



Texhoma Energy, Inc. (TXHE)

A Nevada Corporation

Quarterly Report

Prepared in accordance with
OTC Pink Basic Disclosure Guidelines

For Period ending March 31, 2017

Texhoma Energy, Inc.
24624 I-45 North, Suite 200
Spring, Texas 77386

1) The exact name of the issuer and its predecessor (if any)

The name of the Issuer is Texhoma Energy, Inc. (“Texhoma”, the “Issuer”, “we”, or “Company”). Texhoma was originally incorporated in Nevada on September 28, 1998 as Pacific Sports Enterprises, Inc. In May 2001, we changed our name to Make Your Move, Inc. and on September 20, 2004, we changed our name to Texhoma Energy, Inc.

2) The address of the issuer’s principal executive offices

The Issuer’s principal executive offices are located at 24624 I-45 North, Suite 200, Spring, Texas 77386.

The Issuer’s telephone number is 281-719-1995.

3) Security Information

Trading Symbol: TXHE

Exact title and class of securities outstanding: Common

CUSIP: 882898307

Par or Stated Value: \$0.001

Total shares authorized: 2,500,000,000 as of: March 31, 2017

Total shares outstanding: 2,003,667,000 as of: March 31, 2017

Exact title and class of securities outstanding: Preferred

CUSIP: None

Par or Stated Value: \$0.001

Total shares authorized: 1,000,000 as of: March 31, 2017

Total shares outstanding: 51,000 as of: March 31, 2017

Madison Stock Transfer Inc.
2715 Coney Island Ave, 2nd Floor
Brooklyn, NY 11235
(718) 627-4453

Madison Stock Transfer Inc. is registered with the Securities and Exchange Commission as a transfer agent pursuant to Section 17A(c) of the Exchange Act.

List any restrictions on the transfer of security: None.

Describe any trading suspension orders issued by the SEC in the past 12 months: None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

As of May 2017, the Company amended its Articles of Incorporation to authorize 3,500,000,000 shares of Common Stock.

4) Issuance History

On November 7, 2013, the Circuit Court of the Second Judicial District in and for Leon County, Florida (the “Court”) entered an Order Granting Approval of Settlement Agreement and Stipulation (the “Order”) in the matter titled ASC Recap, LLC (“ASC Recap”) v. Texhoma Energy, Inc. The Order and the Stipulation for Settlement of Claims, dated October 23, 2013, between the Company and ASC Recap (the “Stipulation”), provides for the full and final settlement of ASC Recap’s \$1,482,593.00 claim against the Company in connection with past due amounts owed to creditors in connection with attorney’s fees, consulting fees, unpaid wages, and acquisition services which ASC Recap purchased from third parties pursuant to Receivable Purchase Agreements, between July 20, 2013 and September 23, 2013 (the “Claim”).

Pursuant to the terms of the Order and the Stipulation, the Company has issued to ASC Recap 850,575,986 shares of common stock in partial settlement of the Claim. Further, an additional 1,097,818,000 shares were issued to Tarpon Bay, which acquired rights to the shares from ASC Recap. The shares of common stock issued to ASC Recap were exempt from registration pursuant to an exemption provided by Section 3(a)(10) of the Securities Act of 1933, as amended, as the issuance of securities was in exchange for bona fide outstanding claims, where the terms and conditions of such issuance were approved by a court after a hearing upon the fairness of such terms and conditions. The shares were issued without a restrictive legend.

On April 14, 2014, the Company executed a Subscription Agreement with the CEO and President of ASL Corp. and issued 4,000,000 common stock shares for a purchase price of \$4,000. An additional 1,000,000 shares of common stock were issued to an unrelated party for a purchase price of \$1,000. These shares were issued in transactions exempt from registration under Section 4(a)(2) of the Securities Act of 1933. The shares issued are restricted securities and bear the appropriate legend.

5) Financial Statements

The Issuer is providing the following financial statements for the most recent period ending March 31, 2017: balance sheet; statement of operations; statement of cash flows; and financial notes. These financial statements are incorporated by reference herein and attached as Exhibit 1.

6) Describe the Issuer’s Business, Products and Services

Texhoma Energy, Inc. was originally formed as a Nevada corporation on September 28, 1998 as Pacific Sports Enterprises, Inc. Our business objective was to own and operate a professional basketball team that would be a member of the American Basketball Association. The American Basketball Association was not successful in organizing the league, and consequently the member teams ceased operating activities in 1999. Thereafter, we were dormant without any business operations until October 20, 2000. In May 2001, we changed our name to Make Your Move, Inc. and on September 20, 2004, we changed our name to Texhoma Energy, Inc. in connection with our change in business focus to oil and gas exploration and production.

A. A description of the issuer’s business operations;

Texhoma is an oil and gas company with a long history of acquisitions and divestitures. For example, on November 5, 2004, we entered into a Sale and Purchase Agreement with Texhoma Energy, Inc. Quarterly Report
Capersia

Pte. Ltd., a Singapore company (“Capersia”), to acquire 40% of an oil and gas exploration license operated by Black Swan Petroleum Pty. Ltd. (“Black Swan”) and its wholly owned subsidiary Black Swan Petroleum (Thailand) Limited (“Black Swan Thai”). Black Swan Thai owned the license, permits and title to a petroleum concession in the Chumphon Basin in the Gulf of Thailand, referred to as “Block B7/38” (the “Concession”).

Black Swan recommenced exploration operations of the Concession and Black Swan drilled two exploration wells in February and March 2005, which proved void of commercially viable hydrocarbons. In June 2005 after completion of the exploration activities, the ventures decided to discontinue the exploration efforts in Thailand and relinquished the Concession back to the government of Thailand. On January 20, 2006 we divested our shareholding in Black Swan and Black Swan Thai.

After the exploration venture in Thailand the Board of Directors of the Company decided to shift its focus to domestic oil and gas exploration and production, with a particular focus on south Louisiana and east Texas, including near-shore Gulf of Mexico.

On February 2, 2006, we executed a Sale and Purchase Agreement (the “Clovelly SPA”) with Sterling Grant Capital, Inc. pursuant to which we acquired a 5% (five percent) working interest in the Clovelly South prospect (bringing our total working interest to 11%) located in Lafourche Parish, Louisiana. As a result, the Company agreed to fund the work program for the Clovelly South project in accordance with the Joint Operating Agreement for the property. The Allain-Lebreton No. 2 well was drilled and plugged and abandoned in September 2006.

Texhoma is continuing in this tradition of acquisition and is exploring several opportunities. In furthering this pursuit, on August 5, 2014, the Company formed a wholly owned subsidiary, Texhoma Holding Company. On August 12, 2014, the Company purchased for \$8,400 a 0.016598% royalty interest in five oil wells located on the Shooter 916 lease located in Ochiltree County, Texas which have existing oil and gas production. Effective September 1, 2014, the Company purchased for \$5,600 a 0.25% overriding royalty interest in the Tonto North 390 B #3 well located in Scurry County, Texas, which has existing production.

Additionally, the Company has acquired various non-operated working interests in eight (8) wells located in Gregg and Upshur Counties, Texas. The working interest ownership interest percentages vary between .053985% and .54487%. The wells are operated by Quantum Resources Management, LLC of Houston, Texas. Combined, these wells at one time produced an average of approximately 280,000 cubic feet per day of natural gas and 8 barrels of oil per day over a six month period in the past.

On January 9, 2015 the Company entered into an agreement with Kris Kon A/S and Kris Kon Oil Fund, FT-SV that the Company would acquire USD500,000 of oil and gas interests from Kris Kon and further that Kris Kon would assist the Company in acquiring an additional \$3,500,000 of oil and gas interests over a period of 24 months. On May 6, 2015 this agreement was cancelled, mutually relieving both parties of any and all obligations that may have been related to the agreement.

On March 9, 2017, the Company was issued 1,000 Common shares in a wholly owned subsidiary corporation, Where2Wear, Inc., (“W2W”) incorporated in Nevada. W2W is developing a location

based social fashion media internet application. The application will enable users to virtually locate, research and ultimately review a specific brand or shop worldwide.

B. Date and State (or Jurisdiction) of Incorporation: Incorporated on September 28, 1998 in Nevada.

C. The issuer's primary SIC code is 1311; there is no secondary SIC code.

D. The issuer's fiscal year end date: September 30th

E. Principal products or services, and their markets;

Historically our focus has been oil and gas exploration and production. The market for oil and gas exploration services is highly competitive, and we expect competition to intensify in the future. Numerous well- established companies are focusing significant resources on exploration and are currently competing with us for oil and gas opportunities. Additionally, there are numerous companies focusing their resources on creating fuels and/or materials which serve the same purpose as oil and gas, but are manufactured from renewable resources. Therefore, as part of the company's ongoing strategy it will evaluate and may invest in non oil and gas activities as they arise.

7) Describe the Issuer's Facilities

Not applicable.

8) Officers, Directors, and Control Persons

A. Names of Officers, Directors, and Control Persons.

<u>Name</u>	<u>Position</u>	<u>Share Ownership</u>
Nicolo Golia Bedendo	CEO, President, Director	0% common (1,000 Series A Pref)

B. Legal/Disciplinary History.

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None of the above numbered statements apply to the Company's sole officer and Director.

C. Beneficial Shareholders.

	<u>Name</u>	<u>Amount</u>	<u>Percent</u>
Preferred Stock	Nicolo Golia Bedendo	1,000 Series A Pref.	100%

9) Third Party Providers

Legal Counsel

The McGeary Law Firm, P.C.
1600 Airport Fwy., Suite 300
Bedford, Texas 76022

Accountant or Auditor

Turner, Stone & Company, LLP
12700 Park Central Drive, Suite 1400
Dallas, Texas 75251

10) Issuer Certification

I, Nicolo Golia Bedendo, certify that:

1. I have reviewed this Quarterly Report of TEXHOMA ENERGY, INC.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 15, 2017

/s/ Nicolo Golia Bedendo
Nicolo Golia Bedendo

Exhibit 1

TEXHOMA ENERGY, INC. AND SUBSIDIARIES
Consolidated Financial Statements as of March 31, 2017 September 30, 2016
and for the Three and Six Months Ended March 31, 2017 and 2016
(unaudited)

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Texhoma Energy Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2017 and September 30, 2016
(unaudited)

	March 31, 2017	September 30, 2016
Assets		
Current assets:		
Cash	\$ 621	\$ 2,822
Accounts receivable	188	74
Total current assets	809	2,896
Property:		
Oil and gas properties at cost, successful efforts, net of depletion of \$5,912 and \$5,147 as of March 31, 2017 and September 30, 2016, respectively	11,498	12,263
Total Assets	\$ 12,307	\$ 15,159
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 77,793	\$ 71,334
Advances payable	38,842	35,642
Accrued interest	99,616	200,108
Convertible settlements payable (Note 6)	981,121	1,082,054
Convertible notes payable, net of discount of \$0 at March 31, 2017 and September 30, 2016	406,353	406,353
Total current liabilities	1,603,725	1,795,491
Commitments and contingencies (Note 8)		
Stockholders' Deficit:		
Preferred stock, \$0.001 par value, 1,000,000 shares authorized:		
Series A shares, \$0.001 par value, 1,000 issued and outstanding at March 31, 2017 and September 30, 2016	1	1
Series B shares, \$0.001 par value, 50,000 issued and outstanding at March 31, 2017 and September 30, 2016	50	50
Common stock, \$0.001 par value, 2,500,000,000 shares authorized: 2,003,667,000 and 1,406,231,000 shares issued and outstanding at March 31, 2017 and September 30, 2016, respectively	2,003,667	1,406,231
Additional paid in capital	9,780,379	10,118,528
Accumulated deficit	(13,375,515)	(13,305,142)
Total Stockholders' Deficit	(1,591,418)	(1,780,332)
Total Liabilities and Stockholders' Deficit	\$ 12,307	\$ 15,159

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

Texhoma Energy Inc. and Subsidiaries
Consolidated Statements of Operations
For the Three and Six Months Ended March 31, 2017 and 2016
(unaudited)

	For the three months ended March 31,		For the six months ended March 31,	
	2017	2016	2017	2016
Revenue	\$ 533	\$ 286	\$ 914	\$ 670
Cost of operations	138	383	317	423
Gross margin	395	(97)	597	247
Expenses:				
Depletion	392	432	765	686
General and administrative	3,743	5,785	9,501	10,250
Officer and director compensation	-	-	-	-
Total operating expenses	4,135	6,217	10,266	10,936
Net operating (loss)	(3,740)	(6,314)	(9,669)	(10,689)
Other income (expense):				
Loss on debt extinguishment	(33,645)	-	(33,645)	(7,804)
Loss on consolidation of subsidiary	(2,842)	-	(2,842)	-
Interest expense	(10,705)	(23,493)	(24,217)	(52,467)
Net (loss)	\$ (50,932)	\$ (29,807)	\$ (70,373)	\$ (70,960)
Weighted average number of common shares outstanding - basic and fully diluted	1,495,707,444	1,406,231,000	1,450,477,593	1,315,543,475
Net (loss) per share - basic and fully diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

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

Texhoma Energy Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended March 31, 2017 and 2016
(unaudited)

	March 31,	
	2017	2016
Cash flows from operating activities		
Net (loss)	\$ (70,373)	\$ (70,960)
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Amortization of debt discounts	-	13,327
Loss on debt extinguishment	33,645	7,804
Depletion expense	765	686
Changes in operating assets and liabilities:		
Accounts receivable	(114)	262
Accounts payable	6,459	(2,263)
Accrued interest	24,217	38,754
Net cash provided by (used in) operating activities	(5,401)	(12,390)
Cash flows from financing activities		
Proceeds from advances payable	3,200	12,000
Net cash provided by financing activities	3,200	12,000
Net increase (decrease) in cash	(2,201)	(390)
Cash - beginning of period	2,822	965
Cash - ending of period	\$ 621	\$ 575
Supplemental disclosures:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-cash investing and financing activities:		
Common stock shares issued in payment of the convertible settlements payable obligation	\$ 597,436	\$ 312,146
Accrued interest forgiven by Series B Preferred Holders in consideration for revised conversion terms	\$ 124,709	\$ -

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

TEXHOMA ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six months ended March 31, 2017 and 2016
(unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim unaudited consolidated financial statements and footnotes of Texhoma Energy, Inc. and its Subsidiaries (the “Company”), have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission regarding interim financial reporting. The financial statements reflect all adjustments that are, in the opinion of management, necessary to fairly present such information. All such adjustments are of a normal recurring nature. Although the Company believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including a description of significant accounting policies normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company’s Annual Report filed on the OTC Markets. The accompanying unaudited financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods, but are not necessarily indicative of the results for any subsequent quarter or the entire year ending September 30, 2017.

Organization and Business - Texhoma Energy, Inc. (“Texhoma” or the “Company”) has been engaged in the acquisition, exploration and development of crude oil and natural gas properties. The Company has limited current operations and actively seeks replacement assets. Our common stock currently trades under the symbol “TXHE” on the Over the Counter Pink Sheets (“OTC PK”).

On August 5, 2014, the Company formed a wholly owned subsidiary corporation, Texhoma Holding Company (“Holding”) incorporated in Texas. Holding acquired several oil and gas royalty and working interests.

On March 9, 2017 the Company was issued 1,000 Common shares in a wholly owned subsidiary corporation, Where2Wear, Inc., (“W2W”) incorporated in Nevada. W2W is developing a location based social fashion media internet application. The application will enable users to virtually locate, research and ultimately review a specific brand or shop worldwide.

Principles of consolidation - The consolidated financial statements include the accounts of Texhoma Energy, Inc. and its wholly owned subsidiary, Texhoma Holding Company. All significant intercompany transactions, accounts and balances have been eliminated in consolidation.

Use of Estimates – Texhoma’s financial statement preparation requires that management make estimates and assumptions which affect the reporting of assets and liabilities and the related disclosure of contingent assets and liabilities in order to report these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash includes all highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less.

Recently Issued Accounting Pronouncements - During the six months ended March 31, 2017 and through May 15, 2017, there were new accounting pronouncements issued by the FASB. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company’s consolidated financial statements.

TEXHOMA ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended March 31, 2017 and 2016
(unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment - On August 12, 2014, Holding purchased for \$8,400 a 0.016598% royalty interest in five oil wells located on the Shooter 916 lease located in Ochiltree County, Texas.

On August 20, 2014 Holding acquired a 0.25% overriding royalty interest in the Tonto North 390B #3 well located in the Permian Basin, Texas in exchange for \$5,600 and a non-operated working interest in eight wells of the GW Hooper survey located in the East Texas Basin, White Oak Field for a price of \$3,410.

On August 20, 2014 Holding acquired a 0.25% overriding royalty interest in the Tonto North 390B #3 well located in the Permian Basin, Texas in exchange for \$5,600 and a non-operated working interest in eight wells of the GW Hooper survey located in the East Texas Basin, White Oak Field for a price of \$3,410.

Earnings or (Loss) Per Share – Basic earnings per share (or loss per share), is computed by dividing the earnings (loss) for the period by the weighted average number of common stock shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities by including other potential common stock, including stock options and warrants, in the weighted average number of common shares outstanding for the period. Therefore, because including options and warrants issued would have an anti-dilutive effect on the loss per share, only the basic earnings (loss) per share is reported for periods that report earnings or loss. However, the potential dilution attributable to the outstanding convertible notes payable as of March 31, 2017 is estimated to be approximately 3,700,000,000 common shares.

Revenue Recognition - The Company recognizes revenue from the sale of crude oil, natural gas and natural gas liquids when title passes to the purchaser. Revenues from the production of properties in which the Company has an interest with other producers are recognized on the basis of the Company's net working or royalty interest in the related production.

2. GOING CONCERN ISSUES

We cannot provide any assurances that the Company will be able to secure sufficient funds to satisfy the cash requirements for the next 12 months, nor that it will be successful in its endeavors to revive its oil and gas activities. The inability to secure additional funds would have a material adverse effect on the Company.

These consolidated financial statements are presented on the basis that the Company will continue as a going concern. No adjustments have been made to these consolidated financial statements to give effect to valuation adjustments that may be necessary in the event the Company is not able to continue as a going concern. The effect of those adjustments, if any, could be substantial.

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America which contemplate continuation of the Company as a going concern. The Company has incurred \$13,375,515 in cumulative losses to date. Further, the Company has inadequate working capital to maintain or develop its operations, and is dependent upon funds from its stockholders and third party financing.

These factors raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. There is no assurance that the Company will receive the necessary capital required to fund its acquisition and exploration plans.

TEXHOMA ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended March 31, 2017 and 2016
(unaudited)

3. STOCKHOLDERS' DEFICIT

On March 31, 2017, the Company filed an Amended and Restated designation for its Series B Convertible Preferred Stock to reflect that the definitions of Applicable Percentage and Converted Percentage amounts be increased from 4.99% to 51% of the Company's outstanding common shares. In additional terms of the conversion of the Series B Preferred for the stated Beneficial Ownership allowed the Holder was amended from 9.99% to 4.99% of the Company's Common Stock then outstanding. In exchange for these restatements the Holder of the Series B Preferred agreed to a forgiveness of accrued interest on the principal of two notes payable that were included in the outstanding debts acquired in the ASC Recap, LLC (RECAP) settlement transaction (Note 6). The accrued interest was forgiven as of March 3, 2017 and was \$124,709.

4. STOCK OPTIONS AND WARRANTS

Costs attributable to the issuance of stock options and share purchase warrants are measured at fair value at the date of issuance and offset with a corresponding increase in 'Additional Paid in Capital' at the time of issuance. When the options or warrants are exercised, the receipt of consideration is an increase in stockholders' equity.

We entered into a three-year executive employment agreement with Mr. Nicolo' Bedendo effective November 30, 2016 providing for a warrant to purchase 10% of the Company's then outstanding common stock in exchange for \$15,000, should he continue to serve at the agreement expiration of November 30, 2019. Provisions of the warrant specify that the warrants will expire January 30, 2020. Other than the future commitment, there was no stock option or warrant activity during the six months ended March 31, 2017 and 2016 and at March 31, 2017 no other options or warrants were outstanding.

5. ADVANCES PAYABLE, ASL ENERGY CORP.

During the six months ended March 31, 2017 and 2016, the Company received short term advances from the CEO and President of ASL Energy Corp. (Note 7) totaling \$3,200 and \$12,000, respectively. In addition, prior advances of \$58,000 were converted to Convertible Notes Payable during the year ended September 30, 2015. An additional \$3,000 and \$66,258 of Convertible Notes Payable were issued in exchange for advances during the years ended September 30, 2016 and 2015, respectively. At March 31, 2017 advances payable totaled \$38,842. The advances are due upon demand, non-interest bearing and unsecured.

6. CONVERTIBLE SETTLEMENTS PAYABLE

On November 7, 2013, the Circuit Court of the Second Judicial Circuit for Leon County, Florida approved the October 23, 2013 Settlement Agreement, entered into between the Company and RECAP whereby a total of \$1,482,593 of outstanding debts were acquired by RECAP from various creditors in July 2013, including \$817,245 owed to the previous management services company, ASL Energy Corp. (Note 5), and \$86,000 owed to Gilbert Steedley, our former CEO. In satisfaction of the outstanding debts acquired by RECAP, we agreed to issue RECAP shares of our common stock at a 25% discount to market ("Settlement Shares") in various tranches and from which 75% of the proceeds from the sale of these shares by RECAP will be used to satisfy the outstanding debts. The aggregate fair value amount associated with the issuance of these shares is estimated to be approximately \$2,075,000. The exact number of Settlement Shares to be issued pursuant to the Settlement Agreement is indeterminable, and RECAP is precluded from owning more than 9.99% of the Company's common stock at any given time. RECAP does not bear the risk of market loss. The difference between the amount of proceeds used to satisfy the outstanding debts and the fair value of the common stock shares issued will result in a loss on debt settlement.

TEXHOMA ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended March 31, 2017 and 2016
(unaudited)

6. CONVERTIBLE SETTLEMENTS PAYABLE

Additionally, on November 14, 2013, the Company issued RECAP a convertible promissory note in the amount of \$25,000 with an original maturity date of May 14, 2014. The note was amended to extend the maturity date to August 31, 2017. The note is convertible at a the greater of a price equal to 50% of the lowest closing bid price for twenty days prior to conversion or \$0.001. The note carries no interest rate, is unsecured and remains outstanding.

7. NOTES PAYABLE AND CONVERTIBLE LOANS

During July 2013, the Company executed a \$25,000 non-interest bearing note payable in favor of RECAP (Note 6) payable upon demand as payment for expenses including legal fees incurred by RECAP relating to its acquisition of Texhoma's debt due to various creditors. Upon demand the note is convertible at a price equal to 50% of the lowest closing bid price for twenty days prior to conversion. The note was in default and on August 31, 2016 the noteholder agreed to a one year extension of the note until August 31, 2017.

On April 17, 2014, the Company issued convertible notes payable to ASL Corp and the CEO and President of ASL Corp. in the amounts of \$115,681 and \$25,726, respectively, in exchange for accrued and unpaid management fees and for cash advances, respectively. The notes were in default and carried an interest rate of 15% upon default. On August 31, 2016, the noteholder agreed to a one year extension of the note until August 31, 2017. Accrued interest due on the notes totaled \$52,030 and \$49,139 as of December 31, 2016 and September 30, 2016, respectively,

On July 31, 2014, the Company issued a convertible promissory note to its then CEO and President in exchange for \$25,000. The note bears interest at 8% and is due and payable on July 31, 2015 or is convertible into common stock shares at a conversion price equal to the greater of 80% of the closing bid price at the conversion date or \$0.00001. The note was in default and carried an interest rate of 15% upon default. On August 31, 2016, the noteholder agreed to a one year extension of the note until August 31, 2017 and granted a waiver of all interest accrued to date and future interest accrual.

On August 19, 2014, the Company issued a convertible promissory note to an unrelated party in exchange for \$25,000. The note bears no interest, is due on August 31, 2015 and is convertible into common stock at a conversion price of 60% of the average closing price for the five days prior to conversion. The note was in default and carried an interest rate of 4% upon default. On August 31, 2016, the noteholder agreed to a one year extension of the note until August 31, 2017 and granted a waiver of all accrued and future interest.

On August 31, 2016, the Company issued a convertible promissory note to its then CEO and President in exchange for \$7,700 in payments made on behalf of the Company. The note bears interest at 1% and is due and payable on August 31, 2017 or is convertible into common stock shares at a conversion price equal to the lessor of \$0.0001 or 50% of the closing bid price at the conversion date, but no less than \$0.00001. Accrued interest due on the notes totaled \$26 and \$6 as of December 31, 2016 and September 30, 2016, respectively.

Effective August 31, 2016 the Company successfully renegotiated all of its outstanding convertible promissory notes to extend the due date for one year, with all expiring August 31, 2017. In some cases, the Company was also granted a waiver of all interest accrued to date and future interest accrual.

TEXHOMA ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended March 31, 2017 and 2016
(unaudited)

8. COMMITMENTS AND CONTINGENCIES

On November 30, 2016, our CEO, President and Director, Mr. William M. Simmons resigned and appointed Mr. Nicolo' G. Bedendo as CEO, President and Director. We entered into an executive employment agreement providing for annual compensation of One Dollar (\$1) and a warrant to purchase 10% of the Company's then outstanding common stock in exchange for \$15,000, should he continue to serve at the end of his three-year term. The agreement expires November 30, 2019 and automatically renews for monthly periods unless terminated by either party.

The Company is not currently a defendant in any material litigation or any threatened litigation that could have a material effect on the Company's consolidated financial statements.

9. SUBSEQUENT EVENTS

On April 6, 2017 the Company entered into a Debt Conversion Agreement ("Agreement") with a creditor, South East Worldwide Limited, a Hong Kong corporation ("SEW") stipulating that 662,328,429 shares of Common Stock or such other number as equals 30% of the outstanding Common Stock, whichever is greater, as at September 30, 2017 will be issued to SEW in exchange for the full satisfaction of \$42,328.52 of principal and interest due to SEW for the balance as of March 3, 2017 of outstanding convertible notes payable.

Effective April 10, 2017, the Company amended the terms of its July 2013 Convertible Promissory Note originally issued to RECAP, which was subsequently assigned to Tarpon Bay Partners LLC ("Tarpon"), to extend the due date thereof to December 31, 2017 and amend the conversion terms.

On April 10, 2017 Tarpon requested a conversion of a portion of the November 14, 2013 Convertible Promissory Note into shares of the Company's common stock on terms different than are set forth in the current terms of the note. The Company inadvertently accepted and approved such conversion, which resulted in Tarpon receiving more shares than it would otherwise be due pursuant to the actual terms of the note. The parties are currently working to address and correct that error, which the Company believes will be addressed shortly after the date of this filing.

On April 10, 2017 the Company issued 198,700,000 shares of Common Stock to RECAP in settlement of convertible notes payable in the amount of \$8,675.

On April 21, 2017 the Company amended two convertible promissory notes payable in the original principal amounts of \$12,500 and \$18,487 revising the conversion price of the note from \$4.00 per share (after adjusting for the 1-for-1000 reverse stock split completed by the Company October 28, 2013) to \$0.00005 per share (as adjusted for recapitalizations and stock splits). Additionally, the accrual of interest on the note is waived and amended to state that interest shall accrue at the rate of two percent (2%) per annum upon an event of default. These revisions were agreed to in exchange for forgiveness of unrelated debt in the amount of \$1,000.

On May 4, 2017 the Company issued 200,000,000 shares of Common Stock in exchange for the settlement of \$10,000 principal balance of the \$12,500 convertible note payable originally dated 2009.

On May 4, 2017 the Company amended its Articles of Incorporation to increase the authorized Common Stock to 3,500,000,000 shares.