

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

West Texas Resources, Inc.

Form: 10-K

Date Filed: 2018-01-16

Corporate Issuer CIK: 1518985

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended September 30, 2017
or

TRANSITION REPORT UNDER 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

(State or Other Jurisdiction of
Incorporation or Organization)

99-0365272

(I.R.S. Employer Identification
Number)

**5729 Lebanon Road, Suite 144
Frisco, Texas 75034**

(Address of principal executive offices)

(972) 712-2154

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

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 past 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 No

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 No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging Growth

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act.

State the aggregate market value of voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$3,139,360.

The number of shares of the registrant's common stock outstanding as of December 31, 2017 was 17,956,908.

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I</u>	
Item 1.	<u>Business</u> 1
Item 1A.	<u>Risk Factors</u> 9
Item 1B.	<u>Unresolved Staff Comments</u> 14
Item 2.	<u>Properties</u> 14
Item 3.	<u>Legal Proceedings</u> 16
Item 4.	<u>Mine Safety Disclosures</u> 16
<u>PART II</u>	
Item 5.	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Repurchases of Equity Securities</u> 17
Item 6.	<u>Selected Financial Data</u> 18
Item 7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 18
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 19
Item 8.	<u>Financial Statements and Supplementary Data</u> 19
Item 9.	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u> 21
Item 9A.	<u>Controls and Procedures</u> 21
Item 9B.	<u>Other Information</u> 21
<u>PART III</u>	
Item 10.	<u>Directors, Executive Officers and Corporate Governance</u> 22
Item 11.	<u>Executive Compensation</u> 23
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u> 24
Item 13.	<u>Certain Relationships and Related Transactions and Director Independence</u> 25
Item 14.	<u>Principal Accountant Fees and Services</u> 26
<u>PART IV</u>	
Item 15.	<u>Exhibits and Financial Statement Schedules</u> 27
<u>Signatures</u>	29

CAUTIONARY NOTICE

This annual report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those forward-looking statements include our expectations, beliefs, intentions and strategies regarding the future. Such forward-looking statements relate to, among other things, our market, strategy, competition, development plans, financing, revenues, operations and compliance with applicable laws. These and other factors that may affect our financial results are discussed more fully in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this report. Market data used throughout this report is based on published third party reports or the good faith estimates of management, which estimates are presumably based upon their review of internal surveys, independent industry publications and other publicly available information. Although we believe that such sources are reliable, we do not guarantee the accuracy or completeness of this information, and we have not independently verified such information. We caution readers not to place undue reliance on any forward-looking statements. We do not undertake, and specifically disclaim any obligation, to update or revise such statements to reflect new circumstances or unanticipated events as they occur, and we urge readers to review and consider disclosures we make in this and other reports that discuss factors germane to our business. See in particular our reports on Forms 10-K, 10-Q, and 8-K subsequently filed from time to time with the Securities and Exchange Commission.

PART I

Item 1. Business

Overview

West Texas Resources, Inc. (the "company" or "we") was incorporated under the laws of Nevada on December 9, 2010. We are engaged in the business of oil and gas exploration and development in North America. From inception to date, our activities have focused on the raising of capital and the investigation and acquisition of our initial oil and gas properties. We commenced revenue producing oil and gas operations effective as of April 1, 2013.

Our executive offices are located at 5729 Lebanon Road, Suite 144, Frisco, Texas 75034; our telephone number is (972) 712-2154. Our website is located at www.westtexasresources.com. The information on or accessible through our website is not part of this report.

Our Strategy

Our objective is to become an independent energy company engaged in the acquisition, development and exploitation of oil and gas properties in North America in partnership with oil and gas producers with exploration, development and production expertise. We intend to target both new and existing fields and producing wells to be revitalized. We hold operating licenses in Texas and Louisiana and intend to apply for additional operating licenses as circumstances warrant. We have developed 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. As a non-operator working interest owner, we will rely on outside operators to drill, produce and market our natural gas and oil.

Oil and Gas Interests

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. 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 \$14,570. 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, we 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. As of September 30, 2017, the company maintains working interest in these properties.

Stansell Field, Floyd County, Texas

We hold a 1% working interest in an oil prospect located in Floyd County, Texas. Our purchase price for the working interest was \$70,000. 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 using 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. As of September 30, 2017, we maintain working interest in these properties.

Hale County Field, Hale County, Texas

In June and July 2014, we acquired non-operating leases covering approximately 1,070 gross mineral acre leases in a property 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. We are currently evaluating our options for the exploitation of the leased properties, including the sale of the leases or the farm-out of the leases to a natural gas operator.

Leased Properties from Kiowa Oil Company

On September 30, 2015, we 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 was paid for in common shares at the per share price of \$0.50. As of September 30, 2017, we maintain royalty interest in these properties.

T.A. Greer Lease

On May 10, 2016, we 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, 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 for 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.

Gas Tap

In December 2017, we entered into a letter of intent to acquire Gas Tap Corp., a privately-held company with substantial natural gas reserves in the Barnett Shale, Texas. Pursuant to the letter of intent, we will acquire all of the capital stock of Gas Tap Corp. in consideration of our issuance of 15 million shares of our common stock to the stockholders of Gas Tap Corp. The letter of intent represents the non-binding obligations of the parties and is subject to each party's continued due diligence inquiry and the execution of definitive agreements between the parties. There can be no assurance that we will be able to complete the acquisition on the terms described above or at all.

During the fiscal year ended September 30, 2017, we entered into subscription agreements with various accredited investors to sell 496,000 shares of the Company's common stock at \$0.30 per share. The total amount of \$148,800 was received and all of the shares were issued.

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.

Marketing and Pricing

We derive revenue principally from the sale of oil and natural gas. As a result, our revenues are determined, to a large degree, by prevailing prices for crude oil and natural gas. Our operating partners sell our oil and natural gas on the open market at prevailing market prices. The market price for oil and natural gas is dictated by supply and demand, and we cannot accurately predict or control the price we may receive for our oil and natural gas.

Price decreases would adversely affect our revenues, profits and the value of our proved reserves. Historically, the prices received for oil and natural gas have fluctuated widely. Among the factors that can cause these fluctuations are:

- The domestic and foreign supply of natural gas and oil
- Overall economic conditions
- The level of consumer product demand
- Weather conditions
- The price and availability of competitive fuels such as heating oil and coal
- Political conditions in the Middle East and other natural gas and oil producing regions
- The level of oil and natural gas imports
- Domestic and foreign governmental regulations
- Potential price controls

We may enter into hedging arrangements to reduce our exposure to decreases in the prices of oil and natural gas. Hedging arrangements may expose us to risk of significant financial loss in some circumstances including circumstances where:

- There is a change in the expected differential between the underlying price in the hedging agreement and actual prices received
- Our production and/or sales of natural gas are less than expected
- Payments owed under derivative hedging contracts typically come due prior to receipt of the hedged month's production revenue
- The other party to the hedging contract defaults on its contract obligations

In addition, hedging arrangements limit the benefit we would receive from increases in the prices for oil and natural gas. We cannot assure you that any hedging transactions we may enter into will adequately protect us from declines in the prices of oil and natural gas. On the other hand, we may choose not to engage in hedging transactions in the future. As a result, we may be more adversely affected by changes in oil and natural gas prices than our competitors who engage in hedging transactions.

Competition

The oil and gas industry is highly competitive and inherent difficulties exist for any new company seeking to enter an established field. Our proposed business will encounter numerous companies more experienced, better financed, and operationally organized to conduct acquisitions, development and exploration activities in the oil and gas industry in North America. Additionally, a small "start-up" such as us, with insignificant resources, is at a serious disadvantage against established competitors, including major oil companies.

Government Regulations

The following is a summary of the more significant existing environmental, health and safety laws and regulations applicable to the oil and natural gas industry and for which compliance may have a material adverse impact on the development or success of our proposed oil and gas operations.

Federal Income Tax. Federal income tax laws will significantly affect our operations. The principal provisions that will affect us are those that permit us, subject to certain limitations, to deduct as incurred, rather than to capitalize and amortize, our share of the domestic "intangible drilling and development costs" and to claim depletion on a portion of our domestic oil and natural gas properties based on 15% of our oil and natural gas gross income from such properties (up to an aggregate of 1,000 Bbls per day of domestic crude oil and/or equivalent units of domestic natural gas).

Environmental Regulation. The exploration, development and production of oil and natural gas are subject to federal, state and local laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may, among other things, require permits to conduct drilling, water withdrawal and waste disposal operations; govern the amounts and types of substances that may be disposed or released into the environment; limit or prohibit construction or drilling activities in sensitive areas such as wetlands, wilderness areas or areas inhabited by endangered or threatened species; require investigatory and remedial actions to mitigate pollution conditions arising from oil and gas operations or attributable to former operations; and impose obligations to reclaim and abandon well sites and pits. Failure to comply with these laws and regulations may result in the assessment of sanctions, including monetary penalties, the imposition of remedial obligations and the issuance of orders enjoining operations in affected areas.

The clear trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment, and thus, any changes in environmental laws and regulations or re-interpretation of enforcement policies that result in more stringent and costly construction, drilling, water management, completion, waste handling, storage, transport, disposal, or remediation requirements or emission or discharge limits could have a material adverse effect on the development or success of our proposed oil and gas operations. Moreover, accidental releases or spills may occur in the course of our proposed oil and gas operations, and there can be no assurance that we will not incur significant costs and liabilities as a result of such releases or spills, including any third party claims for damage to property and natural resources or personal injury.

Hazardous Substances and Wastes. The Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), also known as the Superfund law and comparable state laws impose joint and several liability, without regard to fault or legality of conduct, on certain classes of persons who are considered to be responsible for the release of a "hazardous substance" into the environment. These persons include current and prior owners or operators of the site where the release occurred and entities that disposed or arranged for the disposal of the hazardous substances found at the site. Under CERCLA, these "responsible persons" may be subject to strict joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain environmental and health studies. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances into the environment. CERCLA also authorizes the EPA and, in some instances, third parties to act in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. We may generate materials in the course of our proposed operations that may be regulated as hazardous substances.

We may also generate wastes that are subject to the requirements of the Resource Conservation and Recovery Act, as amended ("RCRA"), and comparable state statutes. RCRA imposes strict requirements on the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. Drilling fluids, produced waters and most of the other wastes associated with the exploration, production and development of crude oil and natural gas are currently exempt from regulation as hazardous wastes under RCRA. However, it is possible that certain oil and natural gas exploration and production wastes now classified as non-hazardous could be classified as hazardous wastes in the future. In September 2010, the Natural Resources Defense Council filed a petition with the EPA requesting them to reconsider the RCRA exemption for exploration, production, and development wastes. To date, the EPA has not taken any action on the petition. Any change in the RCRA exemption for such wastes could result in an increase in costs to manage and dispose of wastes, which could have a material adverse effect on the development or success of our proposed oil and gas operations.

Air Emissions. The Clean Air Act, as amended, and comparable state laws and regulations restrict the emission of air pollutants from many sources and also impose various monitoring and reporting requirements. These laws and regulations may require our operating partners to obtain pre-approval for the construction or modification of certain projects or facilities expected to produce or significantly increase air emissions, obtain and strictly comply with air permit requirements or utilize specific equipment or technologies to control emissions. Obtaining permits has the potential to delay the development of oil and natural gas projects.

Water Discharges. The Federal Water Pollution Control Act, as amended ("Clean Water Act"), and analogous state laws impose restrictions and strict controls regarding the discharge of pollutants into navigable waters. Pursuant to the Clean Water Act and analogous state laws, permits must be obtained to discharge produced waters and sand, drilling fluids, drill cuttings and other substances related to the oil and gas industry into onshore, coastal and offshore waters of the United States or state waters. Any such discharge of pollutants into regulated waters must be performed in accordance with the terms of the permit issued by EPA or the analogous state agency. Spill prevention, control and countermeasure requirements under federal law require appropriate containment berms and similar structures to help prevent the contamination of navigable waters in the event of a petroleum hydrocarbon tank spill, rupture or leak. In addition, the Clean Water Act and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities.

Climate Change. In December 2009, the EPA published its findings that emissions of carbon dioxide, methane and certain other GHGs present an endangerment to public health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the earth's atmosphere and other climatic changes. These findings allow the EPA to adopt and implement regulations that restrict emissions of GHGs under existing provisions of the federal Clean Air Act. Accordingly, the EPA has adopted regulations that require a reduction in emissions of GHGs from motor vehicles and also trigger permit review for GHG emissions from certain large stationary sources. The EPA's rules relating to emissions of GHGs from large stationary sources of emissions are currently subject to a number of legal challenges, but the federal courts have thus far declined to issue any injunctions to prevent the EPA from implementing, or requiring state environmental agencies to implement, the rules. In addition, Congress has actively considered legislation to reduce emissions of GHGs and almost one-half of the states have begun taking actions to control and/or reduce emissions of GHGs, primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of GHG gases from, our equipment and operations could require our operators to incur costs to reduce emissions of GHGs associated with our proposed operations or could adversely affect demand for the oil and natural gas we produce.

Endangered Species. The federal Endangered Species Act ("ESA") restricts activities that may affect endangered or threatened species or their habitats. The designation of previously unidentified species as endangered or threatened on properties where we operate could subject us to additional costs or cause our oil and gas activities to be subject to operating restrictions or bans.

Employee Health and Safety. Our proposed operations are subject to a number of federal and state laws and regulations, including the federal Occupational Safety and Health Act, as amended ("OSHA"), and comparable state statutes, whose purpose is to protect the health and safety of workers. In addition, the OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of the federal Superfund Amendment and Reauthorization Act and comparable state statutes require that information be maintained concerning hazardous materials used or produced in oil and gas operations and that this information be provided to employees, state and local government authorities and citizens.

State Regulation. Texas regulates the drilling for, and the production and gathering of, oil, natural gas and natural gas liquids, including requirements relating to drilling permits, the location, spacing and density of wells, unitization and pooling of interests, the method of drilling, casing and equipping of wells, the protection of fresh water sources, the orderly development of common sources of supply of oil, natural gas and natural gas liquids, the operation of wells, allowable rates of production, the use of fresh water in oil, natural gas and natural gas liquids operations, saltwater injection and disposal operations, the plugging and abandonment of wells and the restoration of surface properties, the prevention of waste of oil, natural gas and natural gas liquids resources, the protection of the correlative rights of oil, natural gas and natural gas liquids owners and, where necessary to avoid unfair, unjust or discriminatory service, the fees, terms and conditions for the gathering of natural gas. The effect of these regulations may be to limit the number of wells that our operating partners may drill, impact the locations at which our operating partners may drill wells, restrict the amounts of oil and natural gas that may be produced from wells drilled by our operating partners and increase the costs of operations.

Hydraulic Fracturing. We expect to participate in exploration and drilling projects that seek to recover oil and natural gas through the use of hydraulic fracturing. Hydraulic fracturing, which involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and gas commissions. However, the EPA recently asserted federal regulatory authority over certain hydraulic fracturing practices. Also, legislation has been introduced in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. In addition, some states have adopted, and other states are considering adopting, regulations that could restrict hydraulic fracturing in certain circumstances. For instance, in June 2011, Texas adopted a law that requires disclosure to the Railroad Commission of Texas of the additives and other chemicals contained in hydraulic fracturing fluids used in the state, subject to certain trade secret protections. If new laws or regulations that significantly restrict hydraulic fracturing are adopted at the Texas state level, such legal requirements could make it more difficult or costly for our operating partners to perform fracturing to stimulate production in the play and thereby affect the determination of whether a well is commercially viable. In addition, if hydraulic fracturing is regulated at the federal level, fracturing activities could become subject to additional permit requirements or operational restrictions and also to associated permitting delays and potential increases in costs. Restrictions on hydraulic fracturing could also reduce the amount of oil or natural gas and natural gas liquids that our operating partners are ultimately able to produce in commercial quantities from our oil and gas properties.

Employees

As of the date of this report, we have one employee, our chief financial officer. For the foreseeable future, we intend to use the services of independent consultants and contractors to perform various professional services related to our oil and gas operations. Subject to our receipt of significant additional capital, we intend to hire additional senior management and staff with experience in oil and gas exploration and development. Until such time, we intend to rely on third party consultants to advise and assist us on our oil and gas operations.

Available Information

Our website is located at www.westtexasresources.com. The information on or accessible through our website is not part of this annual report on Form 10-K. A copy of this annual report on Form 10-K is located at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site that contains reports and other information regarding our filings at www.sec.gov.

Glossary of Oil and Natural Gas Terms

The following is a description of the meanings of some of the oil and natural gas industry terms used in this report.

bbl. Stock tank barrel, or 42 U.S. gallons liquid volume, used in this report in reference to crude oil or other liquid hydrocarbons.

bcf. Billion cubic feet of natural gas.

boe. Barrels of crude oil equivalent, determined using the ratio of six mcf of natural gas to one bbl of crude oil, condensate or natural gas liquids.

boe/d. boe per day.

btu. The British thermal unit, a traditional unit of energy equal to about 1055 joules. It is the amount of energy needed to cool or heat one pound of water by one degree Fahrenheit (Physical analogue; one four inch, wooden kitchen match consumed completely generates 1 btu).

Completion. The process of treating a drilled well followed by the installation of permanent equipment for the production of natural gas or oil, or in the case of a dry hole, the reporting of abandonment to the appropriate agency.

Condensate. Hydrocarbons which are in the gaseous state under reservoir conditions and which become liquid when temperature or pressure is reduced. A mixture of pentanes and higher hydrocarbons.

Development well. A well drilled within the proved area of a natural gas or oil reservoir to the depth of a stratigraphic horizon known to be productive.

Drilling locations. Total gross locations specifically quantified by management to be included in the Company's multi-year drilling activities on existing acreage. The Company's actual drilling activities may change depending on the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, drilling results and other factors.

Dry hole. A well found to be incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.

Exploratory well. A well drilled to find and produce natural gas or oil reserves not classified as proved, to find a new reservoir in a field previously found to be productive of natural gas or oil in another reservoir or to extend a known reservoir.

Field. An area consisting of either a single reservoir or multiple reservoirs, all grouped on or related to the same individual geological structural feature and/or stratigraphic condition.

Formation. An identifiable layer of rocks named after its geographical location and dominant rock type.

Fracture or fracturing. Hydraulic fracturing, a common practice that is used to stimulate production of oil and natural gas from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, sand and chemicals under pressure into a formation to fracture the surrounding rock and stimulate production.

Lease. A legal contract that specifies the terms of the business relationship between an energy company and a landowner or mineral rights holder on a particular tract of land and typically grants to the energy company a fee simple determinable estate in the minerals.

Leasehold. Mineral rights leased in a certain area to form a project area.

mbls. Thousand barrels of crude oil or other liquid hydrocarbons.

mboe. Thousand barrels of crude oil equivalent, determined using the ratio of six mcf of natural gas to one bbl of crude oil, condensate or natural gas liquids

mcf. Thousand cubic feet of natural gas.

mcf. Thousand cubic feet equivalent, determined using the ratio of six mcf of natural gas to one bbl of crude oil, condensate or natural gas liquids.

mmbbls. Million barrels of crude oil or other liquid hydrocarbons.

mmboe. Million barrels of crude oil equivalent, determined using the ratio of six mcf of natural gas to one bbl of crude oil, condensate or natural gas liquids.

mmbtu. Million British Thermal Units.

mmcf. Million cubic feet of natural gas.

Net acres, net wells, or net reserves. The sum of the fractional working interest owned in gross acres, gross wells, or gross reserves, as the case may be.

ngl. Natural gas liquids, or liquid hydrocarbons found in association with natural gas.

Overriding royalty interest. Is similar to a basic royalty interest except that it is created out of the working interest. For example, an operator possesses a standard lease providing for a basic royalty to the lessor or mineral rights owner of 1/8 of 8/8. This then entitles the operator to retain 7/8 of the total oil and natural gas produced. The 7/8 in this case is the 100% working interest the operator owns. This operator may assign his working interest to another operator subject to a retained 1/8 overriding royalty. This would then result in a basic royalty of 1/8, an overriding royalty of 1/8 and a working interest of 3/4. Overriding royalty interest owners have no obligation or responsibility for developing and operating the property. The only expenses borne by the overriding royalty owner are a share of the production or severance taxes and sometimes costs incurred to make the oil or gas salable.

Plugging and abandonment. Refers to the sealing off of fluids in the strata penetrated by a well so that the fluids from one stratum will not escape into another or to the surface. Regulations of all states require plugging of abandoned wells.

Present value of future net revenues (PV-10). The present value of estimated future revenues to be generated from the production of proved reserves, before income taxes, of proved reserves calculated in accordance with Financial Accounting Standards Board guidelines, net of estimated production and future development costs, using prices and costs as of the date of estimation without future escalation, without giving effect to hedging activities, non-property related expenses such as general and administrative expenses, debt service and depreciation, depletion and amortization, and discounted using an annual discount rate of 10%.

Production. Natural resources, such as oil or gas, taken out of the ground.

Proved oil and gas reserves. Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be economically recoverable in future years from known reservoirs under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

- (i) Reservoirs are considered proved if economic producibility is supported by either actual production or conclusive formation test. The area of a reservoir considered proved includes (A) that portion delineated by drilling and defined by gas-oil and/or oil-water contacts, if any; and (B) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir.
- (ii) Reserves which can be produced economically through application of improved recovery techniques (such as fluid injection) are included in the "proved" classification when successful testing by a pilot project, or the operation of an installed program in the reservoir, provides support for the engineering analysis on which the project or program was based.
- (iii) Estimates of proved reserves do not include the following: (A) oil that may become available from known reservoirs but is classified separately as "indicated additional reserves"; (B) crude oil, natural gas, and natural gas liquids, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors; (C) crude oil, natural gas, and natural gas liquids, that may occur in undrilled prospects; and (D) crude oil, natural gas, and natural gas liquids, that may be recovered from oil shales, coal, gilsonite, and other such sources.

Proved developed oil and gas reserves. Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing the natural forces and mechanisms of primary recovery should be included as "proved developed reserves" only after testing by a pilot project or after the operation of an installed program has confirmed through production response that increased recovery will be achieved.

Proved undeveloped reserves. Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage shall be limited to those drilling units offsetting productive units that are reasonably certain of production when drilled. Proved reserves for other undrilled units can be claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. Under no circumstances should estimates for proved undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual tests in the area and in the same reservoir.

Productive well. A well that is found to be capable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.

Project. A targeted development area where it is probable that oil or natural gas can be produced from new wells.

Prospect. A specific geographic area which, based on supporting geological, geophysical or other data and also preliminary economic analysis using reasonably anticipated prices and costs, is deemed to have potential for the discovery of commercial hydrocarbons.

Recompletion. The process of re-entering an existing well bore that is either producing or not producing and completing new reservoirs in an attempt to establish or increase existing production.

Reserves. Oil, natural gas and gas liquids thought to be accumulated in known reservoirs.

Reservoir. A porous and permeable underground formation containing a natural accumulation of producible nature gas and/or oil that is confined by impermeable rock or water barriers and is separate from other reservoirs.

Secondary Recovery. A recovery process that uses mechanisms other than the natural pressure of the reservoir, such as gas injection or water flooding, to produce residual oil and natural gas remaining after the primary recovery phase.

Shut-in. A well that has been capped (having the valves locked shut) for an undetermined amount of time. This could be for additional testing, could be to wait for pipeline or processing facility, or a number of other reasons.

Standardized measure. The present value of estimated future cash inflows from proved oil and natural gas reserves, less future development, abandonment, production and income tax expenses, discounted at 10% per annum to reflect timing of future cash flows and using the same pricing assumptions as were used to calculate PV-10. Standardized measure differs from PV-10 because standardized measure includes the effect of future income taxes.

Successful. A well is determined to be successful if it is producing oil or natural gas, or awaiting hookup, but not abandoned or plugged.

Undeveloped acreage. Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and natural gas regardless of whether such acreage contains proved reserves.

Water flood. A method of secondary recovery in which water is injected into the reservoir formation to displace residual oil and enhance hydrocarbon recovery.

Working interest. The operating interest that gives the owner the right to drill, produce and conduct operating activities on the property and receive a share of production and requires the owner to pay a share of the costs of drilling and production operations.

Item 1A. Risk Factors

There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, our business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of our common stock could decline and investors could lose all or part of their investment.

We are an early stage company and have limited assets. We were formed in 2010 and commenced revenue producing oil and gas operations effective as of April 1, 2013. As an early stage company, we are subject to all risks inherent in a new venture. The likelihood of our success must be considered in light of problems, expenses, complications and delays frequently encountered in connection with the development of a new business. We do not have a significant operating history and, as a result, there is a limited amount of information about us on which to make an investment decision.

We will require additional capital in order to achieve commercial success and, if necessary, to finance future losses from operations as we endeavor to build revenue, but we do not have any commitments to obtain such capital. 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. As of September 30, 2017, we had total current assets of \$25,721 and a working capital deficit of \$(344,962). 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. However, as of the date of this report, we have no commitments for the sale of our securities or our acquisition of additional capital through any other means nor can there be any assurance that any funds will be available on commercially reasonable terms, if at all.

The report of our independent registered public accounting firm for the fiscal year ended September 30, 2017 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.

Market conditions for oil and natural gas, could adversely affect our revenue, cash flows, profitability and growth. Our project revenue, cash flows, profitability and future rate of growth depend substantially upon prevailing prices for oil and natural gas. Prices also affect the amount of cash flow available for capital expenditures and our ability to borrow money or raise additional capital. Lower prices may also make it uneconomical for our operating partners to commence or continue production levels of natural gas and crude oil. During 2013 and 2014, the price of oil per bbl was consistently in the range of \$85 to \$90 per bbl, and hit a two year high of \$101 per bbl on June 21, 2014. However, since then the prices of oil and natural gas have significantly decreased due to an over-supply and decreasing demand, and experts believe that the prices of oil and natural gas will stay suppressed for some time from the price levels experienced during the last few years. The average price per bbl during the 12 months covered by this report is \$49.

Lower oil and natural gas prices will reduce our revenues and may ultimately reduce the amount of oil and natural gas that is economic to produce from our oil and gas properties. As a result, our operating partners could determine during periods of low oil and natural gas prices to shut in or curtail production from any operating wells. In addition, our operating partners could determine during periods of low oil and natural gas prices to plug and abandon marginal wells that otherwise may have been allowed to continue to produce for a longer period under conditions of higher prices. Specifically, our operating partners may abandon any well or property if it reasonably believes that the well or property can no longer produce oil or natural gas in commercially economic quantities. This could result in termination of our portion of the royalty interest relating to the abandoned well or property.

We have limited management and staff and will be dependent for the foreseeable future upon consultants and partnering arrangements. We have developed an operating strategy that is based on our participation in exploration prospects in North America with a preference to serving as the operator for the prospect; however, we will also participate as a non-operator from time to time. We intend to use the services of independent consultants and contractors to perform various professional services, including reservoir engineering, land, legal, environmental and tax services. We will also pursue alliances with partners in the areas of geological and geophysical services and prospect generation, evaluation and prospect leasing. Where we participate as a non-operator working interest owner, we intend to rely on outside operators to drill, produce and market our natural gas and oil. Our dependence on third party consultants, service providers and operators creates a number of risks, including but not limited to:

- the possibility that such third parties may not be available to us as and when needed; and
- the risk that we may not be able to properly control the timing and quality of work conducted with respect to our projects.

Shortages or increases in costs of equipment, services and qualified personnel could delay the drilling of exploratory wells and adversely affect our future results of operations and the price of our common stock. The demand for qualified and experienced personnel to conduct field operations, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry can fluctuate significantly, often in correlation with oil and natural gas prices, causing periodic shortages. Historically, there have been shortages of drilling rigs and other equipment as demand for rigs and equipment has increased along with the number of wells being drilled. These factors also cause significant increases in costs for equipment, services and personnel. Higher oil and natural gas prices generally stimulate demand and result in increased prices for drilling rigs, crews and associated supplies, equipment and services. Shortages of field personnel and equipment or price increases could significantly hinder the ability of our operating partners to conduct drilling operations, which could adversely affect our results of operations and stock price.

Our industry is highly competitive which may adversely affect our performance, including our ability to participate in ready to drill prospects. Oil and gas exploration and development companies operate in a highly competitive environment. In addition to capital, the principal resources necessary for the exploration and production of oil and natural gas are:

- leasehold prospects under which oil and natural gas reserves may be discovered;
- drilling rigs and related equipment to explore for such reserves; and
- knowledgeable personnel to conduct all phases of oil and natural gas operations.

Numerous large, well-financed firms with large cash reserves are engaged in the acquisition of oil and gas properties in North America. We and our operating partners will face competition in acquisitions, development, exploration and production from major oil companies, numerous independents, individual proprietors and others. We expect competition to be intense for available target oil and gas properties. Such competition could have a material adverse effect on our financial condition and operating results. We and our operating partners may not be able to compete successfully against current and future competitors and competitive pressures faced by us may materially adversely affect our business, financial condition, and results of operations.

Drilling for and producing oil and natural gas are high risk activities with many uncertainties that could delay the anticipated drilling schedule for exploratory wells and adversely affect our future results of operations and stock price. The drilling and completion of exploratory wells are subject to numerous risks beyond our control or the control of our operating partners, including risks that could delay the proposed drilling schedules and the risk that drilling will not result in commercially viable oil and natural gas production. Drilling for oil and natural gas can be unprofitable if dry wells are drilled and if productive wells do not produce sufficient revenues to return a profit. The decisions by us and our operating partners to develop or otherwise exploit certain prospects will depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. The costs of drilling, completing and operating wells are often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. Even if an exploratory well is successfully completed, it may not pay out the capital costs spent to drill it. Drilling and production operations on an exploratory well may be curtailed, delayed or canceled as a result of various factors, including the following:

- delays imposed by or resulting from compliance with regulatory requirements including permitting;
- unusual or unexpected geological formations and miscalculations;
- shortages of or delays in obtaining equipment and qualified personnel;
- equipment malfunctions, failures or accidents;
- lack of available gathering facilities or delays in construction of gathering facilities;
- lack of available capacity on interconnecting transmission pipelines;
- lack of adequate electrical infrastructure;
- unexpected operational events and drilling conditions;
- pipe or cement failures and casing collapses;
- pressures, fires, blowouts, and explosions;
- lost or damaged drilling and service tools;
- loss of drilling fluid circulation;
- uncontrollable flows of oil, natural gas and natural gas liquids water or drilling fluids;
- natural disasters;
- environmental hazards, such as oil, natural gas and natural gas liquids leaks, pipeline ruptures and discharges of toxic gases or fluids;
- adverse weather conditions such as extreme cold, fires caused by extreme heat or lack of rain, and severe storms or tornadoes;
- reductions in oil, natural gas and natural gas liquids prices;
- oil and natural gas property title problems; and
- market limitations for oil, natural gas and natural gas liquids.

If any of these or other similar industry operating risks occur, we could have substantial losses. Substantial losses also may result from injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations.

Investigations of oil and gas properties do not eliminate the risks associated with the selection and the acquisition of such properties.

Although we will engage third-party consultants to perform a review of the oil and properties proposed to be acquired, such reviews are subject to uncertainties. It generally is not feasible to review in detail every individual property involved in an acquisition. Even a detailed review of all properties and records may not reveal existing or potential problems; nor will it permit our consultants to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Inspections are not always performed on every well, and potential problems, such as mechanical integrity of equipment and environmental conditions that may require significant remedial expenditures, are not necessarily observable even when an inspection is undertaken.

Oil and gas exploration and development is subject to complex federal, state, local and other laws and regulations that could adversely affect the cost, manner or feasibility of conducting our operations or expose us to significant liabilities.

Our proposed oil and natural gas exploration and production operations are subject to complex and stringent laws and regulations. In order to conduct operations in compliance with these laws and regulations, oil and gas operators must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. Substantial costs may be incurred by our operating partners in order to maintain compliance with these existing laws and regulations. Further, in light of the explosion and fire on the drilling rig Deepwater Horizon in the Gulf of Mexico, as well as recent incidents involving the release of oil and natural gas and fluids as a result of drilling activities in the United States, there has been a variety of regulatory initiatives at the federal and state level to restrict oil and natural gas drilling operations in certain locations. Any increased regulation or suspension of oil and natural gas exploration and production, or revision or reinterpretation of existing laws and regulations, that arises out of these incidents or otherwise could result in delays and higher operating costs, which will be passed along to us by way of our equity interest in the property. Such costs or significant delays could have a material adverse effect on our business, financial condition and results of operations.

Laws and regulations governing oil and natural gas exploration and production may also affect production levels. Oil and gas operators are required to comply with federal and state laws and regulations governing conservation matters, including provisions related to the unitization or pooling of the oil, natural gas and natural gas liquids properties; the establishment of maximum rates of production from wells; the spacing of wells; and the plugging and abandonment of wells. These and other laws and regulations can limit the amount of oil and natural gas operators can produce from their wells, limit the number of wells they can drill, or limit the locations at which they can conduct drilling operations, which in turn could negatively impact our business, financial condition and results of operations.

New laws or regulations, or changes to existing laws or regulations may unfavorably impact our proposed operations, could result in increased operating costs and have a material adverse effect on our financial condition and results of operations. For example, Congress is currently considering legislation that, if adopted in its proposed form, would subject companies involved in oil and natural exploration and production activities to, among other items, additional regulation of and restrictions on hydraulic fracturing of wells, the elimination of most U.S. federal tax incentives and deductions available to oil and natural gas exploration and production activities, and the prohibition or additional regulation of private energy commodity derivative and hedging activities.

These and other potential regulations could increase operating costs, reduce revenue, delay proposed operations, increase direct and third party post production costs associated with the oil and gas properties or otherwise alter the proposed operations of oil and gas properties in which we hold an equity interest, which could have a material adverse effect on our financial condition, results of operations and stock price.

Oil and gas operations are subject to environmental laws and regulations that could adversely affect the cost, manner or feasibility of conducting operations or result in significant costs and liabilities.

Oil and natural gas exploration and production operations are subject to stringent and comprehensive federal, state and local laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may impose numerous obligations that are applicable to the operation of the properties in which we hold an interest including the acquisition of a permit before conducting drilling; water withdrawal or waste disposal activities; the restriction of types, quantities and concentration of materials that can be released into the environment; the limitation or prohibition of drilling activities on certain lands lying within wilderness, wetlands and other protected areas; and the imposition of substantial liabilities for pollution resulting from operations. Numerous governmental authorities, such as the U.S. Environmental Protection Agency ("EPA") and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, often requiring difficult and costly actions. Failure to comply with these laws and regulations may result in the assessment of administrative, civil or criminal penalties; the imposition of investigatory or remedial obligations; and the issuance of injunctions limiting or preventing some or all of the proposed operations.

There is inherent risk of incurring significant environmental costs and liabilities in the performance of oil and gas operations due to the handling of petroleum hydrocarbons and wastes, because of air emissions and wastewater discharges related to such operations, and as a result of historical industry operations and waste disposal practices. Under certain environmental laws and regulations, our operating partner could be subject to joint and several strict liability for the removal or remediation of previously released materials or property contamination regardless of whether our operating partner was responsible for the release or contamination or if the operations were in compliance with all applicable laws at the time those actions were taken. Private parties, including the owners of properties upon which our operating partners intend to drill wells and facilities where petroleum hydrocarbons or wastes are taken for reclamation or disposal may also have the right to pursue legal actions to enforce compliance, as well as to seek damages for contamination even in the absence of non-compliance, with environmental laws and regulations or for personal injury or property damage. In addition, the risk of accidental spills or releases could expose our operating partners to significant liabilities. All of the foregoing costs and liabilities of our operating partners may be passed along to us by way of our equity interest on the subject oil and gas property, which in turn could have a material adverse effect on our financial condition, results of operations and stock price. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly construction, drilling, water management, completion, waste handling, storage, transport, disposal or cleanup requirements could require our operating partners to make significant expenditures to attain and maintain compliance. We would be responsible for our pro rata share of such costs, which may have a material adverse effect on our results of operations, financial condition or stock price.

Climate change laws and regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for oil and natural gas while the physical effects of climate change could disrupt production and cause our operating partners to incur significant costs in preparing for or responding to those effects. On December 15, 2009, the EPA published its findings that emissions of carbon dioxide, methane and other greenhouse gases ("GHGs") present a danger to public health and the environment. These findings allow the agency to adopt and implement regulations that restrict emissions of GHGs under existing provisions of the federal Clean Air Act. Accordingly, the EPA has adopted regulations that require a reduction in emissions of GHGs from motor vehicles and also trigger permit review for GHG emissions from certain large stationary sources. The EPA's rules relating to emissions of GHGs from large stationary sources are currently subject to a number of political and legal challenges, but the federal courts have thus far declined to issue any injunctions to prevent EPA from implementing, or requiring state environmental agencies to implement, the rules. In addition, on October 30, 2009, the EPA published a final rule requiring the reporting of GHG emissions from specified large GHG emission sources in the United States, beginning in 2011 for emissions occurring in 2010. On November 30, 2010, the EPA published a final rule that expands its October 2009 final rule on reporting of GHG emissions to require certain owners and operators of onshore oil and natural gas production to monitor greenhouse gas emissions beginning in 2011 and to report those emissions beginning in 2012. Both houses of Congress have from time to time considered legislation to reduce emissions of GHGs and almost one-half of the states, either individually or through multi-state regional initiatives, already have begun implementing legal measures to reduce emissions of GHGs. The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of GHGs from the equipment and operations of our operating partners could require our operating partners to incur costs to reduce emissions of GHGs associated with our operations or could adversely affect demand for the oil and natural gas. All of the foregoing costs and liabilities of our operating partners may be passed along to us by way of our equity interest on the subject oil and gas property, which in turn could have a material adverse effect on our financial condition, results of operations and stock price. Finally, it should be noted that some scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate change that could have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events; if any such effects were to occur, they could have an adverse effect on our assets and operations.

Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays as well as adversely affect our results of operations, financial condition or stock price. Our operating partners may from time to time engage in a production technique known as hydraulic fracturing, an important and common practice used to stimulate production of hydrocarbons from tight formations, such as shales. The process involves the injection of water or other liquids, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production. The process is typically regulated by state oil and gas commissions. However, the EPA recently asserted federal regulatory authority over certain hydraulic fracturing practices. Also, legislation has been introduced into Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. In addition, some states have adopted, and other states are considering adopting, regulations that could restrict hydraulic fracturing in certain circumstances. For instance, in June 2011, Texas adopted a law that requires disclosure to the Railroad Commission of Texas of the additives and other chemicals contained in hydraulic fracturing fluids used in the state, subject to certain trade secret protections. If new laws or regulations that significantly restrict or regulate hydraulic fracturing are adopted, such legal requirements could make it more difficult or costly for our operating partners to perform fracturing to stimulate production from our oil and gas interests and thereby affect the determination of whether a well is commercially viable. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas our operating partners are ultimately able to produce in commercial quantities from our oil and gas interests.

Hydraulic fracturing operations may result environmental contamination and other operational risks that could subject us to significant costs, liabilities and loss of investment. Hydraulic fracturing is a process that involves the injection of water or other liquids, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production. The process involves the risk that liquids and chemicals injected into the well may migrate into and contaminate water aquifers and wells or surrounding land. The process also involves the risk that water and liquids that are retrieved from the fractured well may be improperly disposed of, thus creating another potential for water or ground contamination. Our operating partners face the possibility of significant costs and liabilities in the event of any environmental contamination resulting from the hydraulic fracturing of wells in which we have an interest, in which event we may become liable for our pro rata share of such costs and liabilities. Also, even in the absence of any actual contamination, we can face significant costs if the operator is required to defend any lawsuits or investigations that allege contamination. Finally, any actual or alleged environmental contamination resulting from a drilling operation on an oil and gas property in which we have an interest can lead to the suspension or abandonment of that property and the loss of our entire investment in such property.

No Dividends. We do not expect to pay cash dividends on our common stock in the foreseeable future.

No Active Trading market. Our common shares are traded on the OTC Market under the symbol "WTXR." However, we consider our common stock to be "thinly traded" and any last reported sale prices may not be a true market-based valuation of the common stock. Also, the present volume of trading in our common stock may not provide investors sufficient liquidity in the event you wish to sell your common shares. There can be no assurance that an active market for our common stock will develop. In addition, the stock market in general, and early stage public companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. If we are unable to develop a market for our common shares, you may not be able to sell your common shares at prices you consider to be fair or at times that are convenient for you, or at all.

Our common stock may be considered to be a "penny stock" and, as such, any of the market for our common stock may be further limited by certain SEC rules applicable to penny stocks. To the extent the price of our common stock remains below \$5.00 per share or we have a net tangible assets of \$2,000,000 or less, our common shares will be subject to certain "penny stock" rules promulgated by the SEC. Those rules impose certain sales practice requirements on brokers who sell penny stock to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000). For transactions covered by the penny stock rules, the broker must make a special suitability determination for the purchaser and receive the purchaser's written consent to the transaction prior to the sale. Furthermore, the penny stock rules generally require, among other things, that brokers engaged in secondary trading of penny stocks provide customers with written disclosure documents, monthly statements of the market value of penny stocks, disclosure of the bid and asked prices and disclosure of the compensation to the brokerage firm and disclosure of the sales person working for the brokerage firm. These rules and regulations adversely affect the ability of brokers to sell our common shares and limit the liquidity of our securities.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Company Executive Offices

Our executive offices are located in 5729 Lebanon Road., Suite 144, Frisco, Texas 75034. We believe that our current facilities are adequate for our foreseeable needs.

Oil and Gas Interests

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. 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 \$14,570. 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. As of September 30, 2017, we maintain a working interest in these properties.

Stansell Field, Floyd County, Texas

We hold a 1% working interest in an oil prospect located in Floyd County, Texas. Our purchase price for the working interest was \$70,000. 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 using 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. As of September 30, 2017, we maintain a working interest in these properties.

Hale County Field, Hale County, Texas

In June and July 2014, the Company acquired non-operating leases covering approximately 1,070 gross mineral acre leases in a property 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 was paid in the Company's common shares at the per share price of \$0.50. As of September 30, 2017, we maintain a royalty interest in these properties.

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.

Gas Tap

In December 2017, we entered into a letter of intent to acquire Gas Tap Corp., a privately-held company with substantial natural gas reserves in the Barnett Shale, Texas. Pursuant to the letter of intent, we will acquire all of the capital stock of Gas Tap Corp. in consideration of our issuance of 15 million shares of our common stock to the stockholders of Gas Tap Corp. The letter of intent represents the non-binding obligations of the parties and is subject to each party's continued due diligence inquiry and the execution of definitive agreements between the parties. There can be no assurance that we will be able to complete the acquisition on the terms described above or at all.

As of June 30, 2017 and September 30, 2016, total oil and gas properties amounted to \$448,208 and \$267,433, respectively.

Estimated Proved Reserves and Operating Wells

As of September 30, 2017 we had proven developed reserves of 24,826 bbl.

Drilling and Other Exploratory Activities

We were incorporated in December 2010 and did not participate in any drilling, or other exploratory or development, activity during the fiscal year ended September 30, 2011. In October 2011, we participated in our first drilling operation, which took place at our initial prospect, located in Eastland County, Texas. The Eastland County prospect includes two 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 of the prospect 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.

Item 3. Legal Proceedings

As of the date of this report, there are no pending legal proceedings to which we or our properties are subject, except for routine litigation incurred in the normal course of business.

Item 4. Mine Safety Disclosures

Inapplicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Repurchases of Equity Securities

Market Information

Our common stock is quoted on the OTC Market under the symbol “WTRX” Our common stock trades only sporadically and has experienced in the past, and is expected to experience in the future, significant price and volume volatility. The following table shows the reported high and low closing prices per share for our common stock based on information provided by the OTC Market for the periods indicated.

Fiscal Year Ended September 30, 2017	High	Low
Fourth Quarter	\$ 0.40	\$ 0.25
Third Quarter	\$ 0.50	\$ 0.30
Second Quarter	\$ 0.50	\$ 0.30
First Quarter	\$ 0.63	\$ 0.35

Fiscal Year Ended September 30, 2016	High	Low
Fourth Quarter	\$ 0.68	\$ 0.33
Third Quarter	\$ 0.54	\$ 0.24
Second Quarter	\$ 0.36	\$ 0.18
First Quarter	\$ 0.40	\$ 0.10

Holders of Record

As of December 31, 2017, there were 184 holders of record of our common stock.

Dividend Policy

We have never declared or paid cash dividends on our common stock. We presently intend to retain earnings to finance the operation and expansion of our business.

Equity Compensation Plan Information

We have adopted the West Texas Resources, Inc. 2011 Stock Incentive Plan providing for the grant of non-qualified stock options and incentive stock options to purchase shares of our common stock and for the grant of restricted and unrestricted share grants. We have reserved 3,000,000 shares of our common stock under the plan. All officers, directors, employees and consultants to our 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 our company.

The following table sets forth certain information as of September 30, 2017 about our stock plans under which our equity securities are authorized for issuance.

	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options	(b) Weighted-Average Exercise Price of Outstanding Options	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	600,000	\$ 0.57	2,400,000
Equity compensation plans not approved by security holders	—	—	—
Total	600,000	\$ 0.57	2,400,000

Unregistered Sales of Equity Securities and Use of Proceeds

During the fiscal year ended September 30, 2017, we conducted the private placement sale of 496,000 shares of our common stock at the offering price of \$0.30 per share for the gross proceeds of \$148,800. The issuances were exempt under Section 4(a)(2) of the Securities Act of 1933 and Rule 506 there under. All of the investors were accredited investors, as such term is defined in Rule 501 under the Securities Act. The offering was conducted by our management. No sales commissions or finders' fees were paid by us or anyone else.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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. We commenced revenue producing oil and gas operations effective as of April 1, 2013. From April 1, 2013 to December 2014, all of our revenue was derived from our working interest in the Port Hudson field. Commencing in January 2014, we also derived revenue from our working interest in the West Cam 225 field.

On April 6, 2015, we sold our entire working interest in the Port Hudson field for the total consideration of \$205,000, less any payments received by us for production from the Port Hudson field occurring after March 1, 2015, and on same day we also sold our entire working interest in the West Cam 225 property for the total consideration of \$130,500.

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 for a purchase price of \$0.30 per unit for a total of \$150,000. Each Unit consists of one share of 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.

Results of Operations

During the fiscal years ended September 30, 2016 and 2017, we had \$657 and \$10,107 of revenue, respectively. Our revenue during the fiscal year ended September 30, 2017 consisted of revenue in the amount of \$8,897 from our working interest in the Origin field. Our revenue increased from fiscal 2016 to fiscal 2017 due to our purchase of the Origin Field on November 10, 2016.

For the fiscal year ended September 30, 2017, we had general and administrative expenses of \$367,765 compared to general and administrative expenses of \$223,575 during the 2016 fiscal year. The increase in general and administrative expenses is driven by increased professional fees and compensation due to the new CEO who was hired in October 2016.

For the fiscal year ended September 30, 2017, we had other expenses of \$8,555 compared to other expenses of \$1,470 during the 2016 fiscal year. The increase is driven by an increase in interest expense.

For the fiscal year ended September 30, 2017, we had other income of \$21,842 compared to other income of nil during the prior year period. The increase is driven by the debt forgiveness of legal expenses owed to a law firm in the amount of \$26,292 offset by the loss on the sale of an asset in the amount of \$4,450 respectively.

For the fiscal years ended September 30, 2015 and 2016, we incurred a net loss of \$(364,371) and \$(224,388), respectively. The increase in net loss is attributed to the increase in general and administrative expenses.

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 one employee, our chief financial officer, John D. Kerr. In October 2017, our then chief executive officer William Sawyer resigned. 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 September 30, 2017, we had total assets of \$525,538 and negative working capital of \$(344,962). Our ability to achieve commercial success is dependent on our ability to obtain additional 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. 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, 2017 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 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

Index To Financial Statements

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets at September 30, 2017 and 2016	F-3
Consolidated Statements of Operations for the Years Ended September 30, 2017 and 2016	F-4
Consolidated Statements of Changes In Shareholders' Equity for the Years Ended September 30, 2017 and 2016	F-5
Consolidated Statements of Cash Flows for the Years Ended September 30, 2017 and 2016	F-6
Notes to Financial Statements	F-7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of West Texas Resources, Inc.

We have audited the accompanying balance sheets of West Texas Resources, Inc. as of September 30, 2017 and 2016, and the related statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended September 30, 2017. West Texas Resources, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Texas Resources, Inc. as of September 30, 2017 and 2016, and the results of its operations and its cash flows for each of the two years in the period ended September 30, 2017, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not earned any significant revenues since inception and has an accumulated deficit of \$2,969,091 which raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

/s/ Farber Hass Hurley LLP

Chatsworth, California
January 16, 2018

West Texas Resources, Inc.

CONSOLIDATED BALANCE SHEETS

	September 30, 2017	September 30, 2016
ASSETS		
Current Assets		
Cash	\$ 5,124	\$ 13,209
Prepaid & other current assets	20,597	-
Total Current Assets	<u>25,721</u>	<u>13,209</u>
Equipment, net of accumulated depreciation	51,609	13,200
Oil and gas properties, using successful efforts accounting (net of accumulated depletion)	<u>448,208</u>	<u>267,433</u>
TOTAL ASSETS	\$ <u>525,538</u>	\$ <u>293,842</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	161,516	\$ 167,765
Payroll liabilities	94,146	4,000
Related party payable	18,057	5,000
Short-term note payable	424	-
Shareholder advances	59,815	37,628
Credit card liabilities	<u>36,725</u>	<u>23,823</u>
Total Current Liabilities	<u>370,683</u>	<u>238,216</u>
Long Term Liabilities		
Asset retirement obligation	<u>127,297</u>	<u>10,000</u>
Total Long Term Liabilities	<u>127,297</u>	<u>10,000</u>
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; 17,450,908 and 16,289,908 shares issued and outstanding at September 30, 2017 and September 30, 2016, respectively	17,451	16,290
Additional paid-in capital	2,970,198	2,609,056
Common stock issuable	9,000	25,000
Accumulated deficit	<u>(2,969,091)</u>	<u>(2,604,720)</u>
Total Shareholders' Equity	<u>27,558</u>	<u>45,626</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ <u>525,538</u>	\$ <u>293,842</u>

See accompanying notes to these consolidated financial statements

West Texas Resources, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended September 30,	
	2017	2016
Revenues		
Oil and gas sales	\$ 8,897	\$ —
Royalty income from leased oil and gas properties	1,210	657
Total revenues	10,107	657
Cost of oil and gas produced	20,000	—
Gross profit (Loss)	(9,893)	657
General and administrative expenses	367,765	223,575
Operating Loss	(377,658)	(222,918)
Other income (expenses)		
Interest expense	(8,555)	(1,470)
Other income (expense)	21,842	—
Loss Before Income Taxes	(364,371)	(224,388)
Tax provision	—	—
Net Loss	\$ (364,371)	\$ (224,388)
Loss per share		
Basic and diluted weighted average number of common shares outstanding	17,109,128	15,544,974
Basic and diluted net loss per share	\$ (0.02)	\$ (0.01)

See accompanying notes to these consolidated financial statements

West Texas Resources, Inc.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the Year Ended September 30, 2017

	Common Stock		Options	Additional Paid-in Capital	Common Stock Issuable	Accumulated Deficit	Total Shareholders' Equity
	Number of Shares	Amount	Number of Options				
Balance, September 30, 2015	<u>14,515,400</u>	<u>\$ 14,515</u>	<u>1,000,000</u>	<u>\$ 1,947,896</u>	<u>\$ 501,754</u>	<u>\$ (2,380,332)</u>	<u>\$ 83,833</u>
Issuance of common stock for cash	1,774,508	1,775		629,729	(476,754)		154,750
Stock based compensation				31,431			31,431
Net loss						(224,388)	(224,388)
Balance, September 30, 2016	<u>16,289,908</u>	<u>\$ 16,290</u>	<u>1,000,000</u>	<u>\$ 2,609,056</u>	<u>\$ 25,000</u>	<u>\$ (2,604,720)</u>	<u>\$ 45,626</u>
Issuance of common stock for cash	496,000	496		148,304	9,000		157,800
Issuance of common stock for property and services	665,000	665		200,835	(25,000)		176,500
Stock based compensation			1,500,000	18,003			18,003
Cost of Capital Raise				(6,000)			(6,000)
Net loss						(364,371)	(364,371)
Balance, September 30, 2017	<u>17,450,908</u>	<u>\$ 17,451</u>	<u>2,500,000</u>	<u>\$ 2,970,198</u>	<u>\$ 9,000</u>	<u>\$ (2,969,091)</u>	<u>\$ 27,558</u>

See accompanying notes to these consolidated financial statements

West Texas Resources, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended September 30,	
	2017	2016
Cash flows from operating activities		
Net loss	\$ (364,371)	\$ (224,388)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and depletion	3,942	–
Accretion expense	8,954	–
Stock-based compensation	18,003	31,431
Gain on forgiveness of debt	(26,292)	–
Bad debt expense	10,000	–
Loss on asset disposal	4,450	–
Stock issued for consulting services	14,000	–
Stock for Advertising and promotion	18,750	–
Changes in operating assets and liabilities:		
Refundable deposits	–	–
Prepaid & other current assets	1,539	–
Accounts payable	26,043	–
Payroll liabilities	90,146	3,022
Related Party Payable	13,057	–
Other payable	12,902	(5,610)
Net cash used in operating activities	<u>(168,877)</u>	<u>(195,545)</u>
Cash flows from investing activities		
Oil and gas properties, using successful efforts accounting	(12,983)	(10,000)
Purchase of pumping unit	–	(7,200)
Sale of pumping unit	2,750	–
Net cash (used in) investing activities	<u>(10,233)</u>	<u>(17,200)</u>
Cash flows from financing activities		
Proceeds from sale of common stock	157,800	72,750
Proceeds from shareholder advances	22,187	10,442
Payments on note payable	(2,962)	–
Costs of raising capital	(6,000)	–
Net cash provided by financing activities	<u>171,025</u>	<u>83,192</u>
Net (decrease) in cash	(8,085)	(129,553)
Cash, beginning of period	13,209	142,762
Cash, end of period	<u>\$ 5,124</u>	<u>\$ 13,209</u>
Supplemental cash flow disclosure:		
Interest paid	<u>\$ 8,555</u>	<u>\$ 954</u>
Supplemental disclosure of non-cash transactions:		
Conversion of shareholder advances to common stock	<u>\$ –</u>	<u>\$ 42,000</u>
Purchase of oil and gas investments using common stock, net of asset retirement obligations of \$115,218	<u>\$ 150,000</u>	<u>\$ 40,000</u>
Acquisition of equipment, cost of equipment	<u>\$ –</u>	<u>\$ 13,200</u>
Acquisition of equipment, equipment loan	<u>\$ –</u>	<u>\$ (6,000)</u>
Acquisition of equipment, cash down payment	<u>\$ –</u>	<u>\$ (7,200)</u>

See accompanying notes to these consolidated financial statements

WEST TEXAS RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2016 and 2015

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 began with the operation of several leases in South Texas and a lease in East Texas, during the year ended September 30, 2017.

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 years ended September 30, 2017 and 2016, the Company incurred a net loss of \$364,371 and \$224,388, respectively. In addition, the Company had an accumulative deficit of \$2,969,091 and \$2,604,720, as of September 30, 2017 and September 30, 2016, 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.

Equipment

Equipment consists of oil field equipment which is recorded at cost and depreciated on a straight-line basis over the estimated useful life of the equipment. The useful life of the equipment is estimated to be 12 years.

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 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.

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 and 2017. 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 losses incurred in fiscal year 2016 and 2017.

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 years ended September 30, 2017 and 2016, 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 September 30, 2017 and September 30, 2016, 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.

Recent accounting pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09 " Revenue from Contracts with Customers " (Topic 606). 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. Early application is not permitted. Management is currently evaluating the impact this guidance will have on the Company's consolidated financial position and consolidated statement of operations.

In August 2014, the FASB issued Accounting Standards Update ("ASU") 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. Management has adopted this standard in the current year.

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)" ("ASU 2016-02"). The FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under ASU 2016-02, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-to-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. ASU 2016-02 retains a distinction between finance leases (i.e. capital leases under current GAAP) and operating leases. The classification criteria for distinguishing between finance leases and operating leases will be substantially similar to the classification criteria for distinguishing between capital leases and operating leases under current GAAP. The amendments of this ASU are effective for reporting periods beginning after December 15, 2018, with early adoption permitted. An entity will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Management does not expect the adoption of ASU 2016-02 to have any material impact on the company's consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09"). The standard is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. ASU 2016-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. The Company is currently evaluating the impact that the standard will have on the Company's consolidated financial position and consolidated 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 exploratory oil and gas drilling prospect covering 120 acres in Eastland County, Texas. After exploratory 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 \$14,570. 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. As of September 30, 2017, we maintain a working interest in these properties.

Stansell Field, Floyd County, Texas

We hold a 1% working interest in an oil prospect located in Floyd County, Texas. Our purchase price for the working interest was \$70,000. 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 using 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. As of September 30, 2017, we maintain a working interest in these properties.

Hale County Field, Hale County, Texas

In June and July 2014, the Company acquired non-operating leases covering approximately 1,070 gross mineral acre leases in a property 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 was paid in the Company's common shares at the per share price of \$0.50. As of September 30, 2017, we maintain a royalty interest in these properties.

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.

Gas Tap

In December 2017, we entered into a letter of intent to acquire Gas Tap Corp., a privately-held company with substantial natural gas reserves in the Barnett Shale, Texas. Pursuant to the letter of intent, we will acquire all of the capital stock of Gas Tap Corp. in consideration of our issuance of 15 million shares of our common stock to the stockholders of Gas Tap Corp. The letter of intent represents the non-binding obligations of the parties and is subject to each party's continued due diligence inquiry and the execution of definitive agreements between the parties. There can be no assurance that we will be able to complete the acquisition on the terms described above or at all.

As of September 30, 2017 and September 30, 2016, total oil and gas properties amounted to \$448,208 and \$267,433, respectively.

3. Shareholder Advances

During the years ended September 30, 2017 and 2016, a shareholder paid general and administrative expenses on behalf of the company through his personal credit cards. The credit cards bear interest of 25.99% and 29.99%. The outstanding balances as of September 30, 2017 and 2016 were \$59,815 and \$37,628, respectively, and are due on demand.

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.

During the fiscal year ended September 30, 2016, the Company entered into subscription agreements with various accredited investors to sell 291,000 shares of the Company's common stock at \$0.25 per share. The total amount of \$72,750 was received and the shares were issued.

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.

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, 2017, the shares had not been issued and been removed from common stock payable, along with the investment.

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 known 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 to 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 fiscal year ended September 30, 2017, the Company entered into subscription agreements with various accredited investors to sell 496,000 shares of the Company's common stock at \$0.30 per share. The total amount of \$148,800 was received and the shares were issued.

During the fiscal year ended September 30, 2017, the Company exchanged 665,000 units of WTXR securities valued at \$0.30 per unit, for a total consideration of \$201,500, in exchange for \$51,500 of professional services and \$150,000 of equipment and various producing and non-producing leases primarily in Gonzales, Caldwell, and Wilson County, Texas. 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.

During the fiscal year ended September 30, 2017, the Company entered into subscriptions agreements for 30,000 shares of common stock at \$0.30 per share. As of September 30, 2017, the shares have not been issued and carried as common stock issuable for \$9,000.

As of September 30, 2017 and September 30, 2016, the Company had 17,450,908 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 \$18,003 was amortized and included in general and administrative expenses for the year ended September 30, 2017. As of September 30, 2017, all compensation expense related to these options has been recognized.

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

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

On October 19, 2016, the Company granted options to Mr. William Sawyer, the Company's new CEO, to purchase a total of 1,500,000 shares of the Company's common stock. The options have an exercise price of \$0.50 per share, and expire on October 18, 2021. 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. The fair value of the options was determined to be \$448,500, but the Company does not consider it probable that the performance conditions will be met. Therefore no compensation expense has been recognized.

The following information applies to all options outstanding at September 30, 2017:

- Weighted average exercise price: \$0.57
- Options outstanding and exercisable: 600,000
- Average remaining life: 1.81 years

The following is a rollforward of the options outstanding and exercisable for the year ended September 30, 2017:

	Options	Weighted Average Exercise Price	Average Remaining Life
Outstanding and exercisable – September 30, 2016	563,889	\$0.57	2.73
Vested	36,111		
Expired	–		
Outstanding and exercisable – September 30, 2017	600,000	\$0.57	1.81

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, 2017 and 2016 will not be fully realizable. Accordingly, management has recorded a full valuation allowance against its net deferred tax assets at September 30, 2017 and 2016. As of September 30, 2017 and 2016, the Company had federal net operating loss carry-forwards of approximately \$2,973,000 and \$2,605,000, respectively, expiring beginning in 2032.

Deferred tax assets consist of the following components:

	September 30, 2017	September 30, 2016
Net loss carryforward	\$ 623,568	\$ 885,700
Valuation allowance	(623,568)	(885,700)
Total deferred tax assets	\$ —	\$ —

The company has not filled income taxes for the tax years 2016 and 2017.

6. Debt Forgiveness

During the year ended September 30, 2017, the Company's legal counsel forgave \$26,292 in legal fees payable. The Company recognized a gain as a result of this forgiveness within other income on the Consolidated Statement of Operations.

7. Subsequent Event

Events subsequent to September 30, 2017 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 with various accredited investors to sell a total of 506,000 shares of the Company's common stock and a total of 506,000 warrants at \$0.30 per unit. A unit is determined to be equal to 1 share of the Company's common stock and 1 purchase warrant which is exercisable at \$0.50 per share over a three year period ending November 1, 2019.
- William Sawyer resigned on October 17, 2017 as chief executive officer of the Company. No amount was recognized in the current period per the terms of the severance agreement. Please see Note 11.
- The Company has entered into a Letter of Intent to acquire Gas Tap Corp. in exchange for 15 million shares of common stock. The Company intends to re-work and re-fracture shut in wells on 1,400 acres located in the Fort Worth Basin.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

Our management, with the participation of our chief executive officer evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 15a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, our management, including our chief executive officer and concluded that for the reasons described below our disclosure controls and procedures were not effective as of September 30, 2017 in ensuring all material information required to be filed has been made known in a timely manner.

(b) Changes in internal control over financial reporting.

There were no changes to our internal control over financial reporting, as defined in Rules 15a-15(f) under the Exchange Act that occurred during the fiscal year ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(c) Management's report on internal controls over financial reporting.

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting, as defined under Rule 15a-15(f) under the Exchange Act. Our management has assessed the effectiveness of our internal controls over financial reporting as of September 30, 2017 based on the framework established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements. An internal control material weakness is a significant deficiency, or aggregation of deficiencies, that does not reduce to a relatively low level the risk that material misstatements in financial statements will be prevented or detected on a timely basis by employees in the normal course of their work. Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2017, and this assessment identified the following material weaknesses in our internal control over financial reporting:

- 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.

Based on that evaluation, management concluded that our internal control over financial reporting was not effective as of September 30, 2017.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Set forth below are our directors and officers.

<u>Name</u>	<u>Age</u>	<u>Position</u>
John D. Kerr	51	President, Chief Executive Officer, Chief Financial Officer and Director
Paul Brogan	57	Director
Gordon Johnson	77	Director

Mr. Kerr has served as our president and chief executive officer since October 17, 2017. Mr. Kerr has also served as our chief financial officer and a member of our board of directors since our founding on December 9, 2010. Mr. Kerr also served as our chief executive officer from May 2015 to October 2016. For over the past five years, Mr. Kerr has served as a vice president of Newport Capital Consultants, Inc. Mr. Kerr served as a member of the board of directors of Petro Resources Corporation (NYSE-MKT:PRC), an independent oil and gas company now known as Magnum Hunter Resources Corp. (NYSE:MHR), from 2002 to 2005.

Mr. Brogan has served as a member of our board of directors since April 2015. Since January 2015, Mr. Brogan has served as president of C-Bond Systems, LLC, a Houston based business co-founded by Mr. Brogan engaged in development of technologies designed to significantly strengthen glass, increase glass flexibility and enhance the adhesion of glass-to-window film products. From January 2010 to December 2014, Mr. Brogan served as president and chief executive officer of Wintec Security, Inc., a Houston based business engaged in the business of security products. Mr. Brogan has over 30 years of experience in the oil and gas industry. From 1999 to 2010, Mr. Brogan served as president of LEXCO Energy Corporation, a Houston based oil and Gas Company. From 1998 to 1999, Mr. Brogan served on the advisory staff of R.A. Lenser and Associates, a petroleum engineering and geological consulting firm specializing in comprehensive oil and gas reserve reports, geological studies and 3-D seismic interpretation. From January 2000 to 2003, Mr. Brogan served as an advisor to the Venezuelan Ministry of Energy and Mines. From 1992 through 1998, Mr. Brogan was vice president of Rosneftegazstroy International, the former Ministry of Oil, Gas and Construction in Russia. Mr. Brogan initially started in the oil business in 1973 with Green Head Supply Company, a major supplier of oil and gas equipment, serving in the capacity of vice president responsible for financial planning, negotiations, marketing and public relations. Mr. Brogan received a degree in Business Management from Oklahoma City University in 1970.

Mr. Johnson has served as a member of our board of directors since November 2015. Mr. Johnson has over 40 years of experience in the oil and gas industry. Following his graduation from University of Texas, Mr. Johnson was employed by two major and two large independent oil companies, receiving experience in Texas, New Mexico, Oklahoma, Montana, North Dakota, and Louisiana. Subsequently, he joined the ranks of the independent oil operators. He has since served as president of several oil and gas companies. During his career he has been responsible for generating geological prospects, acquisition of oil and gas leases and producing properties, generation of drilling funds, supervision of the drilling and completion of numerous oil and gas wells, and coordination of several mergers. Mr. Johnson is currently president of Bayside Corporation, a company engaged in acquiring existing wells for remediation and re-completion as well as generating development drilling prospects.

Audit and Compensation Committees

We do not have an audit or compensation committee.

Code of Ethics

We have adopted a code of ethics for all our employees, including our chief executive officer, principal financial officer and principal accounting officer or controller, and/or persons performing similar functions.

Limitation of Liability of Directors and Indemnification of Directors and Officers

Nevada corporate law provides that corporations may include a provision in their articles of incorporation relieving directors of monetary liability for breach of their fiduciary duty as directors, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith and which involve a breach of the director's duty to the corporation or intentional misconduct or a knowing violation of law, (iii) for unlawful payment of a dividend or unlawful stock purchase or redemption, or (iv) for any transaction from which the director derived an improper personal benefit. Our articles of incorporation provides that directors are not liable to us or our stockholders for monetary damages for breach of their fiduciary duty as directors to the fullest extent permitted by Nevada law. In addition to the foregoing, our bylaws provide that we may indemnify directors, officers, employees or agents to the fullest extent permitted by law and we have agreed to provide such indemnification to each of our directors.

The above provisions in our articles of incorporation and bylaws and in the written indemnity agreements may have the effect of reducing the likelihood of derivative litigation against directors and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their fiduciary duty, even though such an action, if successful, might otherwise have benefited us and our stockholders. However, we believe that the foregoing provisions are necessary to attract and retain qualified persons as directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Item 11. Executive Compensation

Summary Compensation Table

The following table sets forth the compensation paid by us to our chief executive officer and to all other executive officers for services rendered during the fiscal years ended September 30, 2017 and 2016.

Name and Position (a)	Year (b)	Salary (c)	Bonus (d)	Stock Awards (e)	Option Awards (f)	All Other Compensation (g)	Total (h)
William Sawyer, President and CEO	2017	\$24,000	\$66,000	—	—	—	\$90,000
	2016	—	—	—	—	—	—
John D. Kerr, President and CEO	2016	\$48,000	—	—	—	—	\$48,000
	2015	\$41,500	—	—	\$ —	—	\$41,500

The dollar amounts in column (f) reflect the values of options as of the grant date for the year ended September 30, 2016, in accordance with ASC 718, *Compensation-Stock Compensation* and, therefore, do not necessarily reflect actual benefits received by the individuals. Assumptions used in the calculation of these amounts are included in Note 5 to our audited financial statements for the year ended September 30, 2017.

Mr. Sawyer served as our president and chief executive officer from October 2016 to October 2017. Mr. Kerr served as our chief financial officer during our 2016 and 2017 fiscal years and as our president and chief executive officer during our 2016 fiscal year. Pursuant to our separation agreement with Mr. Sawyer, we agreed to pay him \$155,000 of severance in the form of an unsecured promissory note. All options previously granted by us to Mr. Sawyer expired by their terms, without exercise, following his resignation.

Narrative Disclosure to Summary Compensation Table

Kerr Compensation Agreements. Mr. Kerr receives a salary of \$3,000 per month. Mr. Kerr is not entitled to receive any other compensatory benefits or consideration, such as medical or life insurance, car allowances or the like. Mr. Kerr has committed to provide his full time to our company, however from our inception to date, and until such time as we receive significant additional capital, his duties to our company will not require his full business time. At such time as Mr. Kerr provides his full business time to our company on a continuous basis, we expect to adjust upward the compensation and benefits payable to him. In March 2014, we granted to Mr. Kerr options to purchase 100,000 shares of our common stock, each, at an exercise price of \$0.60 per share.

Outstanding Equity Awards at September 30, 2017

Option Awards

Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards:	Option Exercise Price (e)	Option Expiration Date (mm/dd/yyyy) (f)
			Number of Securities Underlying Unexercised Options (#) (d)		
John D. Kerr	200,000	–	–	\$0.25	09/15/2019
John D. Kerr	100,000	–	–	\$0.60	09/15/2019

Compensation of Directors

Upon their appointment to our board of directors, we granted to Paul Brogan and Gordon Johnson options to purchase 200,000 and 400,000 shares of our common stock, respectively. Mr. Brogan's and Mr. Johnson's options include exercise prices of \$0.50 and \$0.30 per share, respectively. Both options have a five year term and vest in equal one-third installments commencing on the date of grant and each of the first two anniversaries of the date of grant.

Except as described above, we have not paid any directors' fees or other compensation to our directors for their services as directors. All of our directors receive reimbursement for out-of-pocket expenses for attending board of directors meetings. We intend to appoint additional members to the board of directors, including outside or non-officer members to the board. There are no understandings or arrangements at this time concerning the appointment of additional directors to our board, and we do not expect to be able to attract directors with significant oil and gas experience until such time as we raise significant additional capital. Any future outside directors may receive an attendance fee for each meeting of the board of directors. From time to time we may also engage certain future outside members of the board of directors to perform services on our behalf and we will compensate such persons for the services which they perform.

Section 16(A) Beneficial Ownership Reporting Compliance

Because our common stock is not registered under the Exchange Act, our officers, directors and 10% stockholders are not required to file with the SEC beneficial ownership reports under Section 16 of the Exchange Act.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth certain information regarding the beneficial ownership of our common stock as of the date of this report by:

- each person who is known by us to be the beneficial owner of more than five percent (5%) of our issued and outstanding shares of common stock;
- each of our directors, executive officers and nominees to become directors; and
- all directors and executive officers as a group.

Name and Address	Number of Shares	Percentage Owned (1)
John D. Kerr (2)(3)	400,000	2.3%
Paul Brogan (2)(4)	333,333	2.0%
Gordon Johnson (2)(5)	264,000	1.5%
Gary Bryant (6)	6,735,508	39.4%
Danilo Cacciamatta (7)	1,100,000	6.4%
Suzanne Bryant (6)	1,100,400	6.4%
Directors and executive officers as a group	997,333	5.8%

(1) The percentage amounts for each reported person are based on 17,083,908 common shares issued and outstanding as of the date of this report.

(2) The address for the stockholder is 5729 Lebanon Road, Suite 144, Frisco, Texas 75034.

(3) The shares for John D. Kerr include 300,000 shares underlying presently exercisable options.

(4) The shares for Paul Brogan include 133,333 shares underlying presently exercisable options and exclude 66,667 shares underlying shares subject to vesting.

(5) The shares for Gordon Johnson include 264,000 shares underlying presently exercisable options and exclude 136,000 shares underlying shares subject to vesting.

(6) Gary and Suzanne Bryant are married, however they disclaim any interest in the shares held by the other. The address for the Gary and Suzanne Bryant is 980 Noble Champions Way, Bartonville, Texas 76226.

(7) The address for the Danilo Cacciamatta is 1360 Temple Hills Dr., Laguna Beach, CA 92651.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Related Party Transactions, Promoters and Director Independence

In addition to our executive officers and directors, Mr. Gary Bryant may be deemed to be a promoter of our company. Mr. Bryant and his wife, Suzanne Bryant, each purchased 100,000 shares of our common stock, at a purchase price of \$0.25 per share, in connection with our 2011 private placement of common shares. From time to time, Mr. Bryant provides us with advances of funds. The advances are unsecured and do not accrue interest on the principal amount. During the fiscal year ended September 30, 2013, Mr. Bryant agreed to convert \$41,000 of advances into 82,000 shares of our common stock at the rate of \$0.50 per share. At the same time, Mr. Bryant purchased 24,000 shares of our common at a price of \$0.50 per share. As of September 30, 2015 and 2014, the total outstanding amount of advances from Mr. Bryant were \$45,000 and \$35,000, respectively.

In addition to the advances provided by Mr. Bryant, during the fourth fiscal quarter of 2013 Mr. Bryant loaned us a total of \$547,762 for purposes of financing a portion of the Port Hudson and West Cam 225 acquisitions, including a loan for \$417,762, which bears interest on the unpaid principal amount at the rate of 8% per annum and is payable over a four year period at the amortized rate of \$10,198 per month, and another loan for \$130,000, which bears interest on the unpaid principal amount at the rate of 6% per annum and is payable on February 6, 2016. Our obligations under both loans are secured by our working interest in the Port Hudson field and all principal and interest under each loan is convertible, at the option of the holder, into our common shares at the rate of \$0.50 per share. On September 30, 2015, Mr. Bryant converted all principal and accrued interest under both loans, totaling \$501,754, into shares of our common stock at the rate of \$0.50 per share.

On September 30, 2015, we 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 by us in shares of our common stock at the per share price of \$0.50. In addition, on July 27, 2017, we received a short-term loan of \$7,500 from Kiowa Oil Company. Kiowa Oil Company is a privately-held investment company controlled by Mr. Bryant.

As of September 30, 2017, we owe \$5,557 to Longview Oil & Gas, LLC related to the royalties due to them from a well we operate. Gordon Johnson, one of our directors, controls Longview Oil & Gas, LLC.

Except for above-mentioned transactions, and compensation paid or payable by us to our executive officers and reported elsewhere in this report, we have not entered into any other transactions of any value with any of our directors, officers, principal stockholders, promoters or any of their family members or affiliates, including entities of which they are also officers or directors or in which they have a financial interest. We have, however, adopted a policy that any transactions that we might enter into with related parties or promoters will only be on terms consistent with industry standards and approved by a majority of the disinterested directors of our board.

Item 14. Principal Accountant Fees and Services

The following table sets forth the aggregate fees billed to us for services rendered to us for the years ended September 30, 2017 and 2016 by our independent registered public accounting firm, Farber Hass Hurley LLP, for the audit of our consolidated financial statements for the years ended September 30, 2017 and 2016, and assistance with the reporting requirements thereof, the review of our condensed consolidated financial statements included in our quarterly reports on Form 10-Q, the filing of our Form 8-K, and accounting and auditing assistance relative to acquisition accounting and reporting.

(amounts in thousands)	2017	2016
Audit Fees	\$ 53,000	\$ 54,000
Audit-Related Fees	-	-
	<u>\$ 53,000</u>	<u>\$ 54,000</u>

PART IV

Item 15. Exhibits and Financial Statement Schedules

- (a) Financial statements

Reference is made to the Index and Financial Statements under Item 8 in Part II hereof where these documents are listed.

- (b) Financial statement schedules

Financial statement schedules are either not required or the required information is included in the consolidated financial statements or notes thereto filed under Item 8 in Part II hereof.

- (c) Exhibits

The exhibits to this Annual Report on Form 10-K are set forth below. The exhibit index indicates each management contract or compensatory plan or arrangement required to be filed as an exhibit.

Number	Exhibit Description	Method of Filing
3.1	Articles of Incorporation of the Registrant	Incorporated by reference from the Registrant's Registration Statement on Form S-1 filed on December 9, 2011.
3.2	Amendment to Articles of Incorporation of the Registrant	Incorporated by reference from the Registrant's Registration Statement on S-1 filed on December 9, 2011.
3.3	Bylaws of the Registrant	Incorporated by reference from the Registrant's Registration Statement on S-1 filed on December 9, 2011.
10.1	West Texas Resources, Inc. 2011 Stock Incentive Plan*	Incorporated by reference from the Registrant's Registration Statement on S-1 filed on December 9, 2011.
10.2	Lease Agreement dated August 22, 2011 between Registrant and Bay Energy Services, Inc.	Incorporated by reference from the Registrant's Registration Statement on S-1 filed on December 9, 2011.
10.3	Form of Registration Rights Agreement dated January 24, 2011 between Registrant and Selling Stockholders	Incorporated by reference from the Registrant's Registration Statement on S-1 filed on December 9, 2011.
10.4	Assignment dated September 30, 2011 between Registrant and West Texas Royalties, Inc.	Incorporated by reference from the Amendment No. 1 to Registrant's Registration Statement on S-1 filed on January 23, 2012.
10.5	Joint Operating Agreement between Registrant and West Texas Royalties, Inc.	Incorporated by reference from the Amendment No. 1 to Registrant's Registration Statement on S-1 filed on January 23, 2012.
10.6	Letter Agreement dated July 3, 2013 between the Registrant and Wells Fargo Energy Capital, Inc.	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q filed on August 19, 2013
10.7	Letter Agreement dated August 1, 2013 between Registrant and Gulfex Resources, LLC	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q filed on August 19, 2013
10.8	Loan Agreement dated August 14, 2013 between Registrant and Gary Bryant	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q filed on August 19, 2013

10.9	Promissory Note dated August 14, 2013 made by Registrant in favor of Gary Bryant	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q filed on August 19, 2013
10.10	Letter Agreement dated August 16, 2013 between Registrant and Enovation Resources LLC.	Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q filed on August 19, 2013
10.11	Loan Agreement dated September 5, 2013 between Registrant and Gary Bryant, as amended on January 10, 2014	Incorporated by reference from the Registrant's Annual Report on Form 10-K filed on January 14, 2014
10.12	Loan Agreement dated September 5, 2013 between Registrant and Lake Oswego Oil Company, LLC, as amended on January 10, 2014	Incorporated by reference from the Registrant's Annual Report on Form 10-K filed on January 14, 2014
10.13	Letter Agreement dated April 15, 2014 between the Registrant and EnTek Partners, LLC	Incorporated by reference from the Registrant's Current Report on Form 8-K filed on April 21, 2014
10.14	Lease Agreement dated September 30, 2015 between Registrant and Kiowa Oil Company	Incorporated by reference from the Registrant's Annual Report on Form 10-K filed on February 10, 2017
10.15	Employment Agreement dated October 18, 2016 between the Registrant and William A. Sawyer*	Incorporated by reference from the Registrant's Annual Report on Form 10-K filed on February 10, 2017
14.1	West Texas Resources, Inc. Code of Ethics	Incorporated by reference from the Registrant's Annual Report on Form 10-K filed on January 14, 2013
21.1	List of subsidiaries of Registrant.	Incorporated by reference from the Registrant's Registration Statement on S-1 filed on December 9, 2011.
31.1	Certification under Section 302 of the Sarbanes-Oxley Act of 2002.	Filed electronically herewith.
31.2	Certification under Section 302 of the Sarbanes-Oxley Act of 2002.	Filed electronically herewith.
32.1	Certifications 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

* Indicates management compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this annual report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

WEST TEXAS RESOURCES, INC.

Date: January 16, 2018

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ John D. Kerr</u> John D. Kerr	President, Chief Executive Officer Chief Financial Officer and Director (Principal Executive and Financial Officer)	January 16, 2018
<u>/s/ Paul Brogan</u> Paul Brogan	Director	January 16, 2018
<u>/s/ Gordon Johnson</u> Gordon Johnson	Director	January 16, 2018

CERTIFICATIONS

I, John D. Kerr, certify that:

- (1) I have reviewed this annual report on Form 10-K of West Texas Resources, Inc.;
- (2) Based on my knowledge, this 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(s) 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 company 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 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 most recent quarter (the registrant's fourth quarter in the case of an annual 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(s) 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 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 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.

WEST TEXAS RESOURCES, INC.

Date: January 16, 2018

By: /s/ John D. Kerr

John D. Kerr, President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, John D. Kerr, certify that:

- (1) I have reviewed this annual report on Form 10-K of West Texas Resources, Inc.;
- (2) Based on my knowledge, this 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(s) 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 company 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 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 most recent quarter (the registrant's fourth quarter in the case of an annual 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(s) 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 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 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.

WEST TEXAS RESOURCES, INC.

Date: January 16, 2018

By: /s/ John D. Kerr

John D. Kerr, Chief Financial Officer/
(Principal Financial Officer)

