SECURITIES & EXCHANGE COMMISSION EDGAR FILING

West Texas Resources, Inc.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended December 31, 2016

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission file number: 333-178437

West Texas Resources, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**99-0365272**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification no.)

5729 Lebanon Road, Suite 144
Frisco, Texas 75034
(Address of principal executive offices, including zip code)

(972) 712-2154
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act):

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of March 22, 2017, there were outstanding 17,168,908 shares of the common stock of West Texas Resources, Inc.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

West Texas Resources, Inc.

CONSOLIDATED BALANCE SHEETS

	December 31, 2016 (Unaudited)	September 30, 2016
ASSETS		
Current Assets		
Cash	$ 11,358	$ 13,209
Refundable Deposit	10,000	–
Total Current Assets	21,358	13,209
Equipment	13,200	13,200
Oil and gas properties, using successful efforts accounting	417,433	267,433
TOTAL ASSETS	$ 451,991	$ 293,842
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accrued expenses	$ 130,416	$ 148,165
Payroll liabilities	25,750	4,000
Investment payable	13,600	13,600
Lease payable	5,000	5,000
Equipment loan	6,000	6,000
Asset retirement obligation	10,000	10,000
Shareholder advances	37,102	13,442
Other payable	54,306	48,009
Total Current Liabilities	282,174	248,216
Commitments and Contingencies	–	–
Shareholders' Equity		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	–	–
Common stock, $0.001 par value; 200,000,000 shares authorized;16,844,908 and 14,515,400 shares issued and outstanding at December 31, 2016 and December 31, 2015, respectively	16,845	16,290
Additional paid-in capital	2,783,310	2,609,056
Common stock issuable	37,900	25,000
Accumulated deficit	(2,668,238)	(2,604,720)
Total Shareholders' Equity	169,817	45,626
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 451,991	$ 293,842

See accompanying notes to these consolidated financial statements

West Texas Resources, Inc.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended December 31, 2016	For the Three Months Ended December 31, 2015
Revenues		
Oil and gas sales	$ 216	$ –
General and administrative expenses	60,470	65,930
Operating Loss	(60,254)	(65,930)
Other income (expenses)		
Interest expense	(3,264)	(511)
Loss Before Income Taxes	(63,518)	(66,441)
Tax provision	–	–
Net Loss	$ (63,518)	$ (66,441)
Loss per share		
Basic and diluted weighted average number of common shares outstanding	16,350,897	14,515,400
Basic and diluted net loss per share	$ (0.00)	$ (0.00)

See accompanying notes to these consolidated financial statements

West Texas Resources, Inc.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended December 31,	
	2016	2015
Cash flows from operating activities		
Net loss	$ (63,518)	$ (66,441)
Adjustments to reconcile net loss to net cash from operating activities:		
Stock-based compensation	8,309	9,739
Changes in operating assets and liabilities:		
Refundable deposits	(10,000)	–
Payroll liabilities	21,750	(978)
Other payable	6,297	9,207
Accrued expenses	(17,749)	(8,474)
Net cash used in operating activities	(54,911)	(56,947)
Cash flows from financing activities		
Proceeds from sale of common stock	29,400	–
Shareholder advances	23,660	(3,000)
Net cash provided by (used in) financing activities	53,060	(3,000)
Net (decrease) in cash	(1,851)	(59,947)
Cash, beginning of period	13,209	142,762
Cash, end of period	$ 11,358	$ 82,815
Supplemental cash flow disclosure:		
Interest paid	$ 3,264	$ 511
Income taxes paid	$ –	$ –
Supplemental disclosure of non-cash transactions:		
Common stock issued for investments in oil and gas properties	$ 150,000	$ –

See accompanying notes to these consolidated financial statements

1. Organization and Summary of Significant Accounting Policies

Organization and business

West Texas Resources, Inc. (the "Company") was incorporated under the laws of Nevada on December 9, 2010 under the name Texas Resources Energy, Inc., a Texas corporation. On June 30, 2011, the Company changed its name to West Texas Resources, Inc. The Company intends to engage in the acquisition, exploration and development of oil and gas properties in North America. From its inception, the Company has devoted its activities to developing a business plan, raising capital and acquiring operating assets. On August 5, 2016, the Company formed a wholly owned subsidiary in the State of Texas, WTXR Operating (Texas) Inc., to operate oil and gas wells in Texas. This subsidiary was incorporated to operate oil and gas wells in which West Texas Resources, Inc. owns interests. The subsidiary will begin with the operation of several leases in South Texas and a lease in East Texas, with operations to begin after the year ended September 30, 2016.

Going concern

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) that contemplate continuation of the Company as a going concern. The Company has not earned any significant revenues since inception. During the three months ended December 31, 2016 and 2015, the Company incurred a net loss of $63,518 and $66,441, respectively. In addition, the Company had an accumulative deficit of $2,668,238 and $2,446,773, as of September 30, 2016 and September 30, 2015, respectively. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company will require up to $1 million of additional capital in order to fund its proposed operations over the next 12 months. Management plans to continue to seek sources of financing on favorable terms; however, there are no assurances that any such financing can be obtained on favorable terms, if at all. Management expects to monitor and control the Company's operating costs until cash is available through financing or operating activities. There are no assurances that the Company will be successful in achieving these plans. The Company anticipates that losses will continue until such time, if ever, as the Company is able to generate sufficient revenues to support its operations.

Oil and gas properties

The Company uses the successful efforts method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells that find proved reserves, to drill and equip development wells and related asset retirement costs are capitalized. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed.

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 drilling and average holding period. Capitalized costs of producing oil and gas properties, after considering estimated residual salvage values, are depreciated and depleted by the unit-of-production method.

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 had 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.

Impairment of long-lived assets

The Company accounts for the impairment and disposition of long-lived assets in accordance with ASC 360-10-35, *Impairment or Disposal of Long-Lived Assets*. In accordance with ASC 360-10-35, long-lived assets are reviewed for events of changes in circumstances, which indicate that their carrying value may not be recoverable.

Asset retirement obligations

ASC 410-20, *Asset Retirement Obligations*, clarifies that a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. ASC 410-20 requires a liability to be recognized for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated.

Except for the Eastland County investment, the asset retirement obligations for the other properties are recognized by the operators of these properties and deducted against the revenue interest of the Company.

Cash, cash equivalents, and other cash flow statement supplemental information

Cash is commonly considered to consist of currency and demand in deposits. The Company considers all liquid investments with an original maturity of three months or less that are readily convertible into cash to be cash equivalents. The Company places its cash with high credit quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Company performs ongoing evaluations of these institutions to limit its concentration of risk exposure. Management believes this risk is not significant due to the financial strength of the financial institutions utilized by the Company.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

The Company reports certain expenses differently for financial and tax reporting purposes and, accordingly, provides for the related deferred taxes. Income taxes are accounted for under the liability method in accordance with ASC 740, *Income Taxes*.

Management has considered its tax positions and believes that all of the positions taken by the Company in its Federal and State tax returns are more likely than not to be sustained upon examination. The Company is subject to examination by U.S. Federal and State tax authorities from 2013 to the present, generally for three years after they are filed.

The Company has not filed its income tax return for fiscal year 2016. The Company plans to file this tax return in the second quarter 2017. The Company believes that it should not have a material impact on the financials because the Company did not have any tax liabilities due to net loss incurred in fiscal year 2016.

Basic and diluted net income (loss) per share

Basic net income (loss) per share is based upon the weighted average number of common shares outstanding. Diluted net income (loss) per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. For the three months ended December 31, 2016 and 2015, all common stock equivalents were anti-dilutive.

Stock-based payments

Compensation costs for all share-based awards are measured based on the grant date fair value and are recognized over the vesting period. The Company has no awards with market or performance conditions. Excess tax benefits will be recognized as an addition to additional paid-in-capital.

Revenue recognition

In accordance with the requirements ASC topic 605 “Revenue Recognition”, revenues are recognized at such time as (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the seller’s price to the buyer is fixed or determinable and (4) collectability is reasonably assured.

Fair value of financial instruments

The accounting standards regarding fair value of financial instruments and related fair value measurements defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company. The Company considers the carrying amount of cash and other current assets and liabilities to approximate their fair values because of the short period of time between the origination of such instruments and their expected realization.

The Company has also adopted ASC 820-10 which defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

As of December 31, 2016 and December 31, 2015, the Company did not identify any assets or liabilities that are required to be presented on the balance sheet at fair value in accordance with ASC 820-10.

New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. This update addresses a diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230, Statement of Cash Flows, and other Topics. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. We adopted this ASU in 2016 and the implementation did not have a material impact on our financial position or statement of operations.

In March 2016, the FASB issued ASU No. 2016-09, Compensation – Stock Compensation (Topic 718) ("ASU 2016-09"), which simplified certain aspects of the accounting for share-based payment transactions, including income taxes, classification of awards and classification in the statement of cash flows. ASU 2016-09 will be effective for the Company beginning in its first quarter of 2018. We are currently evaluating the impact of adopting the new stock compensation standard on our consolidated financial statements.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, " *Presentation of Financial Statements – Going Concern"*, Subtopic 205-40, "*Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern."* The amendments in this ASU apply to all entities and require management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term *substantial doubt,* (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). The amendments in this update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. We adopted this ASU in 2016 and the implementation did not have a material impact on our financial position or results of operations.

In May 2014, the FASB issued ASU No. 2014-09 " *Revenue from Contracts with Customers*" (Topic 606). This ASU was subsequently amended by ASU No. 2016-10 and 2016-12. As amended, Topic 606 supersedes the revenue recognition requirements in Topic 605, *"Revenue Recognition"* including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, the amendments create a new Subtopic 340-40, *"Other Assets and Deferred Costs—Contracts with Customers".* In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For a public entity, the amendments in this update are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. We are currently evaluating the impact this guidance will have on our financial position and statement of operations.

2. Oil and Gas Properties

Eastland County Field

In September 2011, we acquired our initial property consisting of a 31.25% working interest in an explanatory oil and gas drilling prospect covering 120 acres in Eastland County, Texas. After explanatory work was performed, we determined that, as of the three months ended June 30, 2013, our investment in the Eastland County prospect was impaired due to an unsuccessful fracture stimulation. The value of this property, subsequent the impairment, was $20,449. The operator has undertaken no further activity on the Eastland County prospect as of the date of this report.

Sunshine Prospect, Landry Parish, Louisiana

On August 1, 2014, the Company entered into an agreement with Restech Resources, LLC to purchase a 15% (14.25% net revenue interest) in an oil and gas prospect located in Landry Parish, Louisiana. The working interest concerns 248 gross acres and net acres in the Sunshine Prospect. Our purchase price for the working interest was $76,500.

Birnie Field, Motley County, Texas

On September 17, 2014, the Company entered into an agreement with Escopeta Oil and Gas Corporation to purchase a 10% working interest (7.5% net revenue interest) in a natural gas prospect located in the Birnie field in Motley County, Texas. The working interest concerns 5,760 leased acres in the Palo Duro Basin prospect. Our purchase price for the working interest was $70,000. In 2014, the operator drilled an initial well on the prospect, however the drilling was unsuccessful and resulted in a dry hole. The operator agreed to provide us, for no additional consideration, a 1% working interest in the Stansell field prospect described below.

Stansell Field, Floyd County, Texas

We hold a 1% working interest in an oil prospect located in Floyd County, Texas. The working interest comprises 15,000 leased acres in the southern section of the Palo Duro basin. The initial project will be the re-entry of the Stansell #1-A well, an existing wellbore that was drilled in 2006. The original drilling encountered oil shows in three separate reservoirs and the operator intends to re-enter and recomplete the Stansell #1-A the Companying current fracture stimulation technology. We have a carried 1% working interest in the Stansell #1-A well through the tanks. In April 2015, the operator has started the re-entry of the Stansell #1-A well.

Wolfcamp Field, Hale County, Texas

In June and July 2014, the Company acquired non-operating leases covering approximately 1,070 gross mineral acre leases in the Wolfcamp field located in Hale County, Texas. The leases were acquired for cash payments of $45,484. The leases have a primary term of five years with the Company option to extend the term for another five years. The leased properties constitute the surface acreage comprising a natural gas prospect, for which we hold 50% of the working interest and 40% net revenue interest. The leased properties are subject to a 20% royalty interest held by the owners and a third party. The Company is currently evaluating the Company options for the exploitation of the leased properties, including the Company sale of the leases or the Company farm-out of the leases to a natural gas operator.

Leased Properties from Kiowa Oil Company

On September 30, 2015, the Company entered into an agreement with Kiowa Oil Company to lease 100% of interests, for a period of five years, of properties in North Dakota, Florida, Illinois, and Kentucky. The total price for the subject interests under this lease agreement is $5,000 and a 15% royalty interest in all the subject interests leased. The total price will be paid in the Company's common shares at the per share price of $0.50.

TW Lee Field, Gregg County, Texas

On March 3, 2016, the Company entered into an agreement with Two Eagle Resources, a Texas corporation, to purchase 25% working interest (18.75% net revenue interest) in the properties located in Gregg County, Texas. The property is known as T.W. Lee. The purchase price for the subject interests under this agreement is $25,000, which will be paid in the Company's common shares at the per share price of $0.25.

T.A. Greer Lease

On May 10, 2016, the Company acquired a 25% working interest (19.5% net revenue interest) in an East Texas oil and gas property. The property is known as the T.A. Greer lease and includes two tracts of land totaling approximately 407 acres in Panola County, Texas. We acquired the property from an unaffiliated party in consideration of our payment of $10,000 and issuance of 60,000 shares of our common stock at $0.25 per share for a total consideration of $25,000.

Origin Acquisition

On November 10, 2016, the Company acquired from Origin Production Co. Inc. interests in various producing and non-producing leases; primarily in Gonzales, Caldwell, and Wilson County, Texas. We acquired the property from an unaffiliated party in for the purchase of 500,000 units of the Company's securities for a purchase price of $0.30 per unit for a total of $150,000. Each Unit consists of one share of the Company's common stock and one common stock warrant that entitles its holder to purchase one share of the Company's common stock at an exercise price of $0.50 per share over a three year period ending November 1, 2019.

As of December 31, 2016 and December 31, 2015, total oil and gas properties amounted to $417,433 and $217,433, respectively.

3. Shareholder Advances

During the year ended September 30, 2014 and 2013, a shareholder made advances to the Company to support its daily operations. These advances were due on demand and do not bear any interest.

During the year ended September 30, 2015, a shareholder paid a total amount of $15,000 for payment of legal fees on behalf of the Company through his personal credit line. The outstanding balance was due on demand and bears variable interest of 25.99%. As of September 30, 2015, the total outstanding amount due to the shareholder was $45,000.

The Company repaid $6,558 during the six months ended March 31, 2016. In January 2016, the Company issued 450,000 shares of its common stock upon conversion of the outstanding amount of $45,000. In addition, the shareholder retired 30,000 shares in exchange for $3,000 overpayment made to him.

During the year ended September 30, 2016, a shareholder paid a total amount of $17,000 for payment of legal fees on behalf of the Company through his personal credit line. The outstanding balance was due on demand and did not bear any interest. As of September 30, 2016, the total outstanding amount due to the shareholder was $13,442.

During the quarter ended December 31, 2016, a shareholder paid a total amount of $23,660 for payment of legal fees on behalf of the Company through his personal credit line. The outstanding balance was due on demand and did not bear any interest. As of December 31, 2016, and September 30, 2016 the total outstanding amount due to the shareholder was $37,102 and $13,442 respectively.

4. Shareholders' Equity

The Company is authorized to issue 200,000,000 shares of common stock, par value of $0.001, and 10,000,000 shares of preferred stock, par value of $0.001.

In January 2016, the Company issued 450,000 shares of its common stock upon conversion of the outstanding amount of shareholder advances of $45,000. In addition, the shareholder retired 30,000 shares in exchange for $3,000 overpayment made to him.

During the quarter ended March 31, 2016, the Company entered into subscription agreements with various accredited investors to sell 191,000 shares of the Company's common stock at $0.25 per share. The total amount of $47,750 was received and shares were issued during May 2016.

On March 3, 2016, the Company entered into an agreement with Two Eagle Resources, a Texas corporation, to purchase 25% working interest / 18.75% net revenue interest in the properties known as T.W. Lee located in Gregg County, Texas. The purchase price for the subject interests under this agreement is $25,000, which will be paid in the Company's common shares at the per share price of $0.25. As of September 30, 2016, the shares had not been issued and were recorded as common stock issuable.

On May 10, 2016, the Company entered into an agreement with Two Eagle Resources, a Texas corporation, to purchase 25% working interest in the properties know as T.A. Greer located in Panola County, Texas. The purchase price for the subject interests under this agreement is $10,000 in cash and $15,000, which will be paid in the Company's common shares at the per share price of $0.25. The cash portion was paid May 12, 2016 and the shares were issued in August 2016.

During the quarter ended June 30, 2016 the Company entered into subscription agreements with various accredited investors to sell 100,000 shares of the Company's common stock at $0.25 per share. The total amount of $25,000 was received and the shares were issued August 2016.

During the quarter ended December 31, 2016, the Company entered into subscription agreements with various accredited investors to sell 98,000 shares of the Company's common stock at $0.30 per share. The total amount of $29,400 was received and 55,000 of the 98,000 shares were issued; 43,000 shares to be issued; $12,900 in common stock issuable.

During the quarter ended December 31, 2016, the Company exchanged 500,000 units of WTXR securities Each Unit consists of one share of the Company's common stock and one common stock warrant that entitles its holder to purchase one share of the Company's common stock at an exercise price of $0.50 per share over a three year period ending November 1, 2019, valued at .30 per unit, for a total consideration of $150,000, in exchange for various producing and non-producing leases primarily in Gonzales, Caldwell, and Wilson County, Texas.

As of December 31, 2016 and September 30, 2016, the Company had 16,844,908 and 16,289,908 shares of common stock issued and outstanding and had not issued any of its preferred stock.

On September 15, 2011, the Company adopted the West Texas Resources, Inc. 2011 Stock Incentive Plan (the "Plan") providing for the grant of non-qualified stock options and incentive stock options to purchase its common stock and for grant of restricted and unrestricted grants. The Company has reserved 3,000,000 shares of its common stock under the Plan. All officers, directors, employees and consultants to the Company are eligible to participate under the Plan. The purpose of the Plan is to provide eligible participants with an opportunity to acquire an ownership interest in the Company.

In 2011, the Company granted options to certain consultants to purchase 400,000 shares of the Company's common stock. The options vest immediately and expired on September 15, 2016. The fair value of each share-based award was estimated using the Black-Scholes option pricing model or a lattice model. The fair value of these options, determined to be $65,402, was included in general and administrative expenses for the year ended September 30, 2011.

The following assumptions were used in the fair value method calculation:

- Volatility: 83%
- Risk free rate of return: 1%
- Expected term: 5 years

On March 7, 2014, the Company granted options to certain consultants to purchase 1,500,000 shares of the Company's common stock, of which 200,000 options vested upon the date of grant and the balance of 1,300,000 options expired in October 2014 in connection with the termination of the consulting arrangement. The 200,000 vested options expire on March 7, 2019. The fair value of the vested options for 200,000 shares, determined to be $116,137, was recorded in general and administrative expenses for the year ended September 30, 2014.

On March 11, 2014, the Company granted options to its officers to purchase a total of 200,000 shares of the Company's common stock. The options expire on March 11, 2019 and vest immediately. The fair value of these options determined to be $116,119 and was included in general and administrative expenses for the year ended September 30, 2014.

The following assumptions were used in the fair value method calculation:

- Volatility: 190%
- Risk free rate of return: 1.5%
- Expected term: 5 years

On April 16, 2015, the Company granted options to Mr. Paul Brogan, the Company's director, to purchase a total of 200,000 shares of the Company's common stock. The options have an exercise price of $0.5 per share and expire on April 16, 2020 and 66,667 shares vest immediately with the rest vest equally on April 16, 2016 and 2017. The fair value of these options was determined to be $99,712, of which $8,309 was amortized and included in general and administrative expenses for the three months ended December 31, 2016. As of September 30, 2016, the unrecognized compensation expense related the non-vested stock options was $9,694 to be amortized over the vesting period.

The following assumptions were used in the fair value method calculation:

- Volatility: 266%
- Risk free rate of return: 1.375%
- Expected term: 5 years

The following information applies to all options outstanding at September 30, 2016:

- Weighted average exercise price: $0.57
- Options outstanding and exercisable: 580,639
- Average remaining life: 2.33 years

5. Income Taxes

Based on the available information and other factors, management believes it is more likely than not that the net deferred tax assets at September 30, 2016 and 2015 will not be fully realizable. Accordingly, management has recorded a full valuation allowance against its net deferred tax assets at September 30, 2016 and 2015. As of September 30, 2016 and 2015, the Company had federal net operating loss carry-forwards of approximately

$2,605,000 and $2,380,000, respectively, expiring beginning in 2032.

Deferred tax assets consist of the following components:

	September 30, 2016	September 30, 2015
Net loss carryforward	$ 920,000	$ 840,000
Valuation allowance	(920,000)	(840,000)
Total deferred tax assets	$ –	$ –

6. New CEO's employment and stock options agreement highlights.

Base Salary: The base salary is $90,000 per year ($7,500 per month), with $2,000 guaranteed and paid on a monthly basis, with the remaining $5,500 accruing each month until certain benchmarks are reached. Accrual reduction happens at the one year mark, at which point $4,000 is guaranteed and paid on a monthly basis, with the remaining $3,500 accruing each month until certain benchmarks are reached. At the two year mark, accrual ends and the balance at that point is paid out on a monthly basis at $500, with the final lump sum paid at the three year mark.

Option Compensation: 1,500,000 in stock options. The stock options vest in 375,000 increments based on the CEO's ability to raise additional capital ($1M and $10M), get company's share price to above $2.00 with 10,000 shares daily trading volume for 30 consecutive days, or increase daily production to 500 boepd. All benchmarks must be reached within two years of the Oct. 18, 2016 grant date. If there is a change in control, then all options vest and become immediately exercisable.

Annual Bonus: The annual bonus is not guaranteed, however we will track the performance criteria throughout the year.

Other Perks: Among the various perks, the CEO gets two weeks paid vacation each calendar year.

7. Subsequent Event

Events subsequent to September 30, 2016 have been evaluated through the date these consolidated financial statements were issued to determine whether they should be disclosed to keep the consolidated financial statements from being misleading. Management noted the following subsequent event that should be disclosed:

- The Company entered into subscription agreements to sell during January and March, 2017, 281,000 units at $0.30 per unit. One unit equals one share at $0.30 per share plus one warrant at $0.50 per share for the amount of $84,300.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Cautionary Statement

Cautionary Statement

The following discussion and analysis should be read in conjunction with our unaudited financial statements and the related notes thereto contained elsewhere in this report. The information contained in this quarterly report on Form 10-Q is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this report and in our other filings with the Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K for the fiscal year ended September 30, 2016 filed with the SEC on February 10, 2017 and our subsequently filed periodic reports, which discuss our business in greater detail.

In this report we make, and from time to time we otherwise make, written and oral statements regarding our business and prospects, such as projections of future performance, statements of management's plans and objectives, forecasts of market trends, and other matters that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements containing the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimates," "projects," "believes," "expects," "anticipates," "intends," "target," "goal," "plans," "objective," "should" or similar expressions identify forward-looking statements, which may appear in documents, reports, filings with the SEC, news releases, written or oral presentations made by officers or other representatives made by us to analysts, stockholders, investors, news organizations and others, and discussions with management and other of our representatives.

Our future results, including results related to forward-looking statements, involve a number of risks and uncertainties, including those risks included in the section "Risk Factors" set forth in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016 filed with the SEC on February 10, 2017. No assurance can be given that the results reflected in any forward-looking statements will be achieved. Any forward-looking statement speaks only as of the date on which such statement is made. Our forward-looking statements are based upon assumptions that are sometimes based upon estimates, data, communications and other information from suppliers, government agencies and other sources that may be subject to revision. Except as required by law, we do not undertake any obligation to update or keep current either (i) any forward-looking statement to reflect events or circumstances arising after the date of such statement, or (ii) the important factors that could cause our future results to differ materially from historical results or trends, results anticipated or planned by us, or which are reflected from time to time in any forward-looking statement.

General

We were formed on December 9, 2010 under the laws of Nevada for the purpose of oil and gas exploration and development in North America.

Eastland County Field

In September 2011, we acquired our initial property consisting of a 31.25% working interest in an exploratory oil and gas drilling prospect covering 120 acres in Eastland County, Texas. The Eastland County prospect includes two exploratory wells, known as Rutherford #1 and C.M. Knott #1, that had been operating at a minimum level required to maintain the lease rights. In October 2011, the operator reentered the Rutherford #1 well and conducted drilling and casing activities, which were completed in November 2011. In January 2012, a third party conducted the fracture stimulation of the Rutherford #1. In February 2013, the operator placed a pump jack on the Rutherford #1 well, however no meaningful revenue has been derived from the well to date. During the three months ended June 30, 2013, we determined that our investment in the Eastland County prospect was impaired due to an unsuccessful fracture stimulation of the Rutherford #1. Accordingly, we recorded an impairment loss of $108,373 to write off the capitalized fracture stimulation costs. The operator has undertaken no further activity on the Eastland County prospect as of the date of this report.

Wolfcamp Field

In June and July 2014, we acquired non-operating leases covering approximately 1,070 gross mineral acre leases in the Wolfcamp field located in Hale County, Texas. The leases have a primary term of five years with our option to extend the term for another five years. The leased properties constitute the surface acreage comprising a natural gas prospect, for which we hold 50% of the working interest and 40% net revenue interest. The leased properties are subject to a 20% royalty interest held by the owners and a third party. We are currently evaluating our options for the exploitation of the leased properties, including our sale of the leases or our farm-out of the leases to a natural gas operator.

Sunshine Prospect

We hold a 15% (14.25% net revenue interest) in a non-operating oil and gas prospect located in Landry Parish, Louisiana. The working interest concerns 248 gross acres and net acres in the Sunshine Prospect. The operator intends to drill an initial well in the prospect in 2017.

Stansell Field

We hold a 1% working interest in an oil prospect located in Floyd County, Texas. The working interest comprises 15,000 leased acres in the southern section of the Palo Duro basin. The initial project will be the re-entry of the Stansell #1-A well, an existing well bore that was drilled in 2006. The original drilling encountered oil shows in three separate reservoirs and the operator intends to re-enter and recomplete the Stansell #1-A using current fracture stimulation technology. We have a carried 1% working interest in the Stansell #1-A well through the tanks. The operator commenced the re-entry of the Stansell #1-A well in January 2015 and is currently evaluating the drilling results.

Kiowa Properties

On September 30, 2015, we leased 100% of interests, for a period of five years, of properties in North Dakota, Florida, Illinois, and Kentucky. The total price for the subject interests under this lease agreement is $5,000 and a 15% royalty interest in all the subject interests leased. The $5,000 purchase price will be paid by us in our common shares at the per share price of $0.50, or 10,000 common shares.

TW Lee Field

We hold a 25% working interest (18.75% net revenue interest) in oil and gas properties located in Gregg County, Texas. The property is known as the T.W. Lee field. The purchase price for the subject interests under this agreement is $25,000, which will be paid in our common shares at the per share price of $0.25. The operator has successfully drilled a well on the property and expects to commence production of oil in the fourth quarter.

T.A. Greer Lease

We hold a 25% working interest (19.5% net revenue interest) in an East Texas oil and gas property. The property is known as the T.A. Greer lease and includes two tracts of land totaling approximately 470 acres in Panola County, Texas. We acquired the property from an unaffiliated party in consideration of our payment of $10,000 and issuance of 60,000 shares of our common stock. The operator has successfully drilled a well on the property and expects to commence production of oil in the fourth quarter.

Origin Acquisition

On November 10, 2016, we acquired from Origin Production Co. Inc. interests in various producing and non-producing leases; primarily in Gonzales, Caldwell, and Wilson County, Texas. We acquired the property from an unaffiliated party in for the purchase of 500,000 Units of our securities at a purchase price of $0.30 per unit for a total of $150,000. Each Unit consists of one share of our common stock and one common stock warrant that entitles its holder to purchase one share of our common stock at an exercise price of $0.50 per share over a three year period ending November 1, 2019.

Subject to our receipt of additional capital, we intend to pursue the acquisition of additional equity interests in other oil and gas properties in North America. However, as of the date of this report, we have no understandings or agreements in place concerning our acquisition of an interest in any other properties.

Results of Operations

During the three months ended December 31, 2015 and 2016, we had nil and $216 of revenue, respectively.

For the three months ended December 31, 2016, we had general and administrative expenses of $60,470 compared to general and administrative expenses of $65,930 during the prior year period.

For the three months ended December 31, 2016, we had other expenses of $3,264 compared to other expenses of $511 during the prior year period.

For the three months ended December 31, 2016 and 2015, we incurred a net loss of $(63,518) and $(66,441), respectively.

Subject to our receipt of additional capital, our plan of operations over the next 12 months is to pursue the acquisition of additional equity interests in oil and gas properties to be thereafter exploited by us in conjunction with other oil and gas producers. As of the date of this report, we have no understandings or agreements in place concerning our acquisition of an interest in any other properties.

At the present time, we have two employees, our chief executive officer, William A. Sawyer, and our chief financial officer, John D. Kerr. Subject to our receipt of significant additional capital, we intend to hire additional senior management and staff with experience in oil and gas exploration. We intend to pursue an operating strategy that is based on our participation in exploration prospects with a preference to serving as the operator for the prospect, however, we will also participate as a non-operator from time to time. Based on that strategy, our plan of operations over the next 12 months is to pursue the acquisition of oil and natural gas interests in partnership with other companies with exploration, development and production expertise. We will also pursue alliances with partners in the areas of geological and geophysical services and prospect generation, evaluation and prospect leasing. Pursuant to this strategy, we intend to engage and rely on third party geologists and geophysicists, among others, to review the available data concerning each potential acquisition. In each case, we or the operator of the prospect will assemble the appropriate data and conduct the appropriate studies and that our consultants will conduct an independent review of the data and studies for purposes of advising us of the merits of each potential acquisition.

The business of oil and gas acquisition, drilling and development is capital intensive and the level of operations attainable by an oil and gas company is directly linked to and limited by the amount of available capital. Therefore, a principal part of our plan of operations is to acquire the additional capital required to finance the acquisition of such properties and our share of the development costs. As explained under “Financial Condition” below, we will seek additional working capital through the sale of our securities and, subject to the successful deployment of our cash on hand, we will endeavor to obtain additional capital through bank lines of credit and project financing.

Financial Condition

As of December 31, 2016, we had total assets of $451,991 and negative working capital of $(260,816). We believe that our ability to achieve commercial success and our continued growth will be dependent on our ability to access capital either through the additional sale of our equity or debt securities, bank lines of credit, project financing or cash generated from oil and gas operations. Therefore, a principal part of our plan of operations is to acquire the additional capital required to finance the acquisition of such properties and our share of the development costs. We will seek additional working capital through the sale of our securities and, subject to the successful deployment of our cash on hand, we will endeavor to obtain additional capital through bank lines of credit and project financing. There can be no assurance that we will be able to obtain additional capital on a timely basis in order to complete our acquisition of additional oil and gas interests.

The report of our independent registered public accounting firm for the fiscal year ended September 30, 2016 states that due to our losses from operations and lack of working capital there is substantial doubt about our ability to continue as a going concern.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

Not applicable.

Item 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures*.

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 15d-15 of the Securities Exchange Act of 1934. Based on this evaluation, our management, including our chief executive officer and chief financial officer, concluded that as of December 31, 2016 our disclosure controls and procedures were not effective due to existing material weaknesses in our internal control over financial reporting, as described below.

In connection with our evaluation of our internal control over financial reporting as of December 31, 2016, and included in our annual report on Form 10-K filed with the SEC on February 10, 2017, we determined that there were control deficiencies that constituted material weaknesses which are indicative of many small companies with small staff, including:

- Due to our small size, we do not maintain effective internal controls to assure segregation of duties as we have only two employees who are responsible for initiating and approving of transactions, thereby creating the segregation of duties weakness;
- Our board of directors does not have an audit committee or a financial expert to maintain effective oversight of our financial reporting process; and
- Lack of formal policies or procedures to provide assurance that relevant information is identified, captured, processed, and reported in an appropriate and timely fashion.

(b) *Changes in Internal Control Over Financial Reporting.*

There were no changes in our internal control over financial reporting that occurred during the three-month period ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II — OTHER INFORMATION

Item 6. Exhibits

Exhibit No.	Description	Method of Filing
31.1	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed electronically herewith
31.2	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed electronically herewith
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).	Filed electronically herewith
101.INS	XBRL Instance Document	Filed electronically herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed electronically herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed electronically herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed electronically herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed electronically herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed electronically herewith

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WEST TEXAS RESOURCES, INC.

Date: March 24, 2017

By: */s/ William A. Sawyer*
William A. Sawyer,
President and Chief Executive Officer

By: */s/ John D. Kerr*
John D. Kerr,
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

Section 302 Certification

I, William A. Sawyer, certify that:

1) I have reviewed this quarterly report on Form 10-Q of West Texas Resources, Inc.;

2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fiscal quarter presented in this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 24, 2017

By: /s/ William A. Sawyer
William A. Sawyer, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

Section 302 Certification

I, John D. Kerr, certify that:

1) I have reviewed this quarterly report on Form 10-Q of West Texas Resources, Inc.;

2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s fiscal quarter presented in this report that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5) The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial data information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 24, 2017

By: /s/ John D. Kerr
John D. Kerr, Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of West Texas Resources, Inc. (the “Company”) on Form 10-Q for the quarterly period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, William A. Sawyer and John D. Kerr, President and Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By:	/s/ William A. Sawyer	Dated:	March 24, 2017
	William A. Sawyer		
Title:	President and Chief Executive Officer		

By:	/s/ John D. Kerr	Dated:	March 24, 2017
	John D. Kerr		
Title:	Chief Financial Officer		

This certification is made solely for the purposes of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.