Providence Resources Corp.

Condensed Interim Financial Statements

December 31, 2014

Expressed in Canadian Dollars - Unaudited

Providence Resources Corp.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the entity's auditor.

Providence Resources Corp.
Condensed interim statements of financial position
(Expressed in Canadian dollars - unaudited)

	Notes	December 31, 2014	September 30, 2014
ASSETS			
Current assets			
Cash and cash equivalents	4	$ 826,818	$ 1,439,975
Receivables	5	11,043	32,874
Prepaid expenses and deposits		416	6,112
Loan receivable	6	250,000	-
Marketable securities	7	35,000	35,000
		1,123,277	1,513,961
Non-current assets			
Equipment	8	1,197	1,617
Investments	10	300,000	-
Exploration and evaluation assets	9	10,000	10,000
		311,197	11,617
TOTAL ASSETS		**$ 1,434,474**	**$ 1,525,578**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	11	$ 13,864	$ 12,221
TOTAL LIABILITES		**13,864**	**12,221**
SHAREHOLDERS' EQUITY			
Share capital	12	5,459,877	5,459,877
Other reserve	12	1,550,000	1,550,000
Share-based payment reserve	12	2,385,439	2,385,439
Deficit		(7,974,706)	(7,881,959)
TOTAL EQUITY		**1,420,610**	**1,513,357**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 1,434,474**	**$ 1,525,578**

Nature and continuance of operations (Note 1)
Commitment (Note 8)

Approved on behalf of the Board

"Vince Sorace"
Vince Sorace – Director

"Steve Bajic"
Steve Bajic – Director

See accompanying notes to the financial statements

Providence Resources Corp.
Condensed interim statements of comprehensive loss
(Expressed in Canadian dollars - unaudited)

	Notes	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013
Expenses			
Amortization	8	$ 420	$ 472
Management fees	13	62,500	88,000
Consulting Fees		13,833	12,500
Office and miscellaneous		8,531	15,703
Professional fees		4,593	7,773
Transfer agent and filing fees		6,371	9,903
Travel		-	3,362
		96,248	137,713
Other items			
Interest income		3,501	8,194
Comprehensive loss		**$ 92,747**	**$ 129,519**
Loss per share – basic and diluted	10	**$ 0.00**	**$ 0.01**

See accompanying notes to the financial statements

Providence Resources Corp.
Condensed interim statement of changes in shareholders' equity
(Expressed in Canadian dollars - unaudited)

	Notes	Share capital: Number of shares	Share capital: Amount	Other reserve	Share-based payment reserve	Deficit	Total
Balance October 1, 2013		**22,505,479**	**$ 5,509,377**	**$ 1,550,000**	**$ 2,385,439**	**$ (7,358,318)**	**$ 2,086,498**
Comprehensive loss		-	-	-	-	(129,519)	(129,519)
Balance a December 31, 2013		22,505,479	5,509,377	1,550,000	2,385,439	(7,487,837)	1,956,979
Balance October 1, 2014		**21,605,479**	**$ 5,459,877**	**$ 1,550,000**	**$ 2,385,319**	**$ (7,881,959)**	**$ 1,513,357**
Comprehensive loss		-	-	-	-	(92,747)	(92,747)
Balance at December 31, 2014		**21,605,479**	**$ 5,459,877**	**$ 1,550,000**	**$ 2,385,439**	**$ (7,974,706)**	**$ 1,420,610**

See accompanying notes to the financial statements

Providence Resources Corp.
Condensed interim statements of cash flows
(Expressed in Canadian dollars - unaudited)

	Notes	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013
Operating activities			
Net loss		$ (92,747)	$ (129,519)
Adjustments for:			
Amortization	8	420	472
Changes in non-cash working capital items:			
Receivables		(228,169)	310,720
Prepaid expenses and deposits		5,696	(9,578)
Trade payables and accrued liabilities		1,643	852
Net cash flows (used in) from operating activities		(313,157)	172,947
Investing activities			
Investments	10	(300,000)	-
Net cash flows used in investing activities		(300,000)	-
(Decrease) increase in cash and cash equivalents		(613,157)	172,947
Cash and cash equivalents, beginning		1,439,975	1,667,162
Cash and cash equivalents, ending		$ 826,818	$ 1,840,109

See accompanying notes to the financial statements

1. Nature and continuance of operations

Providence Resources Corp. (the "Company") was incorporated under the Business Corporations Act of the Province of British Columbia on September 15, 2006. The Company is engaged in the acquisition and development of mineral properties in British Columbia, Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "PV".

The head office, principal address and records office of the Company are located at 1030 West Georgia Street, Suite 717, Vancouver, British Columbia, Canada, V6E 2Y3.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its mineral property, and to commence profitable operations in the future. To date, the Company has not generated any revenue and is considered to be in the exploration stage. Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. As a result of its plans, management expects that the Company will have sufficient capital to fund operations and keeps its mineral property in good standing for the upcoming fiscal year. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on February 20, 2015 by the directors of the Company.

Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these condensed interim financial statements comply with International Accounting Standards ("IAS") 34 "interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunctions with the annual financial statements of the Company for the year ended September 30, 2014.

Basis of preparation

The condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim financial statements are presented in Canadian dollars unless otherwise noted.

2. Significant accounting policies and basis for presentation (cont'd)

Significant estimates and assumptions

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applied in preparing the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- The classification / allocation of expenditures as exploration and valuation expenditures or operating expenses.

3. Accounting standards issued by not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The adaptation of IFRS 9 is not expected to have an impact on the Company's financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	December 31, 2014	September 30, 2014
Cash at bank	$ 13,818	$ 31,975
Guaranteed investment certificates	813,000	1,408,000
	$ 826,818	$ 1,439,975

5. Receivables

	December 31, 2014	September 30, 2014
Due from related party	$ -	$ 18,249
Sales tax recoverable	4,881	8,074
Interest receivable	6,162	6,551
	$ 11,043	$ 32,874

6. Loan receivable

In connection with the proposed amalgamation (see Note 15), the Company advanced $250,000 to Desert Star Resources Ltd. as an unsecured, non-interest bearing loan which will be fully refundable to the Company within 30 business days if the proposed amalgamation does not complete.

7. Marketable securities

Marketable securities consist of 500,000 shares of Eagle Plains Resources Ltd. received upon the sale of the Iron Range Property (Note 9). The shares were initially recorded at a fair value of $37,500. At December 31, 2014, these shares have a fair value of $35,000.

8. Equipment

	Computer Equipment	Computer Software	Total
Cost:			
At October 1, 2013	$ 15,075	$ 3,138	$ 18,213
Additions	-	-	-
At September 30, 2014	15,075	3,138	18,213
At December 31, 2014	$ 15,075	$ 3,138	$ 18,213
Amortization:			
At October 1, 2013	$ 14,056	$ 669	$ 13,223
Charge for the year	459	1,412	1,871
At September 30, 2014	14,515	2,081	16,596
Charge for the period	64	356	420
At December 31, 2014	$ 14,579	$ 2,347	$ 17,016
Net book value:			
At September 30, 2014	$ 560	$ 1,057	$ 1,617
At December 31, 2014	$ 496	$ 701	$ 1,197

9. Exploration and evaluation assets

	Three months ended December 31, 2014			Year ended September 30, 2014	
	Kokanee Creek	Total	Iron Range	Kokanee Creek	Total
Property acquisition costs					
Balance, beginning	$ 10,000	$ 10,000	$ 87,000	$ 10,000	$ 97,000
Additions	-	-	-	-	-
Balance, ending	10,000	10,000	87,000	10,000	97,000
Exploration and evaluation costs					
Balance, beginning	-	-	-	-	-
Costs incurred:					
Equipment rental	-	-	-	-	-
Geological consulting	-	-	-	-	-
Field work	-	-	-	-	-
Additions	-	-	-	-	-
Balance, ending	-	-	-	-	-
Total before property sale	10,000	10,000	87,000	10,000	97,000
Property sale	-	-	(87,000)	-	(87,000)
Total	$ 10,000	$ 10,000	$ -	$ 10,000	$ 10,000

Kokanee Creek Property

The Company entered into an option agreement with an effective date of May 15, 2013 to earn a 60% interest in the Kokanee Creek Property located near Nelson, British Columbia, Canada. Upon exercising the option, a 60/40 joint venture would be established between the Company and the optionor. In order to exercise the option, the Company is required to make cash payments of $260,000, issue 1,000,000 common shares of the Company to the optionor, and incur a minimum of $3,000,000 on the property as follows:

	Cash	Common shares	Expenditures
Within 5 days of the effective date	$ 10,000 (paid)	-	$ -
On or before May 15, 2015	$ 25,000	150,000	$ 200,000
On or before May 15, 2016	$ 50,000	200,000	$ 500,000
On or before May 15, 2017	$ 75,000	250,000	$ 1,000,000
On or before May 15, 2018	$ 100,000	400,000	$ 1,300,000

9. Exploration and evaluation assets (cont'd)

Iron Range Property

Pursuant to an option agreement dated June 3, 2010, the Company earned a 60% interest in the Iron Range Project located near Creston, British Columbia, Canada and, entered into a 60/40 joint venture with the optionor.

On November 12, 2013, the Company entered into an asset purchase and sale agreement to sell its interest in the Iron Range Property to its original optionor (the "Buyer"). The sale was completed on January 16, 2014 and the Company received the following as consideration for its 60% interest:

- The Buyer issued 500,000 common shares of the Buyer to the Company with a fair value of $37,500 (Note 7);
- The Buyer returned 900,000 common shares of the Company (with a fair value of $49,500) (Note 12), which were issued to the Buyer as partial consideration for earning in its interest in the joint venture; and
- The Buyer granted to the Company a royalty equal to 1% on net smelter returns on the property.

During the year ended September 30, 2011, the Company completed an equity financing of $4,000,000. Under the terms the equity financing, the Company was required to spend $3,400,000 on exploration expenditures on the Iron Range Property. Prior to selling its interest in the Iron Range Property the Company incurred $3,014,242 in exploration expenditures on the Iron Range Property. On September 18, 2013, the Company entered into an agreement whereby the remainder of the funds, of $385,758, are required to be spent on a mineral property agreed to between the two parties. No funds have been spent since the agreement date.

10. Investments

On November 25, 2014, the Company subscribed for 1.5 million units of Black Sea Copper and Gold Corp. ("Black Sea") at $0.20 per unit (each a "Unit") for a total consideration of $300,000. Each Unit is comprised of one common share and one half of one share purchase warrant (each a "Warrant"). Each whole Warrant is exercisable to acquire an additional common share of the Black Sea at a price of $0.50 per share for period of five years. Black Sea is a private mineral exploration company focused on the identification, acquisition and development of copper and gold projects located in Eastern Europe. The Company and Black Sea are related parties by way of common directors and officers.

11. Trade payables and accrued liabilities

	December 31, 2014	September 30, 2014
Trade payables	$ 13,084	$ 221
Accrued liabilities	780	12,000
	$ 13,864	$ 12,221

12. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2014, the Company had 21,605,479 common shares outstanding (September 30, 2014 – 21,605,479).

Share issuance

During the year ended September 30, 2014, the Company returned 900,000 shares to treasury with a fair value of $49,500 pursuant to the Iron Range asset sale and purchase agreement (Note 9).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended December 31, 2014 was based on the loss attributable to common shareholders of $92,747 (2013 – $129,519) and the weighted average number of common shares outstanding of 21,605,179 (2013 – 22,505,479).

Warrants

Warrants transactions are summarized as follows:

	Number of Warrants	Weighted average exercise price
Outstanding, September 30, 2013	4,400,000	$ 0.67
Expired	(4,400,000)	$ 0.67
Outstanding, September 30, 2014 and December 31, 2014	-	$ -

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the common shares at the date of shareholder approval of the plan. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Consultants and employee options may be exercised no later than 30 days after the date on which the consultant or employee cease to provide services to the Company.

12. Share capital (cont'd)

Stock options (cont'd)

Stock options transactions are summarized as follows:

	Number of options	Weighted average exercise price
Options outstanding, September 30, 2014 and December 31, 2014	2,400,000	$ 0.22

Details of options outstanding and exercisable as at December 31, 2014 are as follows:

Number of Shares	Exercise Price	Expiry Date	Exercisable
550,000	$ 0.13	October 5, 2015	550,000
300,000	$ 0.25	October 3, 2016	300,000
650,000	$ 0.26	November 30, 2016	650,000
250,000	$ 0.30	February 16, 2017	250,000
100,000	$ 0.30	May 7, 2017	100,000
175,000	$ 0.20	October 11, 2017	175,000
150,000	$ 0.15	February 8, 2018	150,000
225,000	$ 0.20	April 22, 2018	225,000
2,400,000			2,400,000

The options outstanding as December 31, 2014 have a weighted average remaining contractual life of 1.94 years.

Reserves

The reserves consist of share-based payment and other reserves. The share-based payment reserve records items recognized as stock-based compensation until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. The other reserve account records items recognized as premiums paid on shares issued.

13. Related party transactions

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the three months ended December 31, 2014 and 2013 is as follows:

	Three months ended	
	December 31, 2014	**December 31, 2013**
Management fees	$ 33,500	$ 49,750

14. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The cash and cash equivalents are deposited in bank accounts held with a major bank in Canada. As the Company's cash and cash equivalents are held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not incur significant expenditures that are denominated in foreign currencies, and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is considered minimal.

Interest Rate Risk

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash and cash equivalents earn interest income at variable rates. A 1% change in the interest rate will increase or decrease the net loss approximately $8,000.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. As at December 31, 2014, the Company was holding cash and cash equivalents of $826,818. Consequently liquidity risk for the upcoming financial year is considered to be minimal.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of its business. The Company Considered common shares and working capital as capital.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

14. Financial risk and capital management (cont'd)

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 include cash and cash equivalents.

15. Proposed amalgamation

On November 25, 2014, the Company entered into a Letter of Intent with Desert Star Resources Ltd. ("Desert Star"), which sets out the terms of a proposed amalgamation of the two companies pursuant to the provisions of the *Business Corporations Act* (British Columbia). Desert Star, which is listed on the TSX-V, is a mineral exploration company focused on the identification, acquisition and development of copper and gold projects located in the southwestern USA. The Company and Desert Star are related parties by way of common directors and officers.

The proposed share exchange ratios for which the existing common shares of the respective amalgamating companies will be exchanged for shares of a new entity ("Amalco") are as follows:

(a) for every one common share of the Company, shareholders will receive approximately 0.3 of an Amalco common share and 0.3 of a common share purchase warrant of Amalco (each whole warrant, an "Amalco Warrant"). Each Amalco Warrant will entitle the holder to acquire an additional share of Amalco (an "Amalco Warrant Share") for a period of two years at a price of $0.25 per Amalco Warrant Share; and

(b) for every one common share of Desert Star, shareholders will receive one Amalco common share.

The proposed amalgamation is subject to the approval of the shareholders of the Company and Desert Star and the approval of applicable regulatory authorities. The amalgamating companies plan on holding special meetings of their respective shareholders on such a date as agreed to with regulators to consider the proposed amalgamation and matters related thereto. The proposed amalgamation will require the statutory approval of at least two thirds of the shareholders of each company voting on the matters.