

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and  
Stockholders of Pershing Resources Company, Inc. and Subsidiary

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Pershing Resources Company, Inc. and Subsidiary (the “Company”) as of December 31, 2018 and 2017, and the related consolidated statements of operations and comprehensive income, changes in stockholders’ equity, and cash flows for each of the years in the two-year period ended December 31, 2018, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America (“US GAAP”).

### **Basis for Opinion**

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has recurring losses from operations and has not generated sufficient cash flows from its operations. These conditions, along with other matters described in Note 1, raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*UHY LLP*

We have served as the Company's auditor since 2018.

Albany, New York  
June 11, 2020

**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017  
AS RESTATED**

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**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2018 AND 2017**

	2018	As Restated 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 104,805	\$ 5,572
Investments in Marketable Securities	104	296
<b>Total Current Assets</b>	<b>104,909</b>	<b>5,868</b>
<b>Property and Equipment</b>		
Land	15,000	15,000
Building	65,000	65,000
Building Improvements	7,500	7,500
Machinery and Equipment	47,046	47,046
Furniture and Fixtures	4,950	4,950
<b>Total Property and Equipment</b>	<b>139,496</b>	<b>139,496</b>
Less: Accumulated Depreciation	47,980	41,338
<b>Net Property and Equipment</b>	<b>91,516</b>	<b>98,158</b>
<b>Other Assets</b>		
Investments in Joint Ventures	275,400	-
Goodwill	177,514	177,514
Mineral Property Rights	81,000	81,000
BLM Bond	4,060	-
<b>Total Other Assets</b>	<b>537,974</b>	<b>258,514</b>
<b>Total Assets</b>	<b>\$ 734,399</b>	<b>\$ 362,540</b>

*The accompanying notes are an integral part of the financial statements*

**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2018 AND 2017**

	2018	As Restated 2017
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 37,874	\$ 87,776
Loans Payable, Related Party	22,915	19,590
Convertible Notes Payable, Net of Debt Discounts	32,890	32,890
<b>Total Current Liabilities</b>	<b>93,679</b>	<b>140,256</b>
<b>Total Liabilities</b>	<b>93,679</b>	<b>140,256</b>
<b>Stockholders' Equity</b>		
Common Stock (\$0.0001 Par Value; 500,000,000 Shares Authorized; 223,558,150 and 146,607,980 Shares Issued and Outstanding as of December 31, 2018 and 2017, respectively)	22,356	14,661
Additional Paid-In Capital	12,812,568	11,694,115
Accumulated Deficit	(12,194,204)	(11,438,367)
Unrealized Loss on Investments	-	(48,125)
<b>Total Stockholders' Equity</b>	<b>640,720</b>	<b>222,284</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 734,399</b>	<b>\$ 362,540</b>

*The accompanying notes are an integral part of the financial statements*

**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	As Restated 2017
Revenue	\$ -	\$ -
<b>Operating Expenses</b>		
Mining and Exploration Costs	9,404	3,440
Professional Fees	191,116	221,856
Repairs and Maintenance	-	7,970
General and Administrative	297,979	150,974
Depreciation	6,642	6,702
<b>Total Operating Expenses</b>	<b>505,141</b>	<b>390,942</b>
<b>Loss from Operations</b>	<b>(505,141)</b>	<b>(390,942)</b>
<b>Other Income (Expenses)</b>		
Other Income	1,875	-
Interest Expense	(204,446)	(191,538)
<b>Total Other Expenses</b>	<b>(202,571)</b>	<b>(191,538)</b>
<b>Loss Before Provision for Income Taxes</b>	<b>(707,712)</b>	<b>(582,480)</b>
Provision for Income Taxes	-	-
<b>Net Loss</b>	<b>(707,712)</b>	<b>(582,480)</b>
<b>Other Comprehensive Income</b>		
Unrealized Gain on Investments Available for Sale	-	26
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>26</b>
<b>Comprehensive Loss</b>	<b>\$ (707,712)</b>	<b>\$ (582,454)</b>

*The accompanying notes are an integral part of the financial statements.*

**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF**  
**CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	Common Stock		Additional	Accumulated	Unrealized Loss	Total
	\$0.0001 Par Value	Amount				
	Shares			Deficit	Available for Sale	Equity
Balance, January 1, 2017 - As Restated	140,776,665	\$ 14,078	\$ 11,231,354	\$ (10,855,887)	\$ (48,151)	\$ 341,394
Common Stock Issued for Services	1,232,028	123	50,271	-	-	50,394
Common Stock Issued to Retire Convertible Notes Plus Accrued Interest	11,041,469	1,104	220,308	-	-	221,412
Debt Discounts as a Result of Beneficial Conversion			191,538			191,538
Cancellation of Common Stock	(6,442,182)	(644)	644	-	-	-
Unrealized Gain on Investments Available for Sale	-	-	-	-	26	26
Net Loss for the Year Ended December 31, 2017	-	-	-	(582,480)	-	(582,480)
<b>Balance, December 31, 2017 - As Restated</b>	<b>146,607,980</b>	<b>14,661</b>	<b>11,694,115</b>	<b>(11,438,367)</b>	<b>(48,125)</b>	<b>222,284</b>
Adoption of ASU 2016-01				(48,125)	48,125	-
Investments in Joint Ventures	13,770,000	1,377	274,023	-	-	275,400
Common Stock Issued for Services	600,000	60	11,940	-	-	12,000
Common Stock Issued to Retire Convertible Notes Plus Accrued Interest	20,880,170	2,088	219,358	-	-	221,446
Common Stock Subscribed for Cash	41,700,000	4,170	412,830			417,000
Debt Discounts as a Result of Beneficial Conversion	-	-	200,302	-	-	200,302
Net Loss for the Year Ended December 31, 2018	-	-	-	(707,712)		(707,712)
<b>Balance, December 31, 2018</b>	<b>223,558,150</b>	<b>\$ 22,356</b>	<b>\$ 12,812,568</b>	<b>\$ (12,194,204)</b>	<b>\$ -</b>	<b>\$ 640,720</b>

*The accompanying notes are an integral part of the financial statements.*

**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>As Restated 2017</b>
<b>Cash Flows from Operating Activities</b>		
Net Loss	\$ (707,712)	\$ (582,480)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Loss in value on investments available for sale	193	-
Depreciation	6,642	6,702
Shares of Common Stock Issued for Services Rendered	12,000	50,394
Amortization of Debt Discount Interest Expense	204,446	191,538
Convertible Promissory Notes Issued for Services	-	82,700
Changes in Assets and Liabilities:		
BLM Bond	(4,060)	-
Accounts Payable and Accrued Expenses	(49,903)	67,145
<b>Net Cash Used in Operating Activities</b>	<b>(538,394)</b>	<b>(184,001)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Issuance of Common Stock	417,000	-
<b>Net Cash Provided by Investing Activities</b>	<b>417,000</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Convertible Debt	217,302	161,500
Increase in Loans Payable, Related Party	3,325	15,890
<b>Net Cash Provided by Financing Activities</b>	<b>220,627</b>	<b>177,390</b>
<b>Net Increase (Decrease) in Cash</b>	<b>99,233</b>	<b>(6,611)</b>
Cash - Beginning of Period	5,572	12,183
<b>Cash - End of Period</b>	<b>\$ 104,805</b>	<b>\$ 5,572</b>
<b>Supplemental Disclosures:</b>		
Cash Paid for Interest	\$ -	\$ -
Cash Paid for Income Taxes	\$ -	\$ -
<b>Summary of Noncash Activities:</b>		
Common Stock Issued for Services	\$ 12,000	\$ 50,394
Investments in Joint Ventures	\$ 275,400	\$ -
Convertible Promissory Notes Issued for Services	-	82,117
Promissory Notes and Accrued Interest Converted to Common Stock	\$ 221,446	\$ 221,412

*The accompanying notes are an integral part of the financial statements.*

**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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**NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS**

Organization

Pershing Resources Company, Inc., formerly named Xenolix, Technologies, Inc. (the “Company”), was incorporated under the laws of the State of Nevada on August 26, 1996. The Company is a gold and precious metals exploration company pursuing exploration and development opportunities primarily in Nevada. None of the Company’s properties contain proven and probable reserves, and all of the Company’s activities on all of its properties are exploratory in nature.

On May 14, 2015, the Company acquired its wholly owned subsidiary, Simple Recovery, Inc. (“Simple Recovery”), through the issuance of 2 million shares of the Company’s common stock.

Going Concern

These consolidated financial statements of the Company have been prepared assuming that the Company will continue as a going concern, which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable period of time. The Company has incurred a net loss of \$707,712 and \$582,480 for the years ended December 31, 2018 and 2017, respectively, has incurred a total accumulated deficit of \$12,194,204 as of December 31, 2018 and requires additional capital for its contemplated business and exploration activities to take place. The Company plans to raise additional capital to carry out its business plan. The Company's ability to raise additional capital through future equity and debt securities issuances is unknown. Obtaining additional financing, the successful development of the Company's contemplated plan of operations, and its transition, ultimately, to profitable operations are necessary for the Company to continue business. In addition, the continued spread of COVID-19 and its impact on market conditions may limit the Company's ability to raise additional capital through equity and debt securities issuances. The ability to successfully resolve these factors raises substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements of the Company do not include any adjustments that may result from the outcome of the uncertainties.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with U.S generally accepted accounting principles (“GAAP”).

In the preparation of the consolidated financial statements of the Company, intercompany transactions and balances have been eliminated. The Company applies the guidance of Topic 810 “Consolidation” of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) to determine whether and how to consolidate another entity. Pursuant to ASC 810-10-15-10 all majority-owned subsidiaries—all entities in which a parent has a controlling financial interest—shall be consolidated except when control does not rest with the parent. Pursuant to ASC 810-10-15-8, the usual condition for a controlling financial interest is ownership of a majority voting interest, and, therefore, as a general rule ownership by one reporting entity, directly or indirectly, of more than 50 percent of the outstanding voting shares of another entity is a condition pointing toward consolidation. The power to control may also exist with a lesser percentage of ownership, for example, by contract, lease, agreement with other stockholders, or by court decree.

All adjustments (consisting of normal recurring items) necessary to present fairly the Company's financial position as of December 31, 2018 and 2017, and the results of operations and cash flows for the years ended December 31, 2018 and 2017 have been included.

**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates and Assumptions

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet, and revenues and expenses for the period then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, the useful life of property and equipment, the valuation of deferred tax assets and liabilities, including valuation allowance, amounts and timing of closure obligations, the assumptions used to calculate fair value of stock-based compensation, capitalized mineral rights, asset valuations, and the fair value of common stock issued.

Reclassification

The Company has reclassified certain amounts in the 2017 consolidated financial statements to comply with the 2018 presentation.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of nine months or less when acquired to be cash equivalents. The Company places its cash with a high credit quality financial institution. The Company's accounts at this institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. To reduce its risk associated with bank balances exceeding the FDIC insurance limit on interest bearing accounts, the Company evaluates at least annually the rating of the financial institution in which it holds deposits. The Company held no cash equivalents December 31, 2018 and 2017.

Fair Value of Financial Instruments

The Company adopted Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that requires the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company's financial position or operating results, but did expand certain disclosures.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

These inputs are prioritized below:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company analyzes all financial instruments with features of both liabilities and equity under the Financial Accounting Standard Board's ("FASB") accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair Value of Financial Instruments (Continued)

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, prepaid expenses, investments in marketable securities, accounts payable and accrued expenses approximate their estimated fair market values based on the short-term maturity of these instruments. The carrying amounts of the loans and note payable at December 31, 2018 and 2017 approximate their respective fair values based on the Company's incremental borrowing rate.

The Company's investment in marketable securities is held for an indefinite period and thus is classified as available for sale. Unrealized holding gains and losses on such securities, which were added to stockholders' equity during 2017 amounted to a gain of \$26.

Property and Equipment

Property and equipment are carried at cost. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired, or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income in the year of disposition. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, generally one to thirty-nine years. For the years ended December 31, 2018 and 2017, depreciation expense was \$6,642 and \$6,702 respectively.

Goodwill

Goodwill is not amortized but tested annually for impairment or whenever events or changes in circumstances would make it more likely than not that an impairment may have occurred. If the carrying value of goodwill exceeds its fair value, an impairment loss will be recognized.

Mineral Property Acquisition and Exploration Costs

Costs of lease, exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. The Company expenses all mineral exploration costs as incurred as it is still in the exploration stage. If the Company identifies proven and probable reserves in its investigation of its properties and upon development of a plan for operating a mine, it would enter the development stage and capitalize future costs until production is established. When a property reaches the production stage, the related capitalized costs are amortized using the units-of-production method over the estimated life of the proven and probable reserves. If in the future the Company has capitalized mineral properties, these properties will be periodically assessed for impairment. To date, the Company has not established the commercial feasibility of any exploration prospects; therefore, all exploration costs are being expensed.

ASC 930-805, "Extractive Activities-Mining: Business Combinations" ("ASC 930-805"), states that mineral rights consist of the legal right to explore, extract, and retain at least a portion of the benefits from mineral deposits. Mining assets include mineral rights. Acquired mineral rights are considered tangible assets under ASC 930-805. ASC 930-805 requires that mineral rights be recognized at fair value as of the acquisition date. As a result, the direct costs to acquire mineral rights are initially capitalized as intangible assets. Mineral rights include costs associated with acquiring patented and unpatented mining claims.

ASC 930-805-30-1 and 30-2 provides that in fair valuing mineral assets, an acquirer should take into account both:

- The value beyond proven and probable reserves ("VBPP") to the extent that a market participant would include VBPP in determining the fair value of the assets.
- The effects of anticipated fluctuations in the future market price of minerals in a manner that is consistent with the expectations of market participants.

**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impairment of Long-Lived Assets

The Company accounts for the impairment or disposal of long-lived assets according to the ASC 360, “Property, Plant and Equipment”. The Company continually monitors events and changes in circumstances that could indicate that the carrying amounts of long-lived assets, including mineral rights, may not be recoverable. Long-lived assets in the exploration stage are monitored for impairment based on factors such as the Company's continued right to explore the area, exploration reports, technical reports, drill results and the Company's continued plans to fund exploration programs on the property, and whether sufficient work has been performed to indicate that the carrying amount of the mineral property cost carried forward as an asset will not be fully recovered. The tests for long-lived assets in the exploration stage are monitored for impairment based on factors such as current market value of the long-lived assets and results of exploration, future asset utilization, business climate, mineral prices and future undiscounted cash flows expected to result from the use of the related assets.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated future net undiscounted cash flows expected to be generated by the asset. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates.

In summary, we evaluate the recoverability of the carrying value of long-lived assets, including mineral rights, whenever new information is obtained indicating that production or further exploration will not likely occur or may be reduced in the future, thus affecting the future recoverability of the properties. If the recoverability test is not met, then the Company recognizes an impairment loss when the current market value of the long-lived assets is less than the carrying amount of the asset. The Company did not record any impairment of its long-lived assets in December 31, 2018 and 2017.

Asset Retirement Obligations

Asset retirement obligations (“ARO”), consisting primarily of estimated mine reclamation and closure costs are recognized in the period incurred and when a reasonable estimate can be made, and recorded as liabilities at fair value. Such obligations, which are initially estimated based on discounted cash flow estimates, are accreted to full value over time through charges to accretion expense. Corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset’s remaining useful life. Asset retirement obligations are periodically adjusted to reflect changes in the estimated present value resulting from revisions to the estimated timing or amount of reclamation and closure costs. The Company reviews and evaluates its asset retirement obligations annually or more frequently at interim periods if deemed necessary.

To date the Company's activity has been primarily exploratory in nature and the obligating events that would trigger the accrual of an asset retirement obligation have not occurred.

Income Taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, “Accounting for Income Taxes” (“ASC 740-10”), which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized

The Company follows the provision of ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely

**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes (Continued)

than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more likely than not recognition threshold are measured at the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefit associated with tax positions taken that exceed the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all more likely than not to be upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company has adopted ASC 740-10-25, “Definition of Settlement”, which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion and examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed.

Equity Based Payments to Non-Employees

Pursuant to ASC Topic 505-50, “Equity Based Payments to Non-Employees”, for share-based payments to consultants and other third-parties, compensation expense is determined at the measurement date. Accordingly, the Company records compensation expense based on the fair value of the services rendered on the reporting date.

Related Party Transactions

Parties are considered to be related to the Company if the parties directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal stockholders of the Company, its management, members of the immediate families of principal stockholders of the Company and its management and other parties with which the Company may deal where one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions. All transactions shall be recorded at fair value of the goods or services exchanged. Property purchased from a related party is recorded at the cost to the related party and any payment to or on behalf of the related party in excess of the cost is reflected as compensation or distribution to related parties depending on the transaction.

Recent Accounting Pronouncements

Effective as of the beginning of fiscal 2018, the Company adopted Accounting Standards Update No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 requires that equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are to be measured at fair value with changes in fair value recognized in net income. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Furthermore, equity investments without readily determinable fair values are to be assessed for impairment using a quantitative approach. The amendments in ASU 2016-01 were applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption, with other amendments related specifically to equity securities without readily determinable fair values applied prospectively. The adoption of this standard did not have a material impact on the financial statements of the Company.

**PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recent Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU No. 2016-02, Leases. This ASU requires management to recognize lease assets and lease liabilities for all leases. ASU No. 2016-02 retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous lease guidance. The result of retaining a distinction between finance leases and operating leases is that under the lessee accounting model, the effect of leases in the statement of comprehensive income and the statement of cash flows is largely unchanged from previous U.S. GAAP. The guidance in ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The adoption of this standard had no impact on the financial statements of the Company.

In January 2017, the FASB issued ASU No. 2017-4, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which eliminates Step 2 from the goodwill impairment test. When an indication of impairment was identified after performing the first step of the goodwill impairment test, Step 2 required that an entity determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities) using the same procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Under the amendments in ASU No. 2017-4, an entity would perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying value. An entity would recognize an impairment charge for the amount by which the carrying value exceeds the reporting unit's fair value. In addition, an entity must consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. A public business entity that is a SEC filer should adopt the amendments in ASU No. 2017-4 for its annual, or any interim, good will impairment tests in fiscal years beginning after December 15, 2019. The adoption of this standard had no impact on the financial statements of the Company.

In July 2017, the FASB issued ASU 2017-11 “Earnings Per Share (Topic 260). The amendments in the update change the classification of certain equity-linked financial instruments (or embedded features) with down round features. The amendments also clarify existing disclosure requirements for equity-classified instruments. For freestanding equity-classified financial instruments, the amendments require entities that present earnings per share (“EPS”) in accordance with Topic 260, Earnings Per Share, to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features would be subject to the specialized guidance for contingent beneficial conversion features (in Subtopic 470-20, Debt—Debt with Conversion and Other Options), including related EPS guidance (in Topic 260). For public business entities, the amendments in Part I of this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The adoption of this standard had no impact on the financial statements of the Company.

In August 2017, the FASB issued ASU 2017-12 “Derivatives and Hedging (Topic 815) Targeted Improvements to Accounting for Hedging Activities”. ASU 2017-12 eliminates the requirement to separately measure and report hedge ineffectiveness and generally requires the entire change in the fair value of a hedging instrument to be presented in the same income statement line as the hedged item. The guidance also eases certain documentation and assessment requirements and modifies the accounting for components excluded from the assessment of hedge effectiveness. The guidance is effective for the Company beginning after December 15, 2018, although early adoption is permitted. The adoption of this standard had no impact on the financial statements of the Company.

In June 2018, the FASB issued ASU No. 2018-07 “Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting.” These amendments expand the scope of Topic 718, Compensation - Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. The ASU supersedes Subtopic 505-50, Equity - Equity-Based Payments to Non-Employees. The guidance is effective for public companies for fiscal years, and interim fiscal periods within those

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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recent Accounting Pronouncements (Continued)

fiscal years, beginning after December 15, 2018. Early adoption is permitted, but no earlier than a company's adoption date of Topic 606, Revenue from Contracts with Customers. The adoption of this standard had no impact on the financial statements of the Company.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

**NOTE 3 — INVESTMENTS IN JOINT VENTURES**

On March 18, 2018, the Company entered into a five year "earn-in" joint venture agreement with America's Gold Exploration, Inc. ("AGEI") on the West Bolo Mining Project located in Nye County Nevada. In May 2018, the Company issued 10,000,000 restricted common shares at \$.02 per share to AGEI for the earn in rights. The share price was based on the quoted stock price on the transaction date.

In September 2019, the Company terminated the original joint venture agreement and has negotiated a new agreement. Under the new agreement, AGEI will retain the 10,000,000 restricted common shares and will convey a 50% ownership stake to the Company via a quit claim deed. The Company will assume responsibility for all exploration and development costs on the property. Also, there will be no further investments required by the Company in this venture.

On March 18, 2018, the Company entered into a six year "earn-in" joint venture agreement with William Matlack and Donald J. McDowell ("M & M") on the Tonopah SIN Mining Project Located in Esmeralda County Nevada. In May 2018, the Company issued 3,770,000 restricted common shares at \$.02 per share to M & M for the earn in rights. The share price was based on the quoted stock price on the transaction date.

In September 2019, the Company terminated the original joint venture agreement and is negotiating a new agreement. Under the current proposed terms of the new agreement, M & M will return the 3,770,000 of restricted common shares issued in May, 2018. In addition, under the current proposed terms of the new agreement, the Company will receive all future profits from the properties less a 1.5% Net Smelter Return (NSR), which is the net revenue that the Company will receive from the sale of the mine's products less transportation and refining costs, that will be retained by M & M. See Note 10 for a more detailed discussion.

Investments in joint ventures are broken down as follows:

West Bolo	\$ 200,000
Tonopah	75,400
	<hr/>
	<b>\$ 275,400</b>

The investments are accounted for under the equity method. There was no significant activity for either investments during the year ended December 31, 2018.

**NOTE 4 — MINERAL PROPERTIES**

The Company's mineral properties consists of a 40% interest in 107 mining leases and mining claims located in Pershing County, Nevada. The 40% interest in the properties was acquired in March 2004 for consideration of 35 million shares of the Company's common stock for a total value of \$5,250,000.

In 2015, the Company recorded an impairment of \$5,175,000 which resulted in an adjusted value of \$75,000.

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**NOTE 4 — MINERAL PROPERTIES (CONTINUED)**

In 2004, Simple Recovery acquired 8 Bureau of Land Management claims located in Mohave County at a cost of \$4,800. In 2010, it acquired another 2 Bureau of Land Management claims in Mohave County at a cost of \$1,200.

In May 2017, the Company signed a Letter of Intent for the acquisition of a 100% interest in three U. S. Bureau of Land Management mineral rights leases comprised of 60 acres of land located approximately 2 miles from Meadview, Arizona, collectively known as the Climax/Joshua and Harmon Mines. The price stated in the Letter of Intent is \$200,000 of which \$50,000 is payable in the Company's restricted common shares and the balance of \$150,000 is payable in cash.

In connection with the transaction the Company is required to pay \$3,000 per month in non-refundable payments which will be applied to the final purchase price. The deal was terminated in December 2017, and \$18,000 of fees was incurred in connection with the transaction.

As of December 31, 2018 and 2017, based on management's review of the carrying value of mineral rights, management determined that there is no evidence that the cost of these acquired mineral rights will not be fully recovered and accordingly, the Company has determined that no adjustment to the carrying value of mineral rights was required. As of the date of these consolidated financial statements, the Company has not established any proven or probable reserves on its mineral properties and has incurred only acquisition and exploration costs.

**NOTE 5 — LOANS PAYABLE, RELATED PARTIES**

Other loans payable represents net advances received of \$22,915 and \$19,590, respectively, from a related party, as of December 31, 2018 and 2017 that are non-interest bearing and due on demand.

**NOTE 6 — CONVERTIBLE NOTES PAYABLE, NET OF DEBT DISCOUNT**

Convertible notes payable represents advances that bear interest at 3% and are due on demand, and 8% interest due on various dates. The notes are secured by and convertible into shares of the Company's common stock.

The balance due, net of discounts, as of December 31, 2018 and 2017 was \$32,890 and \$32,890, respectively, of which \$32,890 and \$32,890 are due to related parties, respectively. For the years ended December 31, 2017, \$221,412 of notes including accrued interest of \$2,394 were converted into 11,041,469 shares of the Company's common stock, all of which was with related parties. For the years ended December 31, 2018, \$221,446 of notes including accrued interest of \$4,145 were converted into 20,880,170 shares of the Company's common stock, of which \$107,322 of notes including accrued interest of \$1,520 were converted into 9,730,170 shares of the Company's common stock for related parties.

In connection with the above convertible notes the Company determined that a beneficial conversion feature existed on the date the notes were issued. The beneficial conversion feature related to the notes was valued as the difference between the effective conversion price (computed by dividing the relative fair value allocated to the convertible note by the number of shares the note is convertible into) and the fair value of the common stock multiplied by the number of shares into which the note may be converted.

In accordance with ASC 470 "Debt with Conversion and other Options", the intrinsic value of the beneficial conversion features was recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the instrument.

Total interest expense incurred from these loans for the years ended December 31, 2018 and 2017, was \$204,446 and \$191,538, respectively, which includes \$200,302 and \$191,538, respectively, of interest expense from beneficial conversions.

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**NOTE 6 — CONVERTIBLE NOTES PAYABLE, NET OF DEBT DISCOUNT (CONTINUED)**

Total interest expense incurred from these loans with related parties for the years ended December 31, 2018 and 2017 was \$88,802 and \$191,538, respectively, all were from beneficial conversions.

**NOTE 7 — STOCKHOLDERS' EQUITY**

The Company was originally authorized to issue 250,000,000 shares of \$0.0001 par value common stock. During 2017, the Company increased its authorized shares to 500,000,000.

**December 31, 2017**

The Company issued 1,232,028 shares of common stock in consideration of professional services valued at \$50,394, which included 1,192,028 shares of common stock issued to related parties valued at \$37,644.

During the year, \$221,412 of convertible notes including accrued interest of \$2,394 were converted into 11,041,469 shares of the Company's common stock, all of which was with related parties.

During the year, 6,442,182 shares of common stock were cancelled, all of which was with related parties.

**December 31, 2018**

During the year, 600,000 shares of common stock were issued in consideration of professional services valued at \$12,000, all of which was with related parties.

During the year, 13,770,000 shares of common stock were invested in joint ventures valued at \$275,400.

During the year, \$221,446 of notes including accrued interest of \$4,145 were converted into 20,880,170 shares of the Company's common stock, of which \$107,322 of notes including accrued interest of \$1,520 were converted into 9,730,170 shares of the Company's common stock for related parties.

The Company received the proceeds of \$417,000 in exchange for 41,700,000 shares of common stock.

**NOTE 8 — NET LOSS PER COMMON SHARE**

Net income or loss per common share is calculated in accordance with ASC Topic 260, "Earnings Per Share". Basic income or loss per share is computed by dividing net income or loss available to common stockholder, adjusted for preferred dividends, by the weighted average number of shares of Common Stock outstanding during the period. The computation of diluted net loss per share does not include anti-dilutive Common Stock equivalents in the weighted average shares outstanding. The following table sets forth the computation of basic and diluted loss per share:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Net loss available to common stockholders	\$ (707,712)	\$ (582,480)
Denominator for basic and diluted loss per share	184,214,488	140,655,508
<b>Net loss per common share, basic and diluted</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

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**NOTE 9 — INCOME TAXES**

The Company accounts for income taxes under ASC Topic 740: Income Taxes which requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and the tax basis of assets and liabilities, and for the expected future tax benefit to be derived from tax losses and tax credit carryforwards. ASC Topic 740 additionally requires the establishment of a valuation allowance to reflect the likelihood of realization of deferred tax assets.

The provision (benefit) for income taxes for the years ended December 31, 2018 and 2017 differs from the amount which would be expected as a result of applying the statutory tax rates to the losses before income taxes due primarily to the valuation allowance to fully reserve net deferred tax assets.

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carry-forwards are expected to be available to reduce taxable income. As the achievement of required future taxable income is uncertain, the Company recorded a valuation allowance.

A reconciliation of the differences between the effective and statutory income tax rates for the years ended December 31, 2018 and 2017 are as follows:

	<u>Percent</u>	<u>December 31, 2018</u>	<u>Percent</u>	<u>December 31, 2017</u>
Federal statutory rates	21.00%	\$ 2,600,563	34.00%	\$ 2,394,464
State statutory rates	0.00%	-	0.00%	-
Permanent differences	0.00%	-	0.00%	-
Valuation allowance against net deferred tax assets	<u>(21.00%)</u>	<u>(2,600,563)</u>	<u>(34.00%)</u>	<u>(2,394,464)</u>
<b>Effective rate</b>	<b><u>0.00%</u></b>	<b><u>\$ -</u></b>	<b><u>0.00%</u></b>	<b><u>\$ -</u></b>

The Company is located in the State of Nevada and incurs no state income tax.

At December 31, 2018 and 2017, the significant components of the deferred tax assets are summarized below:

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**NOTE 9 — INCOME TAXES (CONTINUED)**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Deferred income tax asset		
Net operating loss carryforwards	\$ 2,609,572	\$ 2,405,026
<b>Total deferred income tax asset</b>	<b>2,609,572</b>	<b>2,405,026</b>
Less: valuation allowance	2,609,572	2,405,026
<b>Total deferred income tax asset</b>	<b>-</b>	<b>-</b>
Deferred income tax liability		
Goodwill amortization	9,009	10,562
<b>Total deferred income tax liability</b>	<b>9,009</b>	<b>10,562</b>
Less: valuation allowance	9,009	10,562
<b>Total deferred income tax liability</b>	<b>-</b>	<b>-</b>
<b>Total net deferred liability</b>	<b>\$ -</b>	<b>\$ -</b>

The Company has a net operating loss carryforward for tax purposes totaling approximately \$12.4 million at December 31, 2018, of which approximately \$11.7 million is expiring through the year 2037, and approximately \$700,000 is carried forward indefinitely. Internal Revenue Code Section 382 places a limitation on the amount of taxable income that can be offset by carryforwards after certain ownership shifts.

On December 22, 2017, Public Law 115-97, informally referred to as the Tax Cuts and Jobs Act (“the TCJA”) was enacted into law. The TCJA provides for significant changes to the U.S. Internal Revenue Code of 1986, as amended, that impact corporate taxation requirements. Effective January 1, 2018, the federal tax rate for corporations was reduced from 35% to 21% for US taxable income and requires one-time remeasurement of deferred taxes to reflect their value at a lower tax rate of 21%. There are other provisions to the TCJA, such as conversion of a worldwide system to a territorial system, limitations on interest expense and domestic production deductions, which will be effective in fiscal 2019. The Company anticipates its effective tax rate to be 21%, excluding the one-time impact of the TCJA for fiscal 2017 primarily due to the reduction in the federal tax rate. The Company’s actual effective tax rate for fiscal 2018 may differ from management’s estimate due to changes in interpretations and assumptions. Due to the timing of enactment and complexity of the TCJA, the Company is unable to estimate a reasonable range of the one-time impact associated with mandatory repatriation, re-measurement of deferred taxes and other provisions of the TCJA.

**NOTE 10 — MINING TRANSACTIONS**

*New Enterprise*

The Company has committed to beginning a Phase 1 geologic study and mapping and sampling program on its New Enterprise Property near Kingman, Arizona and has an on going consulting agreement with Duncan Bain Consulting Ltd of London Ontario, Canada to provide supplemental geologic consulting to the Company. The monthly consulting fee is \$500. Duncan Bain Consulting Ltd and/or a subcontractor was brought in to execute the mapping and sampling program in the first quarter of 2018 and execute the Phase 1 Report. Additional costs related to lab analysis and travel expenses will be incurred by the Company.

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**NOTE 10 — MINING TRANSACTIONS (CONTINUED)**

*New Enterprise (Continued)*

The Company has filed documentation with the BLM and has received a permit to begin road clearing and site preparation work in advance of a beginning a bulk sampling program on the New Enterprise mine site. Exploration work, which includes mapping sampling and geophysical surveys are currently underway.

*Climax/Joshua and Harmon Mines*

In May 2017, the Company signed a Letter of Intent for the acquisition of a 100% interest in three U. S. Bureau of Land Management mineral rights leases comprised of 60 acres of land located approximately 2 miles from Meadview, Arizona, collectively known as the Climax/Joshua and Harmon Mines. The price stated in the Letter of Intent is \$200,000 of which \$50,000 is payable in the Company's restricted common shares and the balance of \$150,000 is payable in cash. In connection with the transaction the Company is required to pay \$3,000 per month in non-refundable payments which will be applied to the final purchase price. The deal was terminated in December 2017, and \$18,000 was incurred in connection with the transaction.

*Uncle Sam*

In May 2017, the Company signed a contract to purchase a 197 acre private property located in California for 9 million shares of restricted common stock. The value of the shares was \$360,000. The transaction and all related service contract agreements was subsequently cancelled effective September 28, 2017 due to non-performance on the part of the seller. The shares were returned to the Company in the fourth quarter of 2017.

*West Bolo*

On March 18 2018, the Company entered into a five year "earn-in" joint venture agreement with America's Gold Exploration, Inc. ("AGEI") on the West Bolo Mining Project located in Nye County Nevada. Under the terms of the agreement the Company paid 10,000,000 restricted common shares in May 2018, to AGEI for the earn in rights and was scheduled to pay the CEO of AGEI \$50,000 and commit to funding up to \$5 million of exploration and development costs over a five year period, at the end of which the Company would have accumulated or "earned-in" a 70% ownership stake in the West Bolo Project.

In September 2019, the Company terminated the original joint venture agreement and has negotiated a new agreement. Under the new agreement, AGEI will retain the 10,000,000 restricted common shares and will convey a 50% ownership stake to the Company via a quit claim deed. The Company will assume responsibility for all exploration and development costs on the property. Also, there will be no further investments required by the Company in this venture.

*Tonopah SIN Mining*

On March 18, 2018, the Company entered into a six year "earn-in" joint venture agreement with William Matlack and Donald J. McDowell ("M & M") on the Tonopah SIN Mining Project Located in Esmeralda County Nevada. Under the terms of the agreement, the Company issued 3,770,000 restricted common shares in May 2018, to M & M for the earn in rights and paid M & M \$50,000 within 90 days of execution. The Company had also committed to funding of up to \$5 million of exploration and development costs over a five-year period, at the end of which the Company would have accumulated or "earned-in" a 70% ownership stake in the Tonopah SIN Project.

In September 2019, the Company terminated the original joint venture agreement and is negotiating a new agreement. Under the current proposed terms of the proposed new agreement, M & M will return the 3,770,000 of the restricted common shares issued in May 2018, upon finalization and closing of the proposed new lease terms. In addition, under the current proposed terms of the proposed new agreement, the Company will receive all future profits from the properties less a 1.5% Net Smelter Return (NSR), which is the net revenue that the Company will receive from the sale of the mine's

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**NOTE 10 — MINING TRANSACTIONS (CONTINUED)**

***Tonopah SIN Mining (Continued)***

products less transportation and refining costs, that will be retained by M & M. The terms of the proposed agreement call for the following annual royalty payments:

Years 1 - 5	\$ 25,000
Years 6 - 10	\$ 50,000
Years 11 - 15	\$ 75,000
Years 16 and thereafter	\$ 100,000

To date, since the agreement has not been finalized, no royalty payments have been made.

The proposed new agreement includes a \$1.5 million purchase option for a 10 to 20 acre piece of land, on which a milling facility could be placed, within the overall leased 400 acre claim block .

**NOTE 11 — SUBSEQUENT EVENTS**

The Company has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued. Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, results of its operations and the ability to raise additional capital through future equity and debt security issuances, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Except for events previously disclosed in the notes to the financial statements, below are subsequent events disclosures:

On August 15, 2019, the Company received \$355,000 for 28,400,000 shares of Common Stock issued plus 7.1 million warrants that can be exercised at a price of \$.04 per share by August 15, 2020.

In December 2019, the Company received \$145,000 for 11,600,000 shares of Common Stock issued plus 2.9 million warrants that can be exercised at a price of \$.04 per share by December 10, 2020.

On January 25, 2020 the Company received \$12,000 from the exercise of 300,000 redeemable warrants.

In June 2020, the Company received \$100,000 in exchange for a 120 day term note that accrues interest at a rate of 3% per annum. The note is convertible into 10,000,000 restricted shares of the Company's common stock.

The Company has begun seeking bids for core drilling and geophysics programs on its New Enterprise Project near Kingman, Arizona.

***Royalty Agreements***

In December, 2019 the Company entered into a variety of mining lease agreements (the "Agreements") with options to purchase royalty agreements (the "Agreements") with Mountain Gold Claims, LLC Series 8 ("MGC"). MGC owns and controls the mineral rights to a variety of properties located in the Klondyke, Tybo, and Divide mining districts in Nevada (the "Area of Interest" or "AOI"). MGC agreed to lease the properties to the Company and grant the Company an option to purchase a portion of the Net Smelter Returns ("NSR") generated from the property's mining activities. In consideration of the above Agreements, the Company paid MGC the following advanced royalty payments, the total of which is reflected as a prepaid expense on the Company's balance sheet:

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**NOTE 11 — SUBSEQUENT EVENTS (CONTINUED)**

Klondyke	\$	4,000
Tybo		4,000
Divide		12,000
<b>Total</b>	<b>\$</b>	<b>20,000</b>

Each advanced royalty payment includes the following warrants which are executable at \$.04 per share:

Klondyke	100,000
Tybo	100,000
Divide	300,000
<b>Total</b>	<b>500,000</b>

Additional advanced royalty payments are payable based on the below anniversaries of the execution of the above Agreement:

	<u>Klondyke</u>	<u>Tybo</u>	<u>Divide</u>	<u>Total</u>
First anniversary	\$ 10,000	\$ 10,000	\$ 10,000	\$ 30,000
Second anniversary	15,000	15,000	15,000	45,000
Third anniversary	20,000	20,000	20,000	60,000
Fourth anniversary	30,000	30,000	30,000	90,000
Fifth anniversary	40,000	40,000	40,000	120,000
Sixth through 10th anniversaries	50,000	50,000	50,000	150,000
Eleventh through 15th anniversaries	75,000	75,000	75,000	225,000
Sixteenth anniversary and each anniversary afterward	100,000	100,000	100,000	300,000

The Company shall pay MGC a production royalty equal to three percent (3%) of the NSR generated from the production or sale or other disposition of minerals by MGC derived from MGC's current claims on any and all lands within the AOI while the Agreements are in effect. The Company shall pay to MGC a production royalty equal to one percent (1%) of the NSR or any other royalties from the production or sale of minerals from all third-party lands located within the AOI. The above advanced royalty payments will be applied against these royalties.

Each of the Agreements include an option to purchase the first 1% of the NSR for \$1 million on or before the 5th anniversary of the Agreements, and a right to purchase an additional 1% of the NSR generated from the property's mining activities on or before the 10th anniversary of the agreement.

The Agreements include the following future work commitment expenditures for the Company:

	<u>Klondyke</u>	<u>Tybo</u>	<u>Divide</u>	<u>Total</u>
First lease year	\$ 5,000	\$ 5,000	\$ 5,000	\$ 15,000
Second lease year	25,000	25,000	25,000	75,000
Third lease year and thereafter	50,000	50,000	50,000	150,000

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**NOTE 12 — RESTATEMENT**

During 2015, the Company recorded a \$5,175,000 impairment charge related to the decrease in value of its 40% interest in 107 mining leases and mining claims located in Pershing, Nevada (See Note 3). Accordingly, the beginning accumulated deficit for the year ended December 31, 2017 has been restated to correct these errors.

The Company follows ASC 805-740 as it relates to the recording of deferred taxes for the tax amortization of goodwill. Upon a GAAP based future impairment of goodwill or sale of the properties that includes goodwill, the deferred tax liability as of the date of said events will be adjusted downward accordingly, and the corresponding impairment charge or gain on sale will be reflected net of taxes.

The effects of the restatement of the Consolidated Balance Sheets and the Consolidate Statements of Changes in Stockholders' Equity are as follows:

	<b>As Previously Reported</b>	<b>As Restated</b>
Accumulated Deficit, January 1, 2017	\$ (5,690,624)	\$ (10,855,887)
Accumulated Deficit, December 31, 2017	\$ (6,348,473)	\$ (11,438,367)

The effects of the restatement of the Consolidate Statements of Cash Flows are as follows:

	<b>As Previously Reported</b>	<b>As Restated</b>
Operating Activities, December 31, 2017	\$ (266,117)	\$ (184,001)
Investing Activities, December 31, 2017	-	-
Financing Activities, December 31, 2017	\$ 259,506	\$ 177,390