

PIONEER OIL AND GAS
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders:

Notice is hereby given that the Annual Meeting of Shareholders of Pioneer Oil and Gas (the "Company") will be held on Thursday July 26, 2018, starting at 10:00 A.M., Mountain Daylight Time, at the Company's office, 1206 W. South Jordan Parkway, Unit B, South Jordan, Utah 84095. The following matters are on the agenda for the Meeting:

1. To Elect the Board of Directors;
2. To ratify the appointment of Jones Simkins LLP ("Jones"), as independent auditors for the current fiscal year;
3. To transact any other business matters that may properly come before the meeting or any adjournment or postponement thereof.

The Directors have fixed the close of business on June 7, 2018, as the record date for the determination of shareholders entitled to notice of and to vote at the meeting or any adjournment or postponement thereof. A complete list of such shareholders will be available at the corporate office of the Company during normal business hours and shall be open to the examination of any such shareholder for any purpose relevant to the Meeting.

A record of the Company's activities during the year ending September 30, 2017 and financial statements for that year, are in the Company's annual report to shareholders, which this year is contained within the proxy statement that accompanies this notice.

You are cordially invited to attend the Meeting. Any shareholder that does not expect to attend the Meeting in person is requested to complete, date, and sign the enclosed form of Proxy and return it promptly to Pioneer Oil and Gas. Thank you for your cooperation.

BY ORDER OF THE BOARD OF DIRECTORS

GREGG B. COLTON, Chairman of the Board of Directors, and President

YOUR VOTE IS IMPORTANT TO PIONEER OIL AND GAS. EVEN IF YOU EXPECT TO ATTEND THE ANNUAL MEETING, WE URGE YOU TO COMPLETE, DATE, AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED. COMPLETING THE ENCLOSED PROXY WILL NOT PREVENT YOU FROM VOTING YOUR SHARES IN PERSON IF YOU DO ATTEND THE MEETING.

**PIONEER OIL AND GAS
1206 W. South Jordan Parkway
Unit B
South Jordan, Utah 84095-5512**

PROXY STATEMENT

**Annual Meeting of Stockholders
To Be Held on July 26, 2018**

GENERAL INFORMATION

This Proxy Statement is being furnished to the stockholders of Pioneer Oil and Gas (the “Company”), in connection with the solicitation of proxies on behalf of the Board of Directors of Pioneer Oil and Gas (the “Directors”) for use at the Company’s 2018 Annual Meeting of Stockholders and any and all adjournments or continuations thereof (the “Meeting”), to be held on Thursday, July 26, 2018 for the purposes set forth under the next paragraph. These materials will be first mailed to stockholders on or about June 7, 2017.

PURPOSE OF ANNUAL MEETING

At the Meeting, stockholders will be asked (i) to elect a Board of Directors to serve until the next annual meeting of the stockholders, or until their successors are duly elected and qualified; (ii) to ratify the selection by the Directors of Jones Simkins LLP as independent auditors of the Company for the fiscal year ending September 30, 2018 (“Fiscal 2018”); and (iii) to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

We urge you to read this Proxy Statement carefully in its entirety including the attached Exhibits. This Proxy Statement is first being mailed to the Company’s shareholders on or about June 6, 2018.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROXY STATEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY.

OTHER MATTERS

Management does not intend to present, and has no information as of the date of preparation of this Proxy Statement that others will present, any business at the Meeting other than business pertaining to matters required to be set forth in the Notice of Annual Meeting and Proxy Statement. However, if other matters requiring the vote of the stockholders properly come before the Meeting,

it is the intention of the persons named in the enclosed proxy to vote the proxies held by them in accordance with their best judgment on such matters.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

When used in this Proxy Statement the words or phrases "will likely result," "are expected to," "will continue," "anticipate," "estimate," "project" or similar expressions are intended to identify "forward-looking statements". Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from results presently anticipated or projected. The Company cautions you not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company advises readers that the Company's actual results may differ materially from any opinions or statements expressed with respect to future periods in any current statements in this Proxy Statement or in our other filings with the SEC.

The Company does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions, which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

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QUORUM, VOTING RIGHTS AND OTHER MATTERS

The Company presently has one class of capital stock, common stock, \$.001 par value, of which 5,096,706 shares were issued and outstanding at the close of business on June 7, 2018. Only shareholders of record at the close of business on June 7, 2018, will be entitled to notice of and to vote at the meeting. The presence at the meeting in person or by proxy of a majority of the shares entitled to a vote shall constitute a quorum for the transaction of business. All voting is non-cumulative.

The Directors know of no other matters, which are likely to be brought before the Meeting other than those listed on the proxy. If any other matters properly come before the Meeting, however, the person named in the enclosed proxy, or that person's duly constituted substitute acting at the Meeting, will be authorized to vote or otherwise act thereon in accordance with such matters. If the enclosed proxy is properly executed and returned prior to voting at the Meeting, the shares represented thereby will be voted in accordance with the instructions marked thereon. In the absence of instructions, executed proxies will be voted "FOR" the items listed in the Notice. The Directors recommend a vote "**FOR**" each of the proposals. Directors are elected by a plurality of the common stock represented at the meeting.

In accordance with Utah State law, certain corporate actions, generally, may create shareholder's rights of dissent and entitlement to payment of the fair market value of shares held. However, none of the proposals at the Annual Meeting creates such shareholder dissenters' rights.

Any stockholder executing a proxy has the power to revoke such proxy at any time prior to its exercise. A proxy may be revoked prior to exercise by (i) filing with the Company a written revocation of the proxy, (ii) appearing at the Meeting and casting a vote contrary to that indicated on the proxy, or (iii) submitting a duly executed proxy bearing a latter date.

The cost of preparing, printing, assembling and mailing this Proxy Statement and other material furnished to stockholders in connection with the solicitation of proxies will be borne by the Company. In addition to the solicitation of proxies by use of mails, officers, directors, employees and agents of the Company may solicit proxies by written communication, telephone or personal call. Such persons are to receive no special compensation for any solicitation activities. The Company will reimburse banks, brokers and other persons holding common stock in their names, or those of their nominees, for their expenses in forwarding proxy solicitation materials to beneficial owners of common stock.

The Company will appoint one or more inspectors of election to act at the Meeting and report the results. Prior to the Meeting, each inspector will sign an oath to perform his duties in an impartial manner and according to the best of his ability. Inspectors will ascertain the number of shares outstanding and the voting power of each, determine the shares represented at the Meeting and the validity of proxies and ballots, count all votes and ballots, and perform certain other duties as required by law. Inspectors will tabulate the number of votes cast for or withheld in the election of directors, and the number of votes cast for or against all other proposals, including abstentions and other non-votes.

The required quorum necessary to transact business at the Meeting is a majority of the issued common stock outstanding on the record date. If a quorum is present, a plurality of the votes cast for directors will determine the directors elected and the approval of each other proposal at the Meeting. Abstentions and broker non-votes will be counted to determine if a quorum is present but will not otherwise affect the voting on any proposal.

PROPOSAL ONE: ELECTION OF DIRECTORS

A Board of three directors is to be elected at the Meeting. The nominees are the present directors, all of whom are standing for re-election. No director nominee has declined the nomination or is unable or unfit to serve. Under the Bylaws of the Company, the Company must have a minimum of three and a maximum of seven directors. Each director serves until the next annual shareholders meeting or until a successor is duly elected. Don J. Colton and Gregg B. Colton are brothers and John O. Anderson is their uncle. The following table sets forth information about the nominees and lists their ages as of the date of the meeting.

| <u>Name</u> | <u>Age</u> | <u>Position(s) Held</u> | <u>Director Since</u> |
|------------------|------------|---|-----------------------|
| Don J. Colton | 72 | Director | October 1980 |
| Gregg B. Colton | 65 | Director, CEO, President and Treasurer | October 1980 |
| John O. Anderson | 75 | Director | January 1988 |

Don J. Colton served as the Company's President, Treasurer and Chairman of its Board of Directors from the Company's inception in October 1980, until the end of June 2015, when he retired. Since July of 2015 Mr. Colton has served as a Director of the Company and an advisor as needed. From 1979 to 1981, Mr. Colton was Chief Financial Officer and a member of the Board of Directors of Drilling Research Laboratory in Salt Lake City, Utah. The Drilling Research Laboratory was a subsidiary of Terra Tek, Inc. and prior to his involvement with the Drilling Research Laboratory, Mr. Colton was Manager of Special Projects for Terra Tek. Mr. Colton received a BS in Physics from Brigham Young University in 1970 and a Master of Business Administration from the University of Utah in 1974.

Gregg B. Colton serves as the Company's President, Treasurer, General Counsel and as Chairman of the Board of Directors. Mr. Colton has been employed with the Company since it actually commenced business in 1981 and served as an officer and a director of the Company in October 1980 to the present. Mr. Colton as the Company's President is involved in all aspects of the business including contract negotiation, exploration, acquisition and development of oil and gas properties. From 1981 to 1984, Mr. Colton was also a partner in the law firm of Cannon, Hansen & Wilkinson. Mr. Colton is a member of the Utah State Bar and a real estate broker. Mr. Colton earned his BA from the University of Utah in 1976 and a Juris Doctor and a Master of Business Administration from Brigham Young University in 1981.

John O. Anderson was employed as the Company's Office Manager from 1981 to 2008 until his retirement in April of 2008. Mr. Anderson is still a member of the Board of Directors. As Office Manager he handled the day to day accounting for the Company along with handling the procurement of office supplies. Prior to his employment with the Company he worked in land investments. Mr. Anderson received his BS in Zoology in 1968 from the University of California.

Note: Don J. Colton and Gregg B. Colton are brothers and John O. Anderson is their uncle.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS

The Company's directors hold office until the end of their respective terms or until their successors have been duly elected and qualified. Presently, the Board of Directors does not receive any cash compensation for serving on the Board. Each of the Board of Directors have received 60,000 stock options under the Company's incentive stock option plan to acquire the Company's common stock at a price of \$.55 per share until August 9, 2021 as long as they are serving as a director of the Company. Gregg B. Colton and A. Franklin Adams have also been issued 30,000 stock options each for being officers of the Company at an exercise price of \$.55 per share until August 9, 2021 as long as they are serving as an officer of the Company. A. Franklin Adams currently serves as Secretary and Controller of the Company. The options were granted when the share price of the Company's common stock was \$.55 or below.

At the annual shareholders meeting in 1991, the shareholders approved an amendment to the Company's Articles of Incorporation, limiting the personal liability of directors to the Company and its shareholders, to the extent allowed by Utah law. In effect, the shareholders approved the adoption of statutory provisions, which permit a Utah corporation to eliminate the personal liability of directors for monetary damages for breach of fiduciary duty.

The Company's executive officers are appointed by the Board of Directors and serve at the discretion of the Board.

EXECUTIVE OFFICERS AND MANAGEMENT

The following table sets forth (i) the names of the executive officers, (ii) their ages as of the Record Date and (iii) the capacities in which they serve the Company:

| <u>Name</u> | <u>Age</u> | <u>Position(s)</u> | <u>Officer Since</u> |
|-------------------|------------|---|----------------------|
| Gregg B. Colton | 65 | President, Vice President, and Treasurer | 1980 |
| A. Franklin Adams | 73 | Secretary | 2015 |

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock by each person or group that is known by the Company to be the beneficial owner of more than five percent of its outstanding Common Stock, each director of the Company and all directors and executive officers of the Company as a group as of April 1, 2018. Unless otherwise indicated, the Company believes that the persons named in the table below, based on information furnished by such owners, have sole voting and investment power with respect to the Common Stock beneficially owned by them, where applicable.

| Title of Class | Name and Address of Beneficial Owner | Amount and Nature of Beneficial Owner | Percent of Class |
|--|--|---------------------------------------|------------------|
| Common | Don J. Colton 112 E. Provence Way Midway, Utah 84049 | 559,900(1) | 10.49% |
| Common | Gregg B. Colton 65 South Pfeifferhorn Drive Alpine, Utah 84004 | 1,706,282(1) | 31.34% |
| Common | John O. Anderson PO Box 537 Mountain View, HI 96771 | 985,711(1) | 18.46% |
| Common | A. Franklin Adams 10773 S. Wynview Lane South Jordan, UT 84095 | 164,024(1) | 3.05% |
| Common | Pioneer Employee Stock Ownership Plan 1206 W. South Jordan Parkway Unit B South Jordan, Utah 84095 | 1,111,695(2) | 20.92% |
| All Directors and Officers as a Group (4 Persons) | | 4,527,612 | 84.839% |

(1) Includes currently exercisable options by employees and directors to purchase common stock in the Company as long as the person is serving as a director or employee of the Company.

(2) Persons listed above have their vested shares under the Pioneer Employee Stock Ownership Plan included under their name. Don J. Colton and Gregg B. Colton as Trustees

of the Pioneer Employee Stock Ownership Plan have the right to vote all the shares of the Plan at any shareholder meeting of the Company. The shares listed above under the Pioneer Employee Stock Ownership Plan include shares of the Plan that have not been allocated yet. It does not include shares in the Plan that are vested with the employees.

The Company currently has no arrangements, which may result in a change of control.

TRANSACTIONS WITH RELATED PARTIES

The Board of Directors approved several years ago a resolution to allow employees of the Company to purchase 25% of any oil and gas producing property acquired by the Company at the same time as the Company acquires the property. The resolution required that the employees pay for 25% of the cost of the oil and gas properties at approximately the same time the Company purchased the properties. In the event, the Company is unable to fund the total cost of any producing properties the employees of the Company may purchase the amount the Company is unable to fund even if it exceeds 25%. The employees also have the right to acquire 25% of any non-producing oil and gas leases acquired by the Company on similar terms as those for producing properties.

The Company also leases office space that is owned by the Board of Directors. The office space is leased to the Company on terms reasonable for the same kind of office space in the area that it is located. The office space is 1,950 square feet with an unfinished basement of approximately 975 square feet.

PROPOSAL TWO: RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

Jones Simkins LLP served as the independent accountants for the Company for the year ended September 30, 2017. There have been no disagreements during the three fiscal years ended September 30, 2017, 2016 and 2015, or at any other time with Company's present or former independent public accountants. Management of the Company intends to continue with its selection of Jones Simkins LLP for the fiscal year ending September 30, 2018. A representative of Jones Simkins LLP is not expected to be present at the Meeting.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF JONES SIMKINS LLP AS THE COMPANY'S ACCOUNTANTS.

PROPOSAL THREE: OTHER BUSINESS

The Company has not received any shareholder proposals for this Annual Meeting. The Board of Directors knows of no other business, other than stated in this Proxy Statement, to be presented for the action at the Annual Meeting. If other business is properly presented at the Meeting, however, which was not known, or did not become known to the Board a reasonable time before the solicitation, then the person designated in the enclosed Proxy will vote, or refrain from voting, in accordance with his best judgment.

STOCKHOLDER PROPOSALS

Stockholders may submit proposals on matters appropriate for stockholder action at the Company's annual meetings. For such proposals to be considered for inclusion in the Proxy Statement and form of proxy relating to the 2019 annual meeting, the Company must receive them not later than September 30, 2018 or such later date as the Company may specify. Such proposals should be addressed to the Company's office at 1206 W. South Jordan Parkway, Unit B, South Jordan, Utah 84095-5512

INFORMATION ABOUT THE COMPANY

DESCRIPTION OF BUSINESS

The Company has focused its efforts over the years in acquiring oil and gas properties from other companies, selling producing wells and acquiring new oil and gas leases for the purpose of exploring for oil and gas. Leases have also been acquired over the years for the purpose of reselling them at a profit to other oil and gas companies.

The Company presently does not own any operated properties having disposed of its last operated wells. The Company's production income in oil and gas is derived from properties in which it owns a non-operated working interest, or an overriding royalty interest.

The Company's primary overriding royalty income is from the Hunter Mesa Unit and Grass Mesa Units in Garfield County, Colorado. The Company's overriding royalty interest although less than a half of a percent in both the Hunter Mesa Unit and the Grass Mesa Unit accounts for the majority of the Company's royalty income since the Units contain several hundred wells. An overriding royalty interest is an interest in a well that receives a percentage of the production from a well without paying any operation expenses.

The Company over the last few years has focused most of its exploration efforts in the Rocky Mountain area, and in acquiring leasehold positions in trend areas of existing production. Prior to leasing an area a geological review of the prospective area is made by the Company's staff to determine the potential for oil and gas. If an area is determined to have promise the Company will attempt to acquire oil and gas leases over the prospective area. The Company will then acquire geophysical data (generally seismic and gravity data) to further evaluate the area. After the evaluation of the geophysical data, if the area appears to contain significant accumulations of oil and gas in the Company's opinion for the area, the Company will market a drilling program to outside investors covering the Company's leases or sell the leases with the Company retaining an overriding royalty interest. Significant accumulations cannot be quantified because it depends on many factors such as how much it costs to drill and complete wells in a certain area, how close the wells are to pipelines, what the price of oil or gas is, how accessible the area is, whether the project is a developmental or wildcat project, what the cost of oil and gas leases are in an area, the type of return investors are seeking at that time in the different exploration areas, and many other geological, geophysical and other considerations.

When the Company markets a drilling program it sells its oil and gas leases over the prospect area along with usually retaining an overriding royalty interest in the leases sold. A drilling program will generally allow the Company to recoup its investment in the area with the Company also retaining an ongoing interest in new wells to be drilled in the area.

The Company markets its drilling programs to other industry partners. Drilling programs have been marketed by placing ads in industry journals, attending trade shows and by traveling to the office of prospective partners. In the past, the Company has sold drilling programs to major oil companies and large independents and occasionally to individuals.

The Company was organized on October 16, 1980 under the laws of the State of Utah. The Company's principal place of business is located at 1206 West South Jordan Parkway, Unit B, South Jordan, Utah 84095-5512. The Company's telephone number is (801) 566-3000 and the Company's fax number is (801) 446-5500. The Company has primarily been engaged in the acquisition and exploration of oil and gas properties in Utah, Wyoming, Colorado and Nevada.

RECENT DEVELOPMENTS:

During the last year, the Company has been focusing on obtaining prospects for the exploration of oil and gas and continuing its non-operated wells. The Company has also cut costs dramatically in the last year because of low oil and gas prices. During the last fiscal year ended September 30th, 2017, and to the present, the Company has engaged in the evaluation of many of its leases and focused on new areas of development. In the last year the Company has purchased leases in Sevier County, Utah with the purpose of selling a drilling prospect that will contain about 10,000 acres. The Company is in the process of attempting to obtain seismic over the prospect.

The Company owns approximately 75% of about 28,622.11 acres within the State of Utah. Presently, the Company is actively marketing all the oil and gas leases it presently owns. The Company is also acquiring new oil and gas leases with the intention of selling them at a profit.

The Company has also acquired mineral interest in the States of Alaska, Pennsylvania and Wyoming of approximately 18,705,527 net acres with the majority of the acres in Alaska.

DESCRIPTION OF SECURITIES.

Qualification. The following statements constitute brief summaries of the Company's Articles of Incorporation and Bylaws. Such summaries do not purport to be fully complete and are qualified in their entirety by reference to the full text of the Articles of Incorporation and Bylaws of the Company.

Common Stock. The Company's Articles of Incorporation authorize it to issue up to 50,000,000 (fifty million) Shares of its Common Stock, which carry a par value of \$0.001 per Share.

Liquidation Rights. Upon liquidation or dissolution, each outstanding Common Share will be entitled to share equally in the assets of the Company legally available for the distribution to shareholders after the payment of all debts and other liabilities.

Dividend Rights. There are no limitations or restrictions upon the rights of the Board of Directors to declare dividends out of any funds legally available. The Company has declared and paid a dividend only once in the history of the Company. The Company declared a dividend of \$.80 per share to be paid to all shareholders of record of October 24, 2008. The dividend was paid to shareholders during November of 2008. Presently, the Company does not plan on, or anticipate paying a dividend for the foreseeable future. The Board of Directors initially will follow a policy of retaining earnings, if any, to finance the future growth of the Company or repurchase Company stock. Accordingly, future dividends, if any, will depend upon, among other considerations, the Company's need for working capital, its financial conditions at the time and considerations of purchasing Company stock.

Voting Rights. Holders of Common Shares of the Company are entitled to cast one vote for each share held at all shareholders meetings for all purposes.

Other Rights. Common Shares are not redeemable, have no conversion rights and carry no preemptive or other rights to subscribe to or purchase additional Common Shares in the event of a subsequent offering.

Transfer Agent. The Company's transfer agent is Standard Registrar & Transfer whose address is 440 East, 400 South, Salt Lake City, Utah 84111. The phone number of Standard Registrar & Transfer is (801) 571-8844.

The Securities and Exchange Commission has adopted Rule 15c-9 which established the definition of a "penny stock", for the purposes relevant to the Company, as any equity security that has a market price of less than \$5.00 per share, or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require: (i) that broker or dealer approve a person's account for transactions in penny stocks; and, (ii) the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person's account for transactions in penny stocks, the broker or dealer must (i) obtain financial information and investment experience objectives of the person; and (ii) make a reasonable determination that the transaction(s) in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks. The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prepared by the Commission relating to the penny stock market, which, in highlighted form, (i) sets forth the basis on which the broker or dealer made the suitability determination; and (ii) that the broker or dealer received a signed, written agreement from the investors prior to the transaction. Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and registered representative, current quotations for the securities and the rights and remedies available to an investor in case of fraud in penny stock transaction. Finally, monthly statements have to be sent disclosing recent price information for the penny stocks held in the account and information on the limited market in penny stocks.

SHARE INFORMATION

As of September 30, 2017, the Company had issued and outstanding 5,096,706 common shares held by approximately 60 holders of record.

There have been no cash dividends declared by the Company since its inception except for the dividend paid of \$.80 per share in November of 2008, to shareholders of record on October 24, 2008. Further, there are no restrictions that would limit the Company's ability to pay dividends on its common equity or that would be likely to do so in the future.

The Company effected a 1-for-2000 reverse stock split in September 2005 and the repurchase of all resulting fractional shares, followed immediately by a 2000-for-1 forward stock split of the Company's common shares ("Stock Splits"). As a result of the Stock Splits, each shareholder owning fewer than 2000 common shares of the Company immediately before the Stock Splits received \$1.50 in cash, without interest, for each of the Company's common shares owned by such shareholder immediately prior to the Stock Splits and is no longer a shareholder of the Company and each shareholder owning 2000 or more common shares immediately before the Stock Splits received 2000 Common Shares after the Stock Splits in exchange for each lot of 2000 Common Shares held before the Stock Splits. Any additional Common Shares held other than in a 2000 share lot were canceled and exchanged for \$1.50 in cash per share. After the Stock Splits the Company delisted from registration with the Securities and Exchange Commission and the Company now trades on the Pink Sheets ® and is no longer a fully reporting company.

The Company also made a tender offer to all shareholders of record during the Summer of 2012 wherein the Company offered to purchase all shares owned by shareholders other than officers and directors for One Dollar per share. In conjunction with the tender offer and other private party purchases the Company made later, the Company acquired over one million eight hundred thousand shares from the previous year and cancelled the shares thereby reducing the number of issued and outstanding shares of the Company.

On July 1, 2015, the Company announced the retirement of Don J. Colton as President and Treasurer of the Company. The Company's ESOP plan purchased 993,579 common shares in the ESOP from Don J. Colton at One Dollar per share. Purchases by the ESOP are funded from loans by the Company. The Company has also acquired all the shares held by a major shareholder in the Company which consisted of 559,296 shares for a purchase price of seventy-five cents per share. Upon the purchase of these shares they were cancelled by the Company thereby reducing the total issued and outstanding shares of the Company.

COMMON SHARE REPURCHASE INFORMATION

The Company has in the past repurchased shares of the Company's stock and plans to continue to buy Common Shares in the Company as it deems feasible from time to time and management is authorized by the Board of Directors to purchase up to the remaining Common Shares owned by shareholders that are not officers or directors of the Company on terms and conditions determined by management. Anyone desiring to sell Common Shares is encouraged to contact the Company directly to inquire whether the Company would purchase their shares. Any shares purchased directly by the Company with the shareholder will be without a commission. The Company makes no promise of repurchasing a shareholder's stock at a given time since any decision will be based upon the Company's financial condition and working capital requirements

along with the market price of the stock taken into consideration. However, in the past the Company has been acquiring shares offered by shareholders at the current ask price or above.

AVAILABLE INFORMATION

The Company is no longer subject to the information requirements of the Exchange Act since it delisted by the end of calendar year 2005. Since the Company is no longer required to file with the SEC the reports provided to the shareholder's may not contain some of the information as before because the Company is no longer under an obligation to provide the information. The Company is having its financial statements posted on its website of www.piol.com.

The Company will provide without charge upon the written or oral request of any person to whom this Proxy Statement is delivered, by first class mail or other equally prompt means within one business day of receipt of such request, a copy of reports posted on its website, proxy statements and other information provided to shareholders. You may obtain a copy of these documents and any amendments thereto by written request addressed to Pioneer Oil and Gas, 1206 W. South Jordan Parkway, Unit B, South Jordan, Utah 84095.

LEGAL PROCEEDINGS.

The Company may become or is subject to investigations, claims, or lawsuits ensuing out of the conduct of its business, including those related to tax and title issues, environmental safety and health, commercial transactions etc. The Company is currently not aware of any such items, which it believes could have a material adverse affect on its financial position.

FINANCIAL AND OTHER INFORMATION

The audited financial statements regarding the Company for the fiscal year ended September 30, 2017, are presented in the Appendix following the Proxy Statement and the six month statement for the period ending March 31, 2018. A summary of selected financial data, and the information contained in the disclosures entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations", are presented below.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

RESULTS OF OPERATIONS –2017 Compared to 2016

Total revenue for fiscal year 2017 was \$374,994 as compared to total revenue for fiscal year 2016 of \$414,698. Costs of operations decreased from \$18,798 in 2016 to \$18,450 in 2017. This item includes all well operating expenses and any amounts paid to employees and other interest owners for their interest in producing properties.

General and administrative costs decreased from \$370,903 in fiscal 2016 to \$287,443 in 2017.

The Company's total stockholders' equity decreased in 2017 from \$1,430,569 in 2016 to \$956,249 in 2017. Net loss increased from a net income of \$326,915 in 2016 to a net loss of

(\$109,230) in 2017. Net income per share changed from a net gain per share of \$0.06 in 2016 to a net loss per share of (\$0.02) in fiscal 2017.

LIQUIDITY AND CAPITAL RESOURCES

Historically the Company has funded operations primarily from earnings and bank borrowing. As of September 30, 2017 the Company had working capital of \$797,237. Because of its relatively high working capital in relation to its total assets the Company decided to discontinue its credit line and not pay the associated fees after 2008.

During fiscal 2017 net cash provided by operating activities was (\$42,121) while cash provided by investing activities was (\$15,938). Net cash used in financing activities was (419,472) for fiscal 2017. There was a net decrease in cash of \$477,531 as cash decreased from \$843,477 to \$365,946.

OIL AND GAS PROPERTIES

The Company, as of the date of this proxy statement, is the owner of several oil and gas properties located throughout the Rocky Mountain Region. The Company no longer operates any oil and gas wells but receives its income from non-operating working interests and royalty interests. The standardized measure of discounted future net cash flows (before income taxes) of all the Company's properties as of September 30, 2016 was \$405,000. For fiscal year 2017 no standardized measure of discounted future net cash flows was provided by the Company.

INCOME TAXES

As of September 30, 2017, the Company had net operating loss carry forwards of approximately \$3,980,000. Because of the carry forwards the Company is currently not making estimated quarterly tax payments.

THE COMPANY UNDERTAKES TO PROMPTLY FURNISH (WITHOUT CHARGE EXCEPT AS TO THE EXHIBITS IF REQUESTED THAT INCLUDE ARTICLES OF INCORPORATION, BYLAWS, AND LETTER FROM PETROLEUM ENGINEER) A COPY OF ITS FINANCIAL STATEMENTS, TO ANY SHAREHOLDER OF RECORD UPON WRITTEN REQUEST, WHICH SHALL ALSO INCLUDE A GOOD FAITH REPRESENTATION THAT, AS OF JUNE 7, 2018, THE PERSON MAKING THE REQUEST WAS THE BENEFICIAL OWNER OF COMMON STOCK OF THE COMPANY ENTITLED TO VOTE AT THE ANNUAL MEETING.

BY ORDER OF THE BOARD OF DIRECTORS:

By: Gregg B. Colton
Chairman of the Board of Directors,
And President

PIONEER OIL AND GAS

PIONEER OIL AND GAS
FINANCIAL STATEMENTS

September 30, 2017 and 2016



PIONEER OIL AND GAS
INDEX TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and
Stockholders of Pioneer Oil and Gas
South Jordan, Utah

We have audited the accompanying financial statements of Pioneer Oil and Gas (the Company), which comprise the balance sheets as of September 30, 2017 and 2016, and the related statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pioneer Oil and Gas as of September 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on oil and gas operations is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



JONES SIMKINS LLC

Logan, Utah

February 6, 2018

PIONEER OIL AND GAS
BALANCE SHEETS
September 30, 2017 and 2016

| <u>ASSETS</u> | <u>2017</u> | <u>2016</u> |
|---|-------------|-------------|
| Current assets: | | |
| Cash | \$ 365,946 | 843,477 |
| Investments, available for sale | 71,639 | 64,877 |
| Receivables | 42,055 | 32,593 |
| Resale leases, at lower of cost or market | 345,945 | 335,633 |
| Deferred income taxes | 8,000 | 37,000 |
| Total current assets | 833,585 | 1,313,580 |
| Property and equipment, net | 120,434 | 114,759 |
| Other assets | 2,230 | 2,230 |
| Total assets | \$ 956,249 | 1,430,569 |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| Current liabilities: | | |
| Payables and accrued expenses | \$ 36,348 | 50,526 |
| Total current liabilities | 36,348 | 50,526 |
| Asset retirement obligation | 4,792 | 3,916 |
| Total liabilities | 41,140 | 54,442 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, par value \$.001 per share, 50,000,000 shares authorized; 5,098,706 and 5,658,002 shares issued and outstanding, respectively | 5,099 | 5,658 |
| Stock subscription receivable | (118,364) | (139,407) |
| Note receivable from employee stock ownership plan | (1,013,512) | (1,003,477) |
| Accumulated other comprehensive loss | (15,885) | (72,561) |
| Retained earnings | 2,057,771 | 2,585,914 |
| Total stockholders' equity | 915,109 | 1,376,127 |
| | \$ 956,249 | 1,430,569 |

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

PIONEER OIL AND GAS
STATEMENTS OF OPERATIONS
Years Ended September 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|----------------------------|-------------------------|
| Revenue: | | |
| Oil and gas revenue | \$ 98,499 | 113,208 |
| Royalty revenue | <u>276,495</u> | <u>301,490</u> |
| | <u>374,994</u> | <u>414,698</u> |
| Costs and expenses: | | |
| Cost of operations | 18,450 | 18,798 |
| General and administrative expenses | 287,443 | 370,903 |
| Exploration costs | 64,378 | 101,942 |
| Lease rentals | 43,307 | 36,666 |
| Loss on abandonment and impairment of resale leases | 1,139 | 41,918 |
| Depreciation, depletion and amortization | <u>8,361</u> | <u>150,285</u> |
| | <u>423,078</u> | <u>720,512</u> |
| Loss from operations | <u>(48,084)</u> | <u>(305,814)</u> |
| Other income (expense): | | |
| Interest income | 15,863 | 76,213 |
| Impairment of investments, available for sale | (81,541) | - |
| Other | <u>4,532</u> | <u>6,516</u> |
| Net other income (expense) | <u>(61,146)</u> | <u>82,729</u> |
| Loss before benefit from income taxes | (109,230) | (223,085) |
| Benefit from income taxes | <u>-</u> | <u>(550,000)</u> |
| Net income (loss) | <u><u>\$ (109,230)</u></u> | <u><u>326,915</u></u> |
| Net income (loss) per common share: | | |
| Basic | <u><u>\$ (0.02)</u></u> | <u><u>0.06</u></u> |
| Diluted | <u><u>\$ (0.02)</u></u> | <u><u>0.06</u></u> |
| Weighted average common shares: | | |
| Basic | <u><u>5,173,000</u></u> | <u><u>5,658,000</u></u> |
| Diluted | <u><u>5,173,000</u></u> | <u><u>5,658,000</u></u> |

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

PIONEER OIL AND GAS
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Years Ended September 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|--------------------|----------------|
| Net income (loss) | \$ (109,230) | 326,915 |
| Other comprehensive income: | | |
| Unrealized holding gain, net of tax effect | <u>56,676</u> | <u>1,089</u> |
| Comprehensive income (loss) | <u>\$ (52,554)</u> | <u>328,004</u> |

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

PIONEER OIL AND GAS
STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended September 30, 2017 and 2016

| | Common Stock | | Stock | Note | Accumulated | Retained | |
|--|------------------|-----------------|---------------------|-----------------------|--------------------|---------------------|-------------------|
| | Shares | Amount | Subscription | Receivable | Other | Earnings | Total |
| | | | Receivable | from ESOP | Comprehensive | | |
| | | | | | Loss | | |
| Balance at October 1, 2015 | 5,660,002 | \$ 5,660 | \$ (167,496) | \$ (993,579) | \$ (73,650) | \$ 2,259,597 | \$ 1,030,532 |
| Net income | - | - | - | - | - | 326,915 | 326,915 |
| Unrealized holding gain, net of tax effects | - | - | - | - | 1,089 | - | 1,089 |
| Purchase and retirement of common stock | (2,000) | (2) | - | - | - | (598) | (600) |
| Accrued interest on note receivable from employee stock ownership plan | - | - | - | (9,898) | - | - | (9,898) |
| Payments on stock subscription receivable | - | - | 28,089 | - | - | - | 28,089 |
| Balance at September 30, 2016 | 5,658,002 | 5,658 | (139,407) | (1,003,477) | (72,561) | 2,585,914 | 1,376,127 |
| Net loss | - | - | - | - | - | (109,230) | (109,230) |
| Unrealized holding gain, net of tax effects | - | - | - | - | 56,676 | - | 56,676 |
| Purchase and retirement of common stock | (559,296) | (559) | - | - | - | (418,913) | (419,472) |
| Accrued interest on note receivable from employee stock ownership plan | - | - | - | (10,035) | - | - | (10,035) |
| Payments on stock subscription receivable | - | - | 21,043 | - | - | - | 21,043 |
| Balance at September 30, 2017 | <u>5,098,706</u> | <u>\$ 5,099</u> | <u>\$ (118,364)</u> | <u>\$ (1,013,512)</u> | <u>\$ (15,885)</u> | <u>\$ 2,057,771</u> | <u>\$ 915,109</u> |

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

PIONEER OIL AND GAS
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|----------------|
| <u>Cash flows from operating activities:</u> | | |
| Net income (loss) | \$ (109,230) | 326,915 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Impairment of investments, available for sale | 81,541 | - |
| Depreciation, depletion and amortization | 8,361 | 150,285 |
| Accretion expense | 151 | 144 |
| Employee benefit plan expense | 22,393 | 29,756 |
| Interest income | (11,385) | (11,565) |
| (Increase) decrease in: | | |
| Receivables | (9,462) | 6,070 |
| Resale leases and mineral interests | (10,312) | (57,806) |
| Decrease in: | | |
| Payables and accrued expenses | <u>(14,178)</u> | <u>(2,135)</u> |
| Net cash provided by (used in) operating activities | <u>(42,121)</u> | <u>441,664</u> |
| <u>Cash flows from investing activities:</u> | | |
| Purchases of investments, available for sale | (2,627) | (3,060) |
| Purchase of property and equipment | <u>(13,311)</u> | <u>(447)</u> |
| Net cash used in investing activities | <u>(15,938)</u> | <u>(3,507)</u> |
| <u>Cash flows from financing activities:</u> | | |
| Purchase and retirement of common stock | <u>(419,472)</u> | <u>(600)</u> |
| Net cash used in financing activities | <u>(419,472)</u> | <u>(600)</u> |
| Net increase (decrease) in cash | (477,531) | 437,557 |
| Cash, beginning of year | <u>843,477</u> | <u>405,920</u> |
| Cash, end of year | <u>\$ 365,946</u> | <u>843,477</u> |

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

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

The Company is incorporated under the laws of the state of Utah and is primarily engaged in the business of acquiring, developing, producing and selling oil and gas properties to companies located in the continental United States.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

The Company classifies its investments as “available for sale” and are carried in the financial statements at fair value. Realized gains and losses, determined using the specific identification method, are included in operations; unrealized holding gains and losses are reported as a separate component of accumulated other comprehensive income (loss). Declines in fair value below cost that are other than temporary are included in operations.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Financial instruments which potentially subject the Company to concentration of credit risk consist primarily of accounts receivable. In the normal course of business, the Company provides credit terms to its customers. Accordingly, the Company performs ongoing credit evaluations of its customers and maintains allowances for possible losses which, when realized, have been within the range of management’s expectations.

Resale Leases

The Company capitalizes the costs of acquiring oil and gas leaseholds held for resale, including lease bonuses and any advance rentals required at the time of assignment of the lease to the Company. Advance rentals paid after assignment are charged to expense as carrying costs in the period incurred. Costs of oil and gas leases held for resale are valued at lower of cost or net realizable value and included in current assets since they could be sold within one year, although the holding period of individual leases may be in excess of one year. The cost of oil and gas leases sold is determined on a specific identification basis.

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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

Accounts Receivable

Accounts receivable are recorded when oil and gas is delivered and are presented net of the allowance for doubtful accounts and are generally unsecured. Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest although a finance charge may be applied to such receivables that are more than thirty days past due. Accounts receivable are periodically evaluated for collectability based on past credit history with customers. Provisions for losses on accounts receivable are determined based on loss experience, known and inherent risk in the account balance, current economic conditions, and the financial stability of customers.

Oil and Gas Producing Activities

The Company utilizes the successful efforts method of accounting for its oil and gas producing activities. Under this method, all costs associated with productive exploratory wells and productive or nonproductive development wells are capitalized while the costs of nonproductive exploratory wells are expensed.

If an exploratory well finds oil and gas reserves, but a determination that such reserves can be classified as proved is not made after one year following completion of drilling, the costs of drilling are charged to operations. Indirect exploratory expenditures, including geophysical costs and annual lease rentals are expensed as incurred. Unproved oil and gas properties that are individually significant are periodically assessed for impairment of value and a loss is recognized at the time of impairment by providing an impairment allowance. Other unproved properties are amortized based on the Company's experience of successful drillings and average holding period. Capitalized costs of producing oil and gas properties, after considering estimated dismantlement and abandonment costs and estimated salvage values, are depreciated and depleted by the units-of-production method. Support equipment and other property and equipment are depreciated over their estimated useful lives.

On the sale or retirement of a complete unit of a proved property, the cost and related accumulated depreciation, depletion and amortization are eliminated from the property accounts, and the resultant gain or loss is recognized. On the retirement or sale of a partial unit of proved property, the cost is charged to accumulated depreciation, depletion and amortization with a resulting gain or loss recognized in income.

On the sale of an entire interest in an unproved property for cash or cash equivalent, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property has been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained.

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are expensed when incurred and betterments are capitalized. When assets are sold, retired or otherwise disposed of the applicable costs and accumulated depreciation, depletion and amortization are removed from the accounts, and the resulting gain or loss is reflected in operations.

Long-Lived Assets

The Company evaluates its long-lived assets in accordance with Accounting Standards Codification (ASC) Topic 360. Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets and is recorded in the period in which the determination was made.

Revenue Recognition

Revenue is recognized from oil sales at such time as the oil is delivered to the buyer. Revenue is recognized from gas sales when the gas passes through the pipeline at the well head. Revenue from overriding royalty interests is recognized when earned.

The Company does not have any gas balancing arrangements.

Use of Estimates in the Preparation of Financial Statements

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

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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

Income Taxes

The Company files Federal and state income tax returns in states in which it operates. Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred taxes are classified as current or noncurrent, depending on the classification of the assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or noncurrent depending on the periods in which the temporary differences are expected to reverse. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

The Company considers many factors when evaluating and estimating its tax positions and tax benefits. Tax positions are recognized only when it is more likely than not (likelihood of greater than 50%), based on technical merits, that the positions will be sustained upon examination. Reserves are established if it is believed certain positions may be challenged and potentially disallowed. If facts and circumstances change, reserves are adjusted through income tax expense. The Company recognizes interest expense and penalties related to unrecognized tax benefits in the provision for income taxes.

Earnings Per Share

The computation of basic earnings per common share is based on the weighted average number of shares outstanding during each year.

The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus the common stock equivalents which would arise from the exercise of stock options and warrants outstanding using the treasury stock method and the average market price per share during the year. Common stock equivalents are not included in the diluted earnings per share calculation when their effect is antidilutive. Common stock equivalents that could potentially dilute earnings per share are common stock options.

Presentation of Sales and Similar Taxes

Sales tax on revenue-producing transactions is recorded as a liability when the sale occurs.

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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

Stock-Based Compensation

The Company has stock-based employee compensation plans, which are described more fully in Note 14. The Company accounts for stock-based compensation in accordance with ASC Topic 718. This topic requires the Company to recognize compensation cost based on the grant date fair value of options granted. During the years ended September 30, 2017 and 2016 the Company recognized no compensation related to stock.

Note 2 – Detail of Certain Balance Sheet Accounts

As of September 30, 2017 and 2016, receivables consist of amounts due on oil and gas sales of \$42,055 and \$32,593, respectively.

As of September 30, 2017 and 2016, payables and accrued expenses consist of the following:

| | <u>2017</u> | <u>2016</u> |
|------------------|------------------|---------------|
| Accounts payable | \$ 5,720 | 1,204 |
| Accrued expenses | <u>30,628</u> | <u>49,322</u> |
| | <u>\$ 36,348</u> | <u>50,526</u> |

Note 3 – Investments

Investments, classified as available for sale, are recorded at fair value and consist of the following:

| | <u>2017</u> | <u>2016</u> |
|----------------------------|------------------|------------------|
| Investments, at cost | \$ 95,524 | 174,438 |
| Unrealized holding loss | <u>(23,885)</u> | <u>(109,561)</u> |
| Investments, at fair value | <u>\$ 71,639</u> | <u>64,877</u> |

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

Note 3 – Investments (continued)

Changes in the unrealized holding loss on investments classified as available for sale and reported as a separate component of accumulated other comprehensive loss are as follows:

| | <u>2017</u> | <u>2016</u> |
|----------------------------|--------------------|-----------------|
| Balance, beginning of year | \$ (72,561) | (73,650) |
| Unrealized holding gain | 85,676 | 2,089 |
| Deferred income taxes | <u>(29,000)</u> | <u>(1,000)</u> |
| Balance, end of year | <u>\$ (15,885)</u> | <u>(72,561)</u> |

Note 4 – Fair Value Measurements

The Company's investments are reported at fair value in the accompanying balance sheets. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Company follows a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company uses the following valuation techniques to measure fair value for its assets and liabilities:

Level 1 - Quoted market prices in active markets for identical assets or liabilities;

Level 2 - Significant other observable inputs (e.g. quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs);

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

Note 4 – Fair Value Measurements (continued)

Level 3 - Unobservable inputs for the asset or liability, which are valued based on management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following tables provide financial assets carried at fair value:

| | | September 30, 2017 | | |
|----------------------------|----|--------------------|-------------|--------|
| | | Level 1 | Level 2 & 3 | Total |
| Common stocks | \$ | 68,846 | - | 68,846 |
| Mutual funds | | 2,793 | - | 2,793 |
| Total assets at fair value | \$ | 71,639 | - | 71,639 |

| | | September 30, 2016 | | |
|----------------------------|----|--------------------|-------------|--------|
| | | Level 1 | Level 2 & 3 | Total |
| Common stocks | \$ | 62,238 | - | 62,238 |
| Mutual funds | | 2,639 | - | 2,639 |
| Total assets at fair value | \$ | 64,877 | - | 64,877 |

Valuation Methodologies

The fair value of common stocks is based on the closing price reported on the active market on which the individual securities are traded. The fair value of mutual funds is based on the quoted net asset value or unit cost of the shares held by the Company at year end.

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

Note 5 – Property and Equipment

Property and equipment consists of the following:

| | <u>2017</u> | <u>2016</u> |
|--|--------------------------|-----------------------|
| Oil and gas properties (successful efforts method) | \$ 402,924 | 389,613 |
| Office furniture and equipment | 56,996 | 56,996 |
| Capitalized asset retirement cost | <u>2,805</u> | <u>2,080</u> |
| | 462,725 | 448,689 |
| Less accumulated depreciation, depletion and amortization | <u>(342,291)</u> | <u>(333,930)</u> |
| | <u><u>\$ 120,434</u></u> | <u><u>114,759</u></u> |

Note 6 – Asset Retirement Obligation

The Company has an obligation to plug and abandon certain oil and gas wells it owns. Accordingly, a liability has been established equal to the obligation.

The following is a reconciliation of the aggregate retirement liability associated with the Company's obligation to plug and abandon its oil and gas properties:

| | <u>2017</u> | <u>2016</u> |
|----------------------------|------------------------|---------------------|
| Balance, beginning of year | \$ 3,916 | 3,772 |
| Increase in obligations | 725 | - |
| Accretion expense | <u>151</u> | <u>144</u> |
| Balance, end of year | <u><u>\$ 4,792</u></u> | <u><u>3,916</u></u> |

Note 7 – Stock Subscription Receivable

The stock subscription receivable consists of a one percent receivable due from the Company's employee stock ownership plan (ESOP). The receivable is reduced every six months by the amount of the obligation owed by the Company to the ESOP, less interest (see Note 15). During the years ended September 30, 2017 and 2016, the Company recognized \$1,350 and \$1,667 of interest income related to this note.

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

Note 8 – Note Receivable from the ESOP

During the year ended September 30, 2016, the Company advanced \$993,579 to the ESOP in exchange for an unsecured note receivable bearing interest at 1%, with no specific repayment terms. The proceeds of the note were used by the ESOP to acquire 993,579 ESOP shares held by an owner of the Company. As of September 30, 2017 and 2016, the balance owed the Company by the ESOP, including accrued interest, was \$1,013,512 and \$1,003,477, respectively. During the years ended September 30, 2017 and 2016, the Company recognized \$10,035 and \$9,898 of interest income related to this note.

Note 9 – Income Taxes

The provision for income taxes differs from the amount computed at statutory rates as follows:

| | <u>2017</u> | <u>2016</u> |
|---|--------------|------------------|
| Federal benefit at statutory rate | \$ (32,000) | (76,000) |
| State benefit, net of federal effect | (4,000) | (7,000) |
| Change in valuation allowance | 27,000 | 76,000 |
| Federal refund due to income tax position previously taken | - | (550,000) |
| Other | <u>9,000</u> | <u>7,000</u> |
| | <u>\$ -</u> | <u>(550,000)</u> |

Deferred tax assets (liabilities) are comprised of the following:

| | <u>2017</u> | <u>2016</u> |
|---|--------------------|--------------------|
| Net operating loss carryforward | \$ 1,561,000 | 1,529,000 |
| Intangible drilling costs and depletion | (25,000) | (20,000) |
| Unrealized holding loss on investments | 8,000 | 37,000 |
| Asset retirement obligation | <u>1,000</u> | <u>1,000</u> |
| | 1,545,000 | 1,547,000 |
| Less valuation allowance | <u>(1,537,000)</u> | <u>(1,510,000)</u> |
| | <u>\$ 8,000</u> | <u>37,000</u> |

Presented in the financial statements at September 30, 2017 and 2016, as deferred income tax assets of \$8,000 and \$37,000, respectively.

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

Note 9 – Income Taxes (continued)

As of September 30, 2017, the Company has federal net operating loss (NOL) carryforwards of approximately \$4,066,000. If substantial changes in the Company's ownership should occur there would be an annual limitation of the amount of NOL carryforwards which could be utilized. Also, the ultimate realization of these carryforwards is due, in part, on the tax law in effect at the time, and future events, which cannot be determined.

Note 10 – Sales to Major Customers

The Company had oil and gas revenues to major customers during the years ended September 30, 2017 and 2016, which exceeded ten percent of total oil and gas revenues as follows:

| | <u>2017</u> | <u>2016</u> |
|-----------|-------------|-------------|
| Company A | \$ 273,897 | 299,161 |
| Company B | \$ 43,333 | - |

Note 11 – Related Party Transactions

The Company disburses revenue for several oil and gas properties in which employees, officers and other related and unrelated parties have a working or royalty interest. At September 30, 2017 and 2016 there were no related party balances included in accounts payable due to officers as a result of these activities. The Company also is a member in certain limited partnerships and the operator for certain joint ventures formed for the purpose of oil and gas exploration and development.

The Company leases its office space from certain officers of the Company on a month-to-month basis. The lease requires monthly rental payments of \$1,700 plus all expenses pertaining to the office space. Rent expense for the years ended September 30, 2017 and 2016 was approximately \$22,000 and \$22,000, respectively.

The Company has a stock subscription receivable and a note receivable from the ESOP (see Notes 7 and 8, respectively).

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

Note 12 – Supplemental Disclosures of Cash Flow Information

During the year ended September 30, 2017, the Company:

- Recorded an increase of investments of \$85,676, a change in unrealized holding gain of \$56,676, and a change in investment related deferred income taxes of \$29,000.
- Recorded capitalized asset retirement costs and asset retirement obligations of \$725 due to drilling activities.

During the year ended September 30, 2016, the Company:

- Recorded an increase of investments of \$2,089, a change in unrealized holding gain of \$1,089, and a change in investment related deferred income taxes of \$1,000.

For the years ended September 30, 2017 and 2016, no interest or income taxes was paid by the Company.

Note 13 – Fair Value of Financial Instruments

None of the Company's financial instruments, which are current assets and liabilities that could be readily traded, are held for trading purposes. Detail on investments is provided in Notes 3 and 4. The Company estimates that the fair value of all financial instruments at September 30, 2017 and 2016 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheet.

Note 14 – Stock Options

The Company has adopted a stock option plan (the Plan). Under the Plan, the Company may issue shares of the Company's common stock or grant options to acquire the Company's common stock from time to time to employees, directors, officers, consultants or advisors of the Company on the terms and conditions set forth in the Plan. The only activity over the last two years was the expiration of 30,000 options during the year ended September 30, 2016.

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

Note 15 – Stock Based Compensation

The following table summarizes information about common stock options outstanding at September 30, 2017:

| <u>Outstanding</u> | | | <u>Exercisable</u> | | |
|-----------------------|---------------------------|--|--|---------------------------|--|
| <u>Exercise Price</u> | <u>Number Outstanding</u> | <u>Weighted Average Remaining Contractual Life (Years)</u> | <u>Weighted Average Exercise Price</u> | <u>Number Exercisable</u> | <u>Weighted Average Exercise Price</u> |
| <u>\$0.55</u> | <u>240,000</u> | <u>3.86</u> | <u>\$0.55</u> | <u>240,000</u> | <u>\$0.55</u> |

Employee Stock Ownership Plan

The Company has adopted a noncontributory employee stock ownership plan (ESOP) covering all full-time employees who have met certain service requirements. It provides for discretionary contributions by the Company as determined annually by the Board of Directors, up to the maximum amount permitted under the Internal Revenue Code. The plan has received IRS approval under Section 401(A) and 501(A) of the Internal Revenue Code. Pension expense charged to operations for the years ended September 30, 2017 and 2016 was \$22,393 and \$29,756, respectively. All outstanding shares held by the ESOP are included in the calculation of earnings per share.

Note 16 – Employee Benefit Plan

The Company sponsors a 401(k) defined contribution plan that covers all eligible employees. The Company makes non-elective contributions on behalf of employees at the discretion of management. The amount contributed by the Company to the defined contribution plan for the year ended September 30, 2017 and 2016 was approximately \$22,000 and \$31,000, respectively.

PIONEER OIL AND GAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

Note 17 – Commitments and Contingencies

Limited Partnerships

The Company has an immaterial interest in a limited partnership drilling program and acts as the general partner. As the general partner, the Company is contingently liable for any obligations of the partnership and may be contingently liable for claims generally incidental to the conduct of its business as general partner. As of September 30, 2017, the Company is unaware of any such obligations or claims arising from this partnership.

Employment Agreements

The Company has entered into severance pay agreements with employees and officers of the Company who also serve as board members. Under the terms of the agreements, a board member who is terminated shall receive severance pay equal to the amount such board member received in salary and bonus for the two years prior to termination.

Litigation

The Company may become or is subject to investigations, claims or lawsuits ensuing out of the conduct of its business, including those related to environmental safety and health, commercial transactions, etc.

Note 18 – Subsequent Events

The Company evaluated its September 30, 2017 financial statements for subsequent events through February 6, 2018, the date the financial statements were available to be issued. Other than the event noted below, the Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

On December 22, 2017, the Tax Cuts and Jobs Act, which reduces the corporate tax rate to 21%, was signed into law. The enactment of this law requires companies, under ASC Topic 740, *Income Taxes*, to recognize the effects of changes in tax laws and rates on deferred tax assets and liabilities, and associated valuation allowances, in the period in which the new legislation is enacted. Therefore, the Company will be required to remeasure existing deferred tax assets and liabilities, and associated valuation allowances, and record the change in 2018, which is the period in which the law was enacted, as a component of income tax expense from continuing operations. We estimate that the related effect on the fiscal year 2018 financial statements will be a reduction of deferred taxes and an increase to net income of approximately \$3,000.

PIONEER OIL AND GAS
SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
September 30, 2017 and 2016

The information on the Company's oil and gas operations as shown in this schedule is based on the successful efforts method of accounting and is presented in conformity with the disclosure requirements of ASC Topic 932.

Capitalized Costs Relating to Oil and Gas Producing Activities

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|------------------|
| Proved oil and gas properties and related equipment | \$ 320,413 | 306,976 |
| Unproved oil and gas properties | 82,511 | 82,637 |
| Capitalized asset retirement cost | <u>2,805</u> | <u>2,080</u> |
| | 405,729 | 391,693 |
| Accumulated depreciation, depletion and amortization and valuation allowances | <u>(290,891)</u> | <u>(284,808)</u> |
| | <u>\$ 114,838</u> | <u>106,885</u> |

Costs Incurred in Oil and Gas Acquisition, Exploration and Development Activities

| | <u>2017</u> | <u>2016</u> |
|----------------------------|-------------|-------------|
| Acquisition of properties: | | |
| Proved | \$ - | - |
| Unproved | \$ - | - |
| Exploration costs | \$ - | - |
| Development costs | \$ 13,000 | 400 |

PIONEER OIL AND GAS
SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
September 30, 2017 and 2016

Results of Operations for Producing Activities

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|------------------|
| Oil and gas - revenues | \$ 374,994 | 414,698 |
| Production costs net of reimbursements | (61,757) | (55,464) |
| Exploration costs | (64,378) | (101,942) |
| Depreciation, depletion and amortization and valuation provisions | <u>(6,083)</u> | <u>(147,069)</u> |
| Net income before income taxes | 242,776 | 110,223 |
| Income tax provision | <u>83,000</u> | <u>37,000</u> |
| Results of operations from producing activities (excluding corporate overhead and interest costs) | <u>\$ 159,776</u> | <u>73,223</u> |

PIONEER OIL AND GAS
FINANCIAL STATEMENTS

March 31, 2018



PIONEER OIL AND GAS
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March 31, 2018

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors and
Stockholders of Pioneer Oil and Gas
South Jordan, Utah

Management is responsible for the accompanying financial statements of Pioneer Oil and Gas (a corporation), which comprise the balance sheet as of March 31, 2018, and the related statements of operations, comprehensive loss, and cash flows for the six month periods ended March 31, 2018 and 2017, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The balance sheet as of September 30, 2017, was audited by us, and we expressed an unmodified opinion on it in our report dated February 6, 2018, but we have not performed any auditing procedures since that date.

JONES SIMKINS LLC
Logan, Utah
May 31, 2018

PIONEER OIL AND GAS
BALANCE SHEETS

| <u>Assets</u> | March 31, 2018 (Compiled) | September 30, 2017 (Audited) |
|---|---------------------------------|------------------------------------|
| Current assets: | | |
| Cash | \$ 235,891 | 365,946 |
| Investments, available for sale | 75,647 | 71,639 |
| Receivables | 28,645 | 42,055 |
| Resale leases, at lower of cost or market | 453,934 | 345,945 |
| Deferred income taxes | - | 8,000 |
| | <hr/> | <hr/> |
| Total current assets | 794,117 | 833,585 |
| Property and equipment, net | 146,685 | 120,434 |
| Other assets | 2,230 | 2,230 |
| | <hr/> | <hr/> |
| | \$ 943,032 | 956,249 |
| | <hr/> <hr/> | <hr/> <hr/> |
| <u>Liabilities and Stockholders' Equity</u> | | |
| Current liabilities: | | |
| Payables and accrued expenses | \$ 29,105 | 36,348 |
| | <hr/> | <hr/> |
| Total current liabilities | 29,105 | 36,348 |
| Asset retirement obligation | 4,896 | 4,792 |
| | <hr/> | <hr/> |
| Total liabilities | 34,001 | 41,140 |
| | <hr/> | <hr/> |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, par value \$.001 per share, 50,000,000 shares authorized; 5,096,706 and 5,098,706 shares issued and outstanding, respectively | 5,097 | 5,099 |
| Stock subscription receivable | (112,150) | (118,364) |
| Note receivable from Employee Stock Ownership Plan | (1,018,580) | (1,013,512) |
| Accumulated other comprehensive loss | (15,286) | (15,885) |
| Retained earnings | 2,049,950 | 2,057,771 |
| | <hr/> | <hr/> |
| Total stockholders' equity | 909,031 | 915,109 |
| | <hr/> | <hr/> |
| | \$ 943,032 | 956,249 |
| | <hr/> <hr/> | <hr/> <hr/> |

See independent accountants' compilation report.

PIONEER OIL AND GAS
STATEMENTS OF OPERATIONS
Six Months Ended March 31, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|--------------------------|-------------------------|
| Revenue: | | |
| Oil and gas sales | \$ 56,406 | 43,237 |
| Royalty revenue | <u>110,469</u> | <u>103,299</u> |
| | <u>166,875</u> | <u>146,536</u> |
| Costs and expenses: | | |
| Cost of operations | 9,355 | 8,615 |
| General and administrative expenses | 136,054 | 177,621 |
| Exploration costs | 28,519 | 45,257 |
| Lease rentals | 3,733 | 10,447 |
| Loss on abandonment and impairment of resale leases | - | 1,139 |
| Depreciation, depletion and amortization | <u>3,923</u> | <u>4,090</u> |
| | <u>181,584</u> | <u>247,169</u> |
| Loss from operations | <u>(14,709)</u> | <u>(100,633)</u> |
| Other income: | | |
| Interest income | 7,711 | 7,727 |
| Other | <u>4,415</u> | <u>4,971</u> |
| | <u>12,126</u> | <u>12,698</u> |
| Loss before provision for income taxes | (2,583) | (87,935) |
| Provision for income taxes | <u>5,000</u> | <u>-</u> |
| Net loss | <u><u>\$ (7,583)</u></u> | <u><u>(87,935)</u></u> |
| Net loss per common share: | | |
| Basic | <u><u>\$ (0.00)</u></u> | <u><u>(0.02)</u></u> |
| Diluted | <u><u>\$ (0.00)</u></u> | <u><u>(0.02)</u></u> |
| Weighted average common shares: | | |
| Basic | <u><u>5,098,000</u></u> | <u><u>5,243,000</u></u> |
| Diluted | <u><u>5,098,000</u></u> | <u><u>5,243,000</u></u> |

See independent accountants' compilation report.

PIONEER OIL AND GAS
STATEMENTS OF COMPREHENSIVE LOSS
Six Months Ended March 31, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-----------------|
| Net loss | \$ (7,583) | (87,935) |
| Other comprehensive income: | | |
| Unrealized holding gain, net of tax effect | <u>599</u> | <u>2,032</u> |
| Comprehensive loss | <u>\$ (6,984)</u> | <u>(85,903)</u> |

See independent accountants' compilation report.

PIONEER OIL AND GAS
STATEMENTS OF CASH FLOWS
Six Months Ended March 31, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|------------------|
| <u>Cash flows from operating activities:</u> | | |
| Net loss | \$ (7,583) | (87,935) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation, depletion and amortization | 3,923 | 4,090 |
| Accretion expense | 104 | 76 |
| Employee benefit plan expense | 6,805 | 14,312 |
| Deferred income taxes | 5,000 | - |
| Interest income | (5,659) | (5,714) |
| (Increase) decrease in: | | |
| Receivables | 13,410 | 28,046 |
| Resale leases | (107,989) | (7,611) |
| Decrease in: | | |
| Payables and accrued expenses | <u>(7,243)</u> | <u>(23,020)</u> |
| Net cash used in operating activities | <u>(99,232)</u> | <u>(77,756)</u> |
| <u>Cash flows from investing activities:</u> | | |
| Purchase of investments, available for sale | (409) | (992) |
| Purchase of property and equipment | <u>(30,174)</u> | <u>-</u> |
| Net cash used in investing activities | <u>(30,583)</u> | <u>(992)</u> |
| <u>Cash flows from financing activities:</u> | | |
| Purchase and retirement of common stock | <u>(240)</u> | <u>(419,472)</u> |
| Net cash used in financing activities | <u>(240)</u> | <u>(419,472)</u> |
| Net decrease in cash | (130,055) | (498,220) |
| Cash, beginning of period | <u>365,946</u> | <u>843,477</u> |
| Cash, end of period | <u>\$ 235,891</u> | <u>345,257</u> |

See independent accountants' compilation report.

PIONEER OIL AND GAS
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION
Six Months Ended March 31, 2018 and 2017

During the six months ended March 31, 2018, the Company:

- Recorded an increase in investments of \$3,599, a change in unrealized holding loss of \$599, and a change in investment related deferred income taxes of \$3,000.

During the six months ended March 31, 2017, the Company:

- Recorded an increase in investments of \$3,032, a change in unrealized holding loss of \$2,032, and a change in investment related deferred income taxes of \$1,000.

See independent accountants' compilation report.