

PIONEER OIL AND GAS
FINANCIAL STATEMENTS

March 31, 2018



PIONEER OIL AND GAS
INDEX TO FINANCIAL STATEMENTS
March 31, 2018

	<u>Page</u>
Independent Accountants' Compilation Report	1
Balance Sheets	2
Statements of Operations	3
Statements of Comprehensive Loss	4
Statements of Cash Flows	5
Supplemental Disclosure of Cash Flow Information	6



Certified Public Accountants

www.jones-simkins.com

Logan Office:

1011 West 400 North, Suite 100
Logan, UT 84323-0747
Phone: (435) 752-1510 • (877) 752-1510
Fax: (435) 752-4878

Salt Lake City Office:

560 South 300 East, Suite 250
Salt Lake City, UT 84111
Phone: (801) 561-6026
Fax: (801) 561-2023

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

	March 31, 2018 (Compiled)	September 30, 2017 (Audited)
<u>Assets</u>		
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.