

PIONEER OIL AND GAS
FINANCIAL STATEMENTS
(UNAUDITED)

December 31, 2014



PIONEER OIL AND GAS
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December 31, 2014

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

We have compiled the accompanying balance sheet of Pioneer Oil and Gas (a corporation) as of December 31, 2014, and the related statements of operations, comprehensive loss, and cash flows for the three month periods ended December 31, 2014 and 2013. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

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

The balance sheet as of September 30, 2014, was audited by us, and we expressed an unmodified opinion on it in our report dated December 16, 2014, but we have not performed any auditing procedures since that date.

JONES SIMKINS LLC
March 4, 2015

PIONEER OIL AND GAS
BALANCE SHEETS

<u>ASSETS</u>	December 31, 2014 (Compiled)	September 30, 2014 (Audited)
Current assets:		
Cash	\$ 1,752,451	1,817,081
Investments, available for sale	107,244	119,159
Receivables	107,067	183,381
Resale leases, at lower of cost or market	412,045	379,993
Deferred income taxes	20,000	5,000
Total current assets	<u>2,398,807</u>	<u>2,504,614</u>
Property and equipment, net	320,751	311,560
Other assets	2,230	2,230
	<u>\$ 2,721,788</u>	<u>2,818,404</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Payables and accrued expenses	\$ 83,016	79,392
Total current liabilities	83,016	79,392
Asset retirement obligation	3,669	3,634
Total liabilities	<u>86,685</u>	<u>83,026</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$.001 per share, 50,000,000 shares authorized; 5,664,002 shares issued and outstanding	5,664	5,664
Stock subscription receivable	(226,820)	(226,820)
Accumulated other comprehensive loss	(38,427)	(8,375)
Retained earnings	2,899,766	2,968,789
	<u>2,640,183</u>	<u>2,739,258</u>
Less treasury stock, 6,000 and 4,000 shares at cost, respectively	(5,080)	(3,880)
Total stockholders' equity	<u>2,635,103</u>	<u>2,735,378</u>
	<u>\$ 2,721,788</u>	<u>2,818,404</u>

See independent accountants' compilation report.

PIONEER OIL AND GAS
STATEMENTS OF OPERATIONS
Three Months Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue:		
Oil and gas sales	\$ 75,102	123,463
Royalty revenue	111,696	100,418
Project and lease sales income	-	233,750
	<u>186,798</u>	<u>457,631</u>
Costs and expenses:		
Cost of operations	4,867	31,277
General and administrative expenses	156,946	176,108
Exploration costs	79,221	90,942
Lease rentals	3,367	14,525
Loss on abandonment and impairment of resale leases	4,391	947,871
Depreciation, depletion and amortization	9,231	20,500
	<u>258,023</u>	<u>1,281,223</u>
Loss from operations	<u>(71,225)</u>	<u>(823,592)</u>
Other income:		
Interest income	1,699	1,365
Other, net	503	18,483
	<u>2,202</u>	<u>19,848</u>
Loss before provision for income taxes	<u>(69,023)</u>	<u>(803,744)</u>
Provision for income taxes	<u>-</u>	<u>-</u>
Net loss	<u>\$ (69,023)</u>	<u>(803,744)</u>
Net loss per common share:		
Basic	<u>\$ (0.01)</u>	<u>(0.14)</u>
Diluted	<u>\$ (0.01)</u>	<u>(0.14)</u>
Weighted average common shares:		
Basic	<u>5,664,000</u>	<u>5,664,000</u>
Diluted	<u>5,664,000</u>	<u>5,664,000</u>

See independent accountants' compilation report.

PIONEER OIL AND GAS
STATEMENTS OF COMPREHENSIVE LOSS
Three Months Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Net loss	\$ (69,023)	(803,744)
Other comprehensive loss:		
Change in unrealized holding loss, net of tax effect	<u>(30,052)</u>	<u>2,243</u>
Comprehensive loss	<u>\$ (99,075)</u>	<u>(801,501)</u>

See independent accountants' compilation report.

PIONEER OIL AND GAS
STATEMENTS OF CASH FLOWS
Three Months Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net loss	\$ (69,023)	(803,744)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, depletion and amortization	9,231	20,500
Impairment of resale leases	-	760,994
Accretion expense	35	361
(Increase) decrease in:		
Receivables	76,314	9,232
Resale leases	(32,052)	112,823
Increase (decrease) in:		
Payables and accrued expenses	3,624	18,193
Deposits	-	(100,000)
	<u>(11,871)</u>	<u>18,359</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchases of investments, available for sale	(33,137)	(401)
Acquisition of property and equipment	(18,422)	(261)
	<u>(51,559)</u>	<u>(662)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Purchase of treasury stock	(1,200)	-
	<u>(1,200)</u>	<u>-</u>
Net cash used in financing activities		
Net increase (decrease) in cash	(64,630)	17,697
Cash, beginning of period	<u>1,817,081</u>	<u>1,953,851</u>
Cash, end of period	<u>\$ 1,752,451</u>	<u>1,971,548</u>

See independent accountants' compilation report.

PIONEER OIL AND GAS
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION
Three Months Ended December 31, 2014 and 2013

During the three months ended December 31, 2014 the Company:

- Recorded a decrease in investments of \$45,052, a change in unrealized holding loss of \$30,052, and a change in investment related deferred income taxes of \$15,000.

During the three months ended December 31, 2013 the Company:

- Recorded an increase in investments of \$4,243, a change in unrealized holding loss of \$2,243, and a change in investment related deferred income taxes of \$2,000.

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