PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016

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GOLDFINE
& COMPANY CPA. P.C.

Michael Goldfine, MS, CPA
Stewart Robinson, MS, CPA, CFE, ABV
Shivender Sofat, CPA, CFE, FCA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Pershing Resources Company, Inc. and Subsidiary (the "Company") which comprises the consolidated balance sheet as of December 31, 2016 and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

40 Exchange Place, Suite 1602 New York, NY 10005 t. 212.714.6655 f. 917.591.4565 www.goldfinecpa.com

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Basis for Qualified Opinion

The Company’s mineral property rights is carried at $5,256,000 on the balance sheet at December 31, 2016. We were unable to obtain appropriate audit evidence to support the carrying amount of the Company's mineral property rights as of December 31, 2016 because, in our opinion, the Company had not completed sufficient procedures necessary to determine that the mineral property rights had not had an impairment in their value. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pershing Resources Company, Inc. and Subsidiary as of December 31, 2016, and the results of its operations, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses from operations including a $253,363 loss for the year ended December 31, 2016, and cumulative losses of $5,690,624 as of December 31, 2016. As discussed in Note 1 to the consolidated financial statements the Company has been dependent upon equity investments and convertible debt financing to maintain its operations. These circumstances create doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Goldfine & Co., cpa pc

Goldfine & Co. CPA P. C.
New York, NY
February 28, 2018

PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2016

ASSETS		
Current Assets		
Cash	$	12,183
Investments in Marketable Securities		270
Total Current Assets		**12,453**
Property and Equipment		
Building		80,000
Building Improvements		7,500
Machinery and Equipment		47,045
Furniture and Fixtures		4,950
Total Property and Equipment		**139,495**
Less: Accumulated Depreciation		33,128
Net Property and Equipment		**106,367**
Other Assets		
Goodwill		177,514
Mineral Property Rights		5,256,000
Total Other Assets		**5,433,514**
Total Assets	**$**	**5,552,334**

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

PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2016

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts Payable and Accrued Expenses	$	20,629
Convertible Notes Payable, net		2,598
Other Loans Payable		8,700
Total Current Liabilities		**31,927**
Total Liabilities		**31,927**
Stockholders' Equity		
Common Stock ($0.0001 Par Value; 250,000,000 Shares Authorized; 140,776,665 Shares Issued and Outstanding as of December 31, 2016)		14,078
Additional Paid-In Capital		11,245,104
Accumulated Deficit		(5,690,624)
Unrealized Loss on Investments Available for Sale		(48,151)
Total Stockholders' Equity		**5,520,407**
Total Liabilities and Stockholders' Equity	**$**	**5,552,334**

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

PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
AND COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2016

Revenue	$	-
Operating Expenses		
Mining and Exploration Costs		32,648
Professional Fees		48,881
Research and Development		2,510
Repairs and Maintenance		9,740
Meeting Costs		14,310
SEC Administrative Costs		7,081
General and Administrative		65,762
Depreciation		12,349
Total Operating Expenses		**193,281**
Loss from Operations		**(193,281)**
Other Income (Expenses)		
Consulting Income		9,500
Other Income		1,500
Net Gain on Sale of Property and Equipment		11,959
Interest Expense		(83,041)
Total Other Income (Expenses)		**(60,082)**
Loss Before Provision for Income Taxes and Net Loss		**(253,363)**
Provision for Income Taxes		-
Net Loss		**(253,363)**
Other Comprehensive Loss		
Unrealized Loss on Investments Available for Sale		(370)
Total Other Comprehensive Loss		**(370)**
Comprehensive Loss	**$**	**(253,733)**

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

PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF
CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Common Stock $0.0001 Par Value Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Unrealized Loss on Investments Available for Sale	Total Stockholders' Equity
Balance, January 1, 2016	131,624,410	$ 13,162	$ 11,032,024	$ (5,437,261)	$ (47,781)	$ 5,560,144
Issuance of Common Stock in Connection With Purchase of Property	2,000,000	200	79,800	-	-	80,000
Common Stock Issued for Services	1,095,000	110	12,740	-	-	12,850
Issuance of Common Stock to Retire Convertible Notes Plus Accrued Interest	6,057,255	606	120,540	-		121,146
Unrealized Loss on Investments Available for Sale	-	-	-	-	(370)	(370)
Net Loss for the Year Ended December 31, 2016	-	-	-	(253,363)	-	(253,363)
Balance, December 31, 2016	**140,776,665**	**$ 14,078**	**$ 11,245,104**	**$ (5,690,624)**	**$ (48,151)**	**$ 5,520,407**

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

PERSHING RESOURCES COMPANY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Flows from Operating Activities		
Net Loss	$	(253,363)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depreciation		12,349
Net Gain on Sale of Property and Equipment		(11,959)
Shares of Common Stock Issued for Services Rendered		12,850
Amortization of Debt Discount Interest Expense		81,526
Changes in Assets and Liabilities:		
Prepaid Expenses		10,190
Accounts Payable and Accrued Expenses		20,554
Net Cash Used in Operating Activities		**(127,853)**
Cash Flows from Investing Activities		
Proceeds from Sale of Property and Equipment		22,534
Net Cash Provided by Investing Activities		**22,534**
Cash Flows from Financing Activities		
Proceeds from Convertible Debt		112,839
Decrease in Other Loan Payable		(15,738)
Net Cash Provided by Financing Activities		**97,101**
Net Decrease in Cash		**(8,218)**
Cash - Beginning of Period		20,401
Cash - End of Period	**$**	**12,183**
Supplemental Disclosures:		
Cash Paid for Interest	$	-
Cash Paid for Income Taxes		-
Summary of Noncash Activities:		
Property and Equipment Acquired With Common Stock	$	80,000
Common Stock Issued to Retire Convertible Notes Plus Accrued Interest		121,146

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

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Pershing Resources, 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 2.4 million shares of the Company's common stock.

Status of Operations

Continuation as a Going Concern

These consolidated financial statements are presented on the basis that the Company is a going concern. Going concern contemplates 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 recurring losses from operations including a $253,363 loss for the year ended December 31, 2016, and cumulative losses of $5,690,624 as of December 31, 2016. The Company had been dependent upon equity investments and convertible debt financing to maintain its operations. These circumstances create doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

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") and the rules and regulations of the United States Securities and Exchange Commission ("SEC"). It is Management's opinion, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation.

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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three 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 at December 31, 2016.

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.

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, prepaid expenses, accounts payable and accrued expenses approximate their estimated fair market values based on the short-term maturity of these instruments. The carrying amount of the note payable at December 31, 2016 approximates its respective fair value 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 losses on such securities, which were added to stockholders' equity during 2016 amounted to $370.

The Company's security investments that are bought and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are recorded at fair value on the balance sheets in current assets, with the change in fair value during the period included in earnings.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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 year ended December 31, 2016 depreciation expense was $12,349.

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 tangible 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.

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, assays, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets (Continued)

The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The Company did not record any impairment of its long-lived assets at December 31, 2016.

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.

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 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.

Research and Development Costs

Research and development costs are expensed as incurred. These costs include professional fees and other costs related to development.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 3 — 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 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 2013 Simple Recovery assigned 8 claims known as “New Enterprise” to Bridge Metal Processing, LLC for which the Company will be paid a 10% royalty on all revenue attained from the claims. To date no revenue has been generated. For the year ended December 30, 2016 the Company received $1,500 to extend the agreement beyond the original term dates. As of December 31, 2016, 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.

The Company posted a statewide surface management surety bond with the United States Department of the Interior Bureau of Land Management (“BLM”) as required by the State of Nevada in the amount of $12,885 as of April 30, 2010, to reclaim land disturbed in its exploration and mining operations. The surface management surety bond was provided by then CEO Daniel Wright in exchange for a convertible note issued to him. 920,357 shares of common stock were issued to him in lieu of cash. The conversion price was $.014. In September of 2015 the Company requested a refund of the collateral deposit from BLM. The surety bond was refunded to the Company on December 31, 2015. The funds deposited in the collateral account were classified as restricted cash on the Company’s balance sheet prior to being refunded.

NOTE 4 — NET GAIN ON SALE OF PROPERTY AND EQUIPMENT

During the year the Company sold three pieces of equipment which resulted in a net gain on sale of $11,959.

NOTE 5 – OTHER LOANS PAYBLE

Other loans payable represents net advances received of $8,700 as of December 31, 2016 that are non-interest bearing and due on demand.

NOTE 6 — CONVERTIBLE NOTES PAYABLE, NET

Convertible notes payable represents advances that bear interest at 3% and are due on demand. The notes are secured by and convertible into shares of the Company's common stock. The balance due as of December 31, 2016 was $2,598 net of discounts, which is convertible into 255,108 of the Company's common stock. For the year ended December 31, 2016, $121,146 of notes plus accrued interest of $1,591 were converted into 6,057,255 shares of the Company's common stock.

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. The Company recorded a beneficial conversion feature of $2,504 related to the December 2016 convertible note financing of $5,102. For the year ended December 31, 2016, $81,526 of interest expense from beneficial conversions was recorded.

Interest expense incurred from these loans for the year ended December 31, 2016 was $83,041, which includes $81,526 of interest expense 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.

As of December 31, 2016, the Company issued 1,095,000 shares of common stock in consideration of professional services valued at $12,850.

The Company purchased land and a building with the direct issuance of 2 million shares of common stock by the Company to the seller and the transfer of an additional 2 million shares of the Company's common stock from a Company shareholder to the seller. The total value of the shares transferred to the seller in this transaction was $80,000.

$121,146 of convertible notes plus accrued interest of $1,591 were converted into 6,057,255 shares of common stock.

NOTE 8 — 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 year ended December 31, 2016 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.

NOTE 8 — INCOME TAXES (CONTINUED)

		As of December 31, 2016
Deferred tax assets:		
Net operating loss before non-deductible items	$	(5,690,624)
Tax rate		34%
Total deferred tax assets		(1,934,812)
Less: Valuation allowance		1,934,812
Net deferred tax assets	$	—

The Company has a net operating loss carryforward for tax purposes totaling approximately $5.7 million at December 31, 2016, expiring through the year 2036. Internal Revenue Code Section 382 places a limitation on the amount of taxable income that can be offset by carryforwards after certain ownership shifts.

The valuation allowance for the deferred tax increased by approximately $86,000 for the year ended December 31, 2016.

NOTE 9 — 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. Below are subsequent events disclosures:

Convertible Notes

During 2017, the Company received $218,829 from the proceeds of a series of convertible notes. $210,000 of these notes plus a pre-existing balance of $10,829 were converted into 11,041,469 shares of common stock.

In January 2018 the Company received the proceeds of a $17,000 convertible note that is due on demand and accrues interest at an annual rate of 3%. The note is convertible into 850,000 shares of the Company’s common stock.

In January 2018 the Company also received the proceeds of a $29,900 convertible note that is due on demand and accrues interest at an annual rate of 3%. The note is convertible into 1,494,980 shares of the Company's common stock.

Equity Transactions

During 2017, the Company increased its authorized shares to 500,000,000.

During 2017, the company issued 1,232,028 shares of common stock for services valued at $50,394.

During 2017, $220,829 of convertible notes plus accrued interest were converted into 11,041,469 shares of common stock.

During 2017, 6,442,182 shares of common stock were cancelled.

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

NOTE 9 — SUBSEQUENT EVENTS (CONTINUED)

Mining Transactions (Continued)

$500. Duncan Bain Consulting Ltd and/or a subcontractor will be brought in to execute the mapping and sampling program in the first quarter of 2018 and execute the Phase 1 Report. The estimated fee for the sampling program and Phase 1 Report has been agreed on at $35,500 Additional costs related to lab analysis and travel expenses will be incurred by the Company as well.

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. Work is scheduled to commence in the first quarter of 2018. The Company has formed an Advisory Board currently comprised of three named members. Members of the Advisory Board serve for 2 years and are compensated over the 2 year period with the Company's restricted common stock.

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 agreement was subsequently cancelled effective September 28th, 2017 due to non-performance on the part of the seller. The shares will be returned to the Company in the fourth quarter of 2017.