

XR ENERGY INC.

ANNUAL DISCLOSURE REPORT

December 31, 2017

1) Name of the Issuer and its predecessors (if any)

The name of the Issuer since inception is:

XR Energy Inc.

2) Address of the Issuer's Principal Executive Offices

3010 LBJ Freeway, Suite 1200

Dallas, TX 75234

Telephone: (469) 384-2671

E-mail: xrenergycorp@gmail.com

Website: Under Construction

IR Contact

N/A

3) Security Information

Trading symbol: XREG.PK

CUSIP : Common Stock – 983810102

Preferred Stock – yes.

The exact title and class of securities outstanding

Common Stock

Preferred Stock

Par or stated value

Common Stock – par value \$0.0001 per share

Preferred Stock – par value \$0.0001 per share

Total shares authorized

Common Stock – 500,000,000 shares

Preferred Stock – 50,000,000 shares

Total Shares outstanding at December 31, 2017

Common Stock – 106,107,877 shares

Preferred Stock – 10,000,000 shares

Transfer Agent

VStock Transfer Corporation

18 Lafayette Place

Woodmere, NY 11598

Telephone: (212) 828-8436

Fax: (646) 536-3179

Is the transfer agent is registered under the Exchange Act? Yes: ☒ No: ☐

Trading restrictions

Shares of our common stock held by our original purchasers and by persons who have purchased directly or indirectly from them in a transaction or series of transactions not involving a sale in the public securities markets are “restricted securities” as defined in Rule 144 and are subject to the restrictions on public resale provided in the Rule, unless registered under the Securities Act of 1933.

Trading suspensions

We have not been subject to any trading suspension order by the SEC in the past 12 months.

4) Issuance History

On February 10, 2014, XRT issued 3,333 shares of common stock (1,000,000 shares of XR common stock after the June 1, 2014 closing of the Acquisition Agreement dated March 11, 2014 (see Note 1)) to Global Media Network USA, Inc. ("Global Media") for certain investor relations services in connection with the then contemplated reverse acquisition of XR. The Company recognized a stock-based compensation of \$730,000, which is based on the \$.73 closing trading price of XR common stock on February 10, 2014, in Other Expenses in the Consolidated Statement of Operations for the period February 7, 2014 (inception) to December 31, 2014.

Also on February 10, 2014, XRT issued 96,667 shares of common stock (29,000,000 shares of XR common stock after the September 1, 2014 closing of the Acquisition Agreement dated March 11, 2014 (see Note 1)) to Sterling in exchange for certain oil leases assigned to XRT effective May 31, 2014 (see Note 5).

Effective May 14, 2014, the Company increased its authorized shares of common stock from 100,000,000 to 500,000,000 shares and authorized 50,000,000 shares of preferred stock, with a par value of \$.0001.

On June 1, 2014, the Company delivered to XRT 30,000,000 newly issued shares of XR in the name of XRT Shareholders in exchange for 100% of the XRT shares. Concurrently, the Company's controlling shareholders of the legal acquirer delivered and assigned a total of 19,000,000 shares registered in their names to the Company for cancellation. The transaction was accounted for as a reverse acquisition in which XRT is deemed to be the accounting acquirer. The capital balances have been retroactively adjusted to reflect the reverse acquisition. The shareholders of the legal acquirer retained 3,818,800 shares of XR common stock, which has been reflected at the (\$50,873) amount of negative identifiable assets of XR at June 1, 2014 (see Note 4).

On June 5, 2014, the Board authorized and issued 10,000,000 shares of Series A Convertible Preferred Stock to Sterling Properties, LLC, the now majority shareholder of the Company and an entity owned by the family of the Company's Chief Executive Officer. The Series A Preferred Stock has 25 votes for each share, but no less than the majority of voting rights, has a liquidation preference of \$0.0001 per share and does not participate in any dividend declared with respect to the common stock. Also, each outstanding share of Series A Preferred Stock is convertible at the option of the holder into one restricted share of the Company's common stock. As a result, the Company recognized stock based compensation of \$10,200,000 based on the fair-market value of the underlying common stock on the date of issuance, which was \$1.02 per share, in Other Expenses in the Consolidated Statement of Operations for the period February 7, 2014 (inception) to December 31, 2014.

On June 11, 2014 (see Note 9), the Company issued a total of 10,100,000 shares of XR common stock to six Beacon individual and corporate assignees in satisfaction of an XR \$25,000 convertible note plus accrued interest of \$1,643. The Company recognized stock-based compensation of \$10,477,357 based on the excess of the fair market value of the underlying common stock on June 11, 2014 (\$10,504,000 based on the \$1.04 closing trading price of XR common stock on June 11, 2014) over the amount of debt satisfied (\$26,643), which has been included in Other Expenses in the Consolidated Statement of Operations for the period February 7, 2014 (inception) to December 31, 2014.

On October 22, 2015 the company issued 4,000,000 shares of common Stock for conversion of debt, and 4,000,000 shares of common stock on October 23, 2015 for conversion of Debt. These shares were valued at \$.025 per share.

On February 17, 2016 the company issued 3,600,000 shares of common Stock to Christopher J. Benz for conversion of debt, and 3,000,000 shares of common stock to MadMat Holdings LLC on February 10, 2016 for conversion of Debt. These shares were valued at \$.025 per share. On February 24, 2016 the company issued 36,000,000 shares of common Stock to Sterling Royalties LLC pursuant to a previous asset exchange agreement. On March 16, 2016 the company issued 2,534,124 shares of common stock to Union Capital LLC for conversion of debt. On March 02, 2016 the company issued 1,000,346 shares of common stock to Union Capital LLC for conversion of debt. These shares were valued at \$.00149 per share.

On March 15, 2017 the company issued 2,737,550 shares of common stock to Union Capital LLC for conversion of debt. On May 04, 2016 the company issued 2,239,092 shares of common stock to Union Capital LLC for conversion of debt. On May 22, 2017 the company issued 3,077,965 shares of common stock to Union Capital LLC for conversion of debt, all at \$.00149 per share.

Part 5: Financial Statements

Index to Financial Statements

	Page
Audit Report	(none)
Balance Sheet	5
Statement of Income	6
Statement of Cash Flows	7
Statement of Stockholders' Equity	8
Notes to Financial Statements	9

6) Issuer's Business, Products and Services

A. A description of the issuer's business operations

XR Energy, Inc. (“XR” or the “Company”) was incorporated under the laws of the State of Nevada on August 31, 2009. XR offers energy consulting services to smaller sized middle market companies in the New York Metropolitan Area and earns a commission from the related utility, or Energy Service Company (“ESCO”), for energy supply brokered and sold to its customers.

Effective June 1, 2014 (pursuant to an Acquisition Agreement dated March 11, 2014), XR acquired 100% of the outstanding capital stock of XR Energy of Texas, Inc (“XRT”) in exchange for XR delivering 30,000,000 of newly issued shares of XR common stock to the former XRT shareholders (see Note 4). After the exchange, the former XRT shareholders owned approximately 88.7% of the issued and outstanding shares of XR common stock. In addition, prior to the reverse acquisition, XR Energy had nominal revenue producing operations in its consulting business, as well as nominal assets and liabilities on its balance sheet as the legal acquirer in the reverse acquisition. Accordingly, the Company has deemed XRT to be the accounting acquirer for financial reporting purposes. The accompanying consolidated financial statements reflect the operations of XRT from its inception on February 7, 2014 to June 1, 2014 and XRT and XR thereafter.

Effective May 31, 2014, XRT acquired certain oil leasehold interests located in Texas from Sterling Royalties, LLC (“Sterling”) in exchange for XRT delivering 96,667 shares of XRT’s non-publicly traded common stock to Sterling, representing approximately 97% of the issued and outstanding shares of XRT common stock after the exchange. Sterling is owned by family of Akram Chaudhary, the Company’s Chief Executive Officer. XRT was incorporated under the laws of the state of Texas on February 7, 2014 for the purpose of acquiring those oil leasehold interests. Accordingly, it had no operations or assets prior to the acquisition of those leasehold interests. Since XRT only acquired those oil leasehold interests from Sterling, the consolidated financial statements do not represent the acquisition of an ongoing business that existed prior to June 1, 2014 for the accounting acquirer XRT.

Effective March 20, 2014, Tara Muratore resigned as a director and Chief Financial Officer of the Company and was replaced by David Taylor. Effective April 4, 2014, Anthony Muratore resigned as a director and Chief Executive Officer of the Company and was replaced by Akram Chaudhary, the Chief Executive Officer of XRT.

Effective August 25, 2016, Akram Chaudhary resigned as a director and Chief Executive Officer of the Company and was replaced by Allan Smethers. Effective August 25, 2016, Davit Taylor resigned as a director and Chief Financial Officer of the Company and was replaced by Allan Smethers.

B: Date and state of incorporation

Incorporated August 31, 2009 in Nevada, USA.

C: Issuer’s primary and secondary SIC Codes

Primary SIC Code: 1311

D: The Issuer’s fiscal year end date

December 31, 2017

E: Principal products or services, and their markets

Oil and gas exploration, production, and servicing in the U.S.A.

7) The Issuer's Facilities

Our headquarters office is newly located at:
3010 LBJ Freeway, Suite 1200, Dallas, TX 75234
The property is on a month to month lease.

8) Officers, Directors and Control Persons

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

CEO/ Allan D. Smethers

B. Legal/Disciplinary History.

1. Mr. Smethers has not been subject to conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. Mr. Smethers has not been subject to entry of an order, judgment, or decree 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. Mr. Smethers has not been subject to 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; or
4. Mr. Smethers has not been subject to the entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited his involvement in any type of business or securities activities.

C. Beneficial Shareholders.

Sterling Royalties owns 66,000,000 shares of our common stock or 62% of the issued and outstanding as of December 31, 2017.

9) Third Party Providers

Legal Counsel:

N / A

Accountant or Auditor

LKS & Associates, Ltd

20562 Jupiter Ave Lakeville, MN 55044

lksandassociatesllc@gmail.com

Investor Relations Consultant

IR Contact

N/A

10) Issuer Certification I, Allan D. Smethers, certify that:

1. I have reviewed this annual disclosure statement of XR 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.

April 01, 2019

/s/ Allan D. Smethers

Allan D. Smethers

Chief Executive Officer and Sole Director

