Inflation***

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

### ***Capital Expenditures***

The Company has spent significant amounts on capital expenditures for the period from February 17, 1993 (inception) to June 30, 2008 on unproved oil and gas properties, pipeline construction, and related exploration costs.

### ***Liquidity and Capital Resources***

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

At June 30, 2008, the company's working capital deficit was \$685,386. The Company had current assets of \$1,358,091 as of June 30, 2008 which consisted of cash on hand of \$1,108,091 and a note receivable of \$250,000. We had total assets of \$13,473,676 which included undeveloped oil and gas leases. Our current liabilities were \$2,043,477, including accounts payable of \$1,082,969, accrued expenses of \$877,508, and related party payables of \$83,000. Our total liabilities were \$8,012,767, including convertible debentures of \$3,320,000, convertible promissory notes of \$1,949,290, and notes payable of \$700,000. Stockholders equity in the Company was \$5,309,936 as of June 30, 2008.

For the period from inception until June 30, 2008, the Company's cash flow used in operating activities was \$4,543,392. Cash flows used in operating activities for the six month period ended June 30, 2008 were \$157,484 compared to cash flows provided by operating activities of \$51,464 for the six month period ended June 30, 2007. The cash flows used in operating activities during the current period is due primarily to net losses and related party payables. Depreciation and amortization for the six month periods ended June 30, 2008 and 2007 was \$2,020,399 and \$16,200 respectively.

For the period from inception until June 30, 2008, the Company's cash flow used in investing activities was \$17,582,021. Cash flows provided by investing activities for the six month period ended June 30, 2008 were \$100,000 compared to cash flows used in investing activities of \$3,835,697 for the six month period ended June 30, 2007. Cash flows provided by investing activities in the current period are from cash collected from a note receivable in connection with the sale of a rig and related equipment.

For the period from inception until June 30, 2008, the Company's cash flow provided by financing activities was \$23,233,504. Cash flows provided by financing activities for the six month period ended June 30, 2008 were \$0 compared to \$2,700,456 for the six month period ended June 30, 2007.

We have funded our cash needs from inception primarily through a series of debt and equity transactions, including several private placements. We do not believe that our current assets are sufficient to conduct our exploration and development activities over the next twelve months. No assurances can be given that additional funding, needed to explore and develop our lease interests, will be available to us on acceptable terms or at all. Our inability to obtain funding would have a material adverse affect on our business.

Cash dividends are not expected to be paid in the foreseeable future.

The Company had no lines of credit or other bank financing arrangements as of June 30, 2008.

Commitments for future capital expenditures to the Company's anticipated drill program were material at quarter-end.

The Company has a defined benefit plan and contractual commitments with certain of its officers or directors.

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

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

### ***Off Balance Sheet Arrangements***

As of June 30, 2008, the Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to stockholders.

### ***Going Concern***

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

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

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

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

The statements contained in the section titled *Management's Discussion and Analysis of Financial Condition and Results of Operations* and elsewhere in this current report, with the exception of historical facts, are forward looking statements. Forward looking statements reflect our current expectations and beliefs regarding our future results of operations, performance, and achievements. These statements are subject to risks and uncertainties and are based upon assumptions and beliefs that may or may not materialize. These statements include, but are not limited to, statements concerning:

- our anticipated financial performance;
- uncertainties related to oil and gas exploration and development;
- our ability to generate revenues through oil and gas production to fund future operations;
- our ability to raise additional capital to fund cash requirements for future operations; and
- 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***

We have adopted SFAS No. 123 (revised 2004) (SFAS No. 123R), Share-Based Payment, which addresses the accounting for stock-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. In January 2005, the Securities and Exchange Commission (Commission) issued Staff Accounting Bulletin (SAB) No. 107, which provides supplemental implementation guidance for SFAS No. 123R. SFAS No. 123R eliminates the ability to account for stock-based compensation transactions using the intrinsic value method under Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and instead generally requires that such transactions be accounted for using a fair-value-based method. We use the Black-Scholes-Merton ("BSM") option-pricing model to determine the fair-value of stock-based awards under SFAS No. 123R, consistent with that used for pro forma disclosures under SFAS No. 123, Accounting for Stock-Based Compensation. We have elected the modified prospective transition method as permitted by SFAS No. 123R and accordingly prior periods have not been restated to reflect the impact of SFAS No. 123R. The modified prospective transition method requires that stock-based compensation expense be recorded for all new and unvested stock options, restricted stock, restricted stock units, and employee stock purchase plan shares that are ultimately expected to vest as the requisite service is rendered beginning on January 1, 2006, the first day of our fiscal year 2006. Stock-based compensation expense for awards granted prior to January 1, 2006 is based on the grant date fair-value as determined under the pro forma provisions of SFAS No. 123. Prior to the adoption of SFAS No. 123R, we measured compensation expense for our employee stock-based compensation plans using the intrinsic value method prescribed by APB Opinion No. 25. We applied the disclosure provisions of SFAS No. 123 as amended by SFAS No. 148, Accounting for Stock-Based Compensation – Transition and Disclosure, as if the fair-value-based method had been applied in measuring compensation expense. Under APB Opinion No. 25, when the exercise price of the Company's employee stock options was equal to the market price of the underlying stock on the date of the grant, no compensation expense was recognized.

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

### ***2008 Stock Option Plan***

On June 13, 2008, the board of directors approved the Company’s 2008 Stock Option Plan (“Plan”) for which the Company is currently seeking stockholder approval. The Plan is intended to promote the interests of Company by providing eligible persons with the opportunity to acquire or increase their proprietary interest in the Company as an incentive for them to continue their employment or service. The maximum number of shares of common stock that may be issued over the ten (10) year term of the Plan cannot exceed twenty five million (25,000,000) shares, two million (2,000,000) of which may be issued as incentive stock options (“ISO”) and twenty three million (23,000,000) may be issued as non-statutory stock options (“NSO”). Employees are eligible for ISOs and NSOs under the Plan. Non-employee members of the board of directors and consultants are eligible for NSOs. If stockholder approval is not obtained, no options may be exercised under the Plan. The Company has granted up to 16,187,500 options under the Plan to date, pending stockholder approval.

### ***Critical Accounting Policies***

In the notes to the audited consolidated financial statements for the Company for the year ended December 31, 2007, the Company’s auditors discussed those accounting policies that are considered to be significant in determining the results of operations and financial position. The Company’s auditors believe that their accounting principles conform to accounting principles generally accepted in the United States of America.

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

### ***Revenue Recognition***

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

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

The Financial Accounting Standards Board ("FASB") has issued Statement of Financial Accounting Standards ("SFAS") No. 163, Accounting for Financial Guarantee Insurance Contracts. SFAS No. 163 clarifies how SFAS No. 60, Accounting and Reporting by Insurance Enterprises, applies to financial guarantee insurance contracts issued by insurance enterprises, and addresses the recognition and measurement of premium revenue and claim liabilities. It requires expanded disclosures about contracts, and recognition of claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. It also requires disclosure about (a) the risk-management activities used by an insurance enterprise to evaluate credit deterioration in its insured financial obligations, and (b) the insurance enterprise's surveillance or watch list. The Company is currently evaluating the impact of SFAS No. 163.

In May 2008, FASB issued FASB Staff Position ("FSP") APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"). FSP APB 14-1 clarifies that convertible debt instruments that may be settled in cash upon either mandatory or optional conversion (including partial cash settlement) are not addressed by paragraph 12 of APB Opinion No. 14, "Accounting for Convertible Debt and Debt issued with Stock Purchase Warrants."

Additionally, FSP APB 14-1 specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. We will adopt FSP APB 14-1 beginning in the first quarter of 2009, and this standard must be applied on a retrospective basis. We are evaluating the impact the adoption of FSP APB 14-1 will have on our consolidated financial position and results of operations.

On May 8, 2008, FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles, which will provide framework for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles (GAAP) for nongovernmental entities. With the issuance of SFAS No. 162, the GAAP hierarchy for nongovernmental entities will move from auditing literature to accounting literature. The Company is currently assessing the impact of SFAS No. 162 on its financial position and results of operations.

In April 2008, the FASB issued FSP No. 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP 142-3"). FSP 142-3 amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under FASB Statement No. 142, "Goodwill and Other Intangible Assets". This new guidance applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and asset acquisitions. FSP 142-3 is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. Early adoption is prohibited. We are currently evaluating the impact, if any, that FSP 142-3 will have on our consolidated financial statements.

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



### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required.

### **ITEM 4T. CONTROLS AND PROCEDURES**

#### ***Evaluation of Disclosure Controls and Procedures***

In connection with the preparation of this report on Form 10-Q/A-2, an evaluation was carried out by the Company's management, with the participation of the chief executive officer and the chief financial officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act")). Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms and that such information is accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, the Company's management concluded, as of the end of the period covered by this report, that the Company's disclosure controls and procedures were effective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Commission's rules and forms, and that such information was accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

#### ***Changes in Internal Control over Financial Reporting***

There have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the period ended June 30, 2008, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

None.

### **ITEM 1A. RISK FACTORS**

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

## **Risks Related to the Company's Business**

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

Since the Company's inception in 1993, our operations have resulted in a continuation of losses. We will continue to incur operating losses until such time as we begin producing oil and gas revenue, which may or may not eventuate. Should the Company fail to produce oil and gas revenue we may continue to operate at a loss and might never become profitable.

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

The Company's audits for the periods ended December 31, 2007 and December 31, 2006 expressed substantial doubt as to its ability to continue as a going concern due to our dependence on financings as well the accumulation of significant losses of \$38,118,959 as of December 31, 2007 which amount increased to \$42,976,663 as of June 30, 2008. Unless we are able to overcome our dependence on financings and begin to generate revenue from operations, our ability to continue as a going concern will be in jeopardy.

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

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

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

The Company has not, to date, generated revenue from operations and may not generate revenue over the next twelve months. Should the Company be unable to realize revenue over the next twelve months, it will be forced to continue to raise capital to remain in operation. We have no commitments for the provision of additional capital and can offer no assurance that such capital will be available as necessary to sustain operations.

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

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

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

- unexpected drilling conditions;
- title problems;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Risks Related to the Company's Stock**

***The Company will require additional capital funding.***

The Company will require additional funds, either through equity offerings, debt placements or joint ventures 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.

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

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

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

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

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

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

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

- 15g-4 which explains that compensation of broker/dealers must be disclosed;
- 15g-5 which explains that compensation of persons associated in connection with penny stock sales must be disclosed;
- 15g-6 which outlines that broker/dealers must send out monthly account statements; and
- 15g-9 which defines sales practice requirements.

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

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

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

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

During the six months ended June 30, 2008, the Company issued 500,000 shares of common stock to Markus Mueller, in satisfaction of amounts due for consulting services. The shares were issued at \$0.15 per share, totaling an aggregate of \$75,000. Fair value of shares issued was \$100,000. The remaining \$25,000 was recorded as a debt conversion expense. The Company agreed to issue the shares relying on exemptions provided by Section 4(2) and Regulation S of the Securities Act of 1933, as amended ("Securities Act").

The Company complied with the exemption requirements provided by Section 4(2) based on the following factors: (i) the issuance was an isolated private transaction by the Company which did not involve a public offering; (ii) there was only one offeree, a director of the Company, who was issued the Company's stock for services rendered; (iii) the offeree committed to hold the stock as required by applicable securities laws; (iv) there were no subsequent or contemporaneous public offerings of the stock; (v) the stock was not broken down into smaller denominations; and (vi) the negotiations that lead to the issuance of the stock took place directly between the offeree and the Company.

Regulation S provides generally that any offer or sale that occurs outside of the United States is exempt from the registration requirements of the Securities Act, provided that certain conditions are met. Regulation S has two safe harbors. One safe harbor applies to offers and sales by issuers, securities professionals involved in the distribution process pursuant to contract, their respective affiliates, and persons acting on behalf of any of the foregoing (the “issuer safe harbor”), and the other applies to resales by persons other than the issuer, securities professionals involved in the distribution process pursuant to contract, their respective affiliates (except certain officers and directors), and persons acting on behalf of any of the foregoing (the “resale safe harbor”). An offer, sale or resale of securities that satisfied all conditions of the applicable safe harbor is deemed to be outside the United States as required by Regulation S. The distribution compliance period for shares sold in reliance on Regulation S is six months.

The Company complied with the requirements of Regulation S of the Securities Act by (i) having made no directed offering efforts in the United States, (ii) issuing shares only to one offeree, and (iii) ensuring that the offeree to whom the securities were issued was a non-U.S. offeree with an address in a foreign country.

During the six months ended June 30, 2008, the Company issued 100,000 shares of common stock to Edward Moses for his services as a director. The shares were issued at \$0.20 per share, totaling an aggregate of \$20,000. The Company agreed to issue the shares relying on exemptions provided by Section 4(2) and Regulation D of the Securities Act.

The Company complied with the exemption requirements provided by Section 4(2) and Regulation D based on the following factors: (i) the issuance was an isolated private transaction by the Company which did not involve a public offering; (ii) there was only one offeree who was issued the Company’s stock for services rendered; (iii) the offeree committed to hold the stock as required by applicable securities laws; (iv) there were no subsequent or contemporaneous public offerings of the stock; (v) the stock was not broken down into smaller denominations; and (vi) the negotiations that lead to the issuance of the stock took place directly between the offeree and the Company.

During the six months ended June 30, 2008, the Company issued 500,000 shares of common stock to Bill Purves for his advisory services. The shares were issued at \$0.20 per share, totaling an aggregate of \$100,000. The Company agreed to issue the shares relying on exemptions provided by Section 4(2) and Regulation D of the Securities Act.

The Company complied with the exemption requirements provided by Section 4(2) and Regulation D based on the following factors: (i) the issuance was an isolated private transaction by the Company which did not involve a public offering; (ii) there was only one offeree who was issued the Company’s stock for services rendered; (iii) the offeree committed to hold the stock as required by applicable securities laws; (iv) there were no subsequent or contemporaneous public offerings of the stock; (v) the stock was not broken down into smaller denominations; and (vi) the negotiations that lead to the issuance of the stock took place directly between the offeree and the Company.

### **ITEM 3.        DEFAULTS ON SENIOR SECURITIES**

None.

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

None.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

Exhibits required to be attached by Item 601 of Regulation S-K are listed in the Index to Exhibits on page 48 of this Form 10-Q/A-2, and are incorporated herein by this reference.



## SIGNATURES

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

*Providence Resources, Inc.*

/s/ Gilbert Burciaga

December 8, 2008

Gilbert Burciaga

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

## EXHIBITS

<b><i>Exhibit</i></b>	<b><i>Description</i></b>
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 (incorporated by reference from the Form 10-QSB filed with the Commission on August 14, 2007).
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)*	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(iii)*	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(iv)*	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(v)*	Amendment to the Terms of the Securities Exchange Agreement 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(vi)*	Amendment to the Terms of the Note Exchange Agreement 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(vii)*	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(viii)*	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(ix)*	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).
10(x)*	Project Participation Agreement with Elm Ridge Exploration Company, LLC, dated July 31, 2008 (filed on Form 8-K with the Commission on December 3, 2008).
14*	Code of Ethics, adopted as of March 1, 2004 (incorporated by reference from the form 10-QSB filed with the Commission on November 17, 2004).
21*	Subsidiaries (incorporated by reference from the Form 10-K filed with the Commission on April 7, 2008).
31	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (attached).
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 (attached).

\* Incorporated by reference to previous filings of the Company.

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

I, Gilbert Burciaga certify that:

1. I have reviewed this report on Form 10-Q/A-2 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: December 8, 2008

/s/ Gilbert Burciaga

Gilbert Burciaga, Chief Executive Officer and Chief Financial Officer

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

In connection with the report on Form 10-Q/A-2 of Providence Resources, Inc. for the quarterly period ended June 30, 2008 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: December 8, 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.