



ANNUAL FINANCIAL STATEMENTS WITH
COMPANY INFORMATION AND DISCLOSURE STATEMENT

December 31, 2017

STAR MOUNTAIN RESOURCES, INC.

**Star Mountain Resources, Inc.
Annual Financial Statements With
Company Information and Disclosure Statement
December 31, 2017**

Prepared and submitted in accordance with OTC Pink Basic Disclosure Guidelines

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

Star Mountain Resources, Inc. – December 2014
Formerly Jameson Stanford Resources Corporation – April 2012
Formerly MyOtherCountryClub.com – September 2009

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

605 W Knox Rd., Suite 102
Tempe, AZ 85284
Telephone (480) 567-9787
Fax (480) 567-9788
www.starmountainresources.com

3) Security Information

Preferred Stock

Series B Preferred Stock
Series C Preferred Stock
Common Stock
Class A Common Stock
Class B Common Stock
Trading Symbol: SMRS
CUSIP: 855155107

A. Par or stated Value

Preferred Stock
Series B and Series C Preferred Stock, par value \$0.001
Common Stock, par value \$0.001
Class A Common Stock, par value \$0.001
Class B Common Stock, par value \$0.001

B. Common or Preferred Stock

STAR MOUNTAIN RESOURCES, INC. SERIES B PREFERRED STOCK

Total shares authorized: 100,000 as of: December 31, 2017
Total shares outstanding: 5,000 as of: December 31, 2017

STAR MOUNTAIN RESOURCES, INC. SERIES C PREFERRED STOCK

Total shares authorized: 5,000,000 as of: December 31, 2017
Total shares outstanding: 3,130,000 as of: December 31, 2017

STAR MOUNTAIN RESOURCES, INC. COMMON STOCK

Total shares authorized: 350,000,000 as of: December 31, 2017
Total shares outstanding: 38,220,384 as of: December 31, 2017

STAR MOUNTAIN RESOURCES, INC. CLASS A COMMON STOCK

Total shares authorized: 10,000,000 as of: December 31, 2017
Total shares outstanding: 0 as of: December 31, 2017

STAR MOUNTAIN RESOURCES, INC. CLASS B COMMON STOCK

Total shares authorized: 40,000,000 as of: December 31, 2017
Total shares outstanding: 0 as of: December 31, 2017

Transfer Agent

VStock Transfer LLC
18 Lafayette Place
Woodmere, NY 11598
212-828-8436

VStock Transfer LLC is registered under the Securities Exchange Act of 1934, as amended (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: None.

4) **Issuance History**

Overview

	Years Ended	
	2017	2016
Number of Shares Authorized		
Preferred Stock		
Class B	100,000	100,000
Class C	5,000,000	5,000,000
Common Stock	400,000,000	400,000,000
Class A	10,000,000	10,000,000
Class B	40,000,000	40,000,000
Number of Shares Outstanding		
Preferred Stock		
Class B	5,000	500
Class C	3,130,000	3,130,000
Common Stock	38,230,384	38,230,384
Class A	0	0
Class B	0	0
Free Trading Shares		
Preferred Stock		
Class B	0	0
Class C	0	0
Common Stock	6,058,369	6,058,369
Class A	0	0
Class B	0	0
Shareholders exceed 50		
Preferred Stock		
Class B	No	No
Class C	No	No
Common Stock	Yes	Yes
Class A	No	No
Class B	No	No
Number of Shareholders of Record		
Preferred Stock		
Class B	1	1
Class C	9	9
Common Stock	97	97
Class A	0	0
Class B	0	0

During the last two years, there have been no securities offerings nor shares issued for services except as noted in the table below:

Preferred Stock – Series B & C						
<u>Date</u>	<u>Nature of Offering</u>	<u># Shares</u>	<u>Price</u>	<u>Trading Status</u>	<u>Restricted Legend</u>	
December 31, 2015		3,135,000				
December 31, 2016		3,135,000				
December 31, 2017		3,135,000				
Common Stock						
December 31, 2015		37,951,229				
January 1, 2016	Services Rendered	200,000	\$ 0.66	Unregistered	Yes	
February 24, 2016	Services Rendered	150,000	\$ 0.51	Unregistered	Yes	
May 27, 2016	Shares Cancelled - Services Rendered	(150,000)	\$ 0.66			
October 13, 2016	Shares issued for acquisition	79,155	\$ 0.34	Unregistered	Yes	
December 31, 2016		38,230,384				
December 31, 2017		38,230,384				

The shares of Preferred Stock and Common Stock referenced above were issued in reliance upon the exemption from securities registration afforded by the provisions of Sections 4(a)(2) of the Securities Act of 1933, as amended, (“Securities Act”).

5) Financial Statements

The Consolidated Financial Statements for the years ended December 31, 2017 and 2016 included in this Annual Report on pages 12 - 25 are incorporated herein by reference.

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

A. Description of the issuer’s business operations.

The Company is a minerals exploration company focused on acquiring and consolidating mining claims, mineral leases, producing mines, and historic mines with production and future growth potential identified through our exploration efforts.

As previously disclosed, in November 2015, the Company acquired the owner of the mining property known as the Balmat Zinc Mine and certain mining and processing equipment located in St. Lawrence County, New York (the “Balmat Assets”). Since the Company’s acquisition of the Balmat Assets, it had been unable to secure sufficient financing to commence operations at the mine. Furthermore, the Company had been unable to continue to make the payments due under its convertible and other debt obligations and to finance the care and maintenance activities of the Balmat Assets. Consequently, the Company’s board determined that the sale of the Balmat Assets was in the best interests of the Company and its shareholders. Furthermore, the Company’s board of directors determined that the benefits and costs associated with being publicly traded were no longer justifiable leading it to the conclusion that deregistration of its common stock was appropriate. For these reasons, the Company filed a Form 15 with the Securities and Exchange Commission (the “SEC”) on November 10, 2016 to voluntarily deregister its common stock under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Following the completion of the sale of the Balmat Assets and Titan’s recent public offering of its common stock on the Toronto Stock Exchange (as described in “History of the Balmat Assets” below), receipt of funds under the Promissory Note and payment of the Company’s liabilities and indebtedness, the Company intends to evaluate the potential for distributions to its shareholders which may include the 2,968,900 shares of Titan common stock. In addition, the Company will continue to explore the feasibility of pursuing other mining projects, subject to limitations from its available working capital.

On February 21, 2018, the Company filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Arizona (the “Bankruptcy Case”). The Bankruptcy Case is being administered under Case No. 2:18-bk-01594-DPC. The Company continues to operate as a debtor in possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court.

History of the Balmat Assets

On November 2, 2015, the Company acquired a 100% interest in Northern Zinc, LLC, a Nevada limited liability company (“Northern Zinc”), pursuant to an October 13, 2015 purchase agreement the Company entered into with Northern Zinc and its sole member, Aviano Financial Group, LLC, a Delaware limited liability company (“Aviano”) (the “Northern Zinc Purchase Agreement”). Northern Zinc and Aviano are unrelated third parties. Concurrent with the Company’s purchase of Northern Zinc, Northern Zinc acquired (a) 100% of the issued and outstanding common stock of Balmat Holding Corporation (“Balmat”) and its wholly owned subsidiary, St. Lawrence Zinc Company, LLC, (“SLZ”) the owner of the mining property known as the Balmat Zinc Mine and (b) certain mining and processing equipment pursuant to an October 13, 2015 purchase agreement the Company entered into with Northern Zinc, HudBay Minerals Inc. (“Hudbay”), Balmat and SLZ (the “Balmat Purchase Agreement”). Balmat, SLZ and Hudbay were unrelated third parties. The Balmat Mine is located in upstate New York.

On December 30, 2016, (the “Closing Date”) the Company entered into and completed the transactions set forth in a Purchase Agreement with the Company, Titan Mining (US) Corporation, a Delaware corporation (“Purchaser” or “Titan (US)”), Titan Mining Corporation, a British Columbia corporation (“Titan”), Northern Zinc LLC (“Seller” or “Northern Zinc”), Balmat Holding Corporation (“Balmat”) and St. Lawrence Zinc Company, LLC (“St. Lawrence Zinc”) (the “Purchase Agreement”). Titan (US) and Titan are privately held unrelated parties and Northern Zinc, Balmat and St. Lawrence Zinc are wholly-owned subsidiaries of the Company.

Pursuant to the terms of the Purchase Agreement, the Company sold 100% of the issued and outstanding shares of common stock of Balmat (the “Balmat Shares”) which, through its wholly owned subsidiary, St. Lawrence Zinc, is the owner of the mining property known as the Balmat Zinc Mine and certain mining and processing equipment located in St. Lawrence County, New York (the “Balmat Assets”).

The Company received a sale price of the Balmat Shares of approximately \$39,775,120 in cash, assumption of debt and the receipt of 2,968,900 shares of Titan common stock (the “Titan Shares”) representing 5% of its issued and outstanding common stock at the time of sale. The cash and debt assumption portion of the purchase price was payable, subject to certain adjustments, as follows: (a) a promissory note in the principal amount of \$3,000,000 (the “Promissory Note”) payable in cash as follows (i) \$1,000,000 on the Closing Date, \$500,000 three months after the Closing Date, (ii) \$500,000 six months after the Closing Date, \$500,000 nine months after the Closing Date and \$500,000 twelve months after the Closing Date; (b) assumption of pre-closing liabilities related to the operations of the Balmat Mine in the amount of \$50,000; (c) assumption and release of debts of the Company in the amount of \$3,318,794; (d) assumption of reclamation liabilities (Asset Retirement Obligation (“ARO”) related to the Balmat Mine in the amount of \$17,906,326 and (e) assumption of post-closing payment obligations to HudBay Minerals, Inc. as provided for in the previously reported October 13, 2015 purchase agreement entered into among the Northern Zinc, the Company, HudBay Minerals Inc. Balmat and St. Lawrence Zinc. The initial \$1,000,000 cash payment was used to pay-off the Development Authority of the North Country loan and accrued interest of \$501,031, outstanding pre-closing liabilities prior to November 30, 2016 of \$60,083, outstanding pre-closing liabilities from December 1, 2016 to December 30, 2016 of \$50,000, increased by \$31,421 reflecting 50% of pre-closing liabilities from December 1, 2016 to December 30, 2016 assumed by Titan (US), leaving an approximate balance due at closing of \$414,898. This amount was further reduced by certain legal fees of Titan incurred in connection with the previously reported November 3, 2016 assumption of the TCA Global Master Fund, LP debenture (the “TCA Debenture”) and additional operating Balmat mine operating expenses totaling approximately \$36,175.

On October 2, 2017, the Company and Titan agreed to extend the payment date of the \$500,000 payment due under the Promissory Note from September 30, 2017 to the date that is the earlier of (i) five days from the closing date of Titan’s initial public offering and (ii) October 31, 2017. Titan agreed to pay the Company, \$25,000 for such extension. Pending outcome of the shareholder demands discussed in Note 12 of the Financial Statements included elsewhere in this report, Titan has withheld payment to the Company of the \$525,000 payment for October and the \$500,000 payment for December due pursuant to the terms of the Promissory Note, as amended.

Aviano and certain other shareholders of the Company have also put Titan on notice of their allegations of fraudulent transfer as it relates to the sale of the Balmat Assets as discussed in Note 12 to the Financial Statements included in this report. Titan sought, and the Company provided Titan, confirmation of the Company’s indemnification obligations to Titan as provided for in the Purchase Agreement.

In connection with the Purchase Agreement, the Company and Titan entered into an Investor Rights Agreement dated December 30, 2016 (the “Investor Rights Agreement”). Under the terms of the Investor Rights Agreement, the Company had certain preemptive rights to participate in certain future financing transactions entered into by Titan and limited piggy-back registration rights. The Company’s rights under the Investor Rights Agreement expired upon Titan’s completion of its public offering of its common stock in October 2017.

Incorporation by Reference

The foregoing description of the Purchase Agreement, the Promissory Note and the Investor Rights Agreement does not purport to be complete and is qualified in its entirety by the copies of these agreements which have previously been filed as Exhibits A, B and C, respectively, to the Company’s Press Release dated January 6, 2017 as disclosed on the OTC Disclosure & News Service and incorporated herein by reference.

B. Date and State (or Jurisdiction) of Incorporation: Nevada September 2, 2009

C. The Company’s primary and secondary SIC Codes: - 1000 – Metal Mining

D. The Company’s fiscal year end date: December 31.

E. Principal products or services, and their markets: See Item 6(A) above.

7) Describe the Issuer’s Facilities

At the year ended December 31, 2016, the Company rented office space at 8307 Shaffer Parkway, Suite 201, Littleton, CO 80127. In January 2017, the Company’s headquarters were moved to 605 W. Knox Rd., Suite 102, Tempe, AZ 85284. A company for whom the Company’s Interim Chief Financial Officer is the Chief Financial officer is providing office space at that location for a nominal imputed rent of \$500 per month. This is being recorded on the Statements of Operations and Additional Paid in Capital on the Balance Sheets.

8) Officers, Directors, and Control Persons

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

The following table sets forth the names and ages of each of our executive officers and directors.

<u>Name</u>	<u>Age</u>	<u>Positions and Offices Held</u>
Joseph Marchal	55	Executive Chairman of the Board and Chief Executive Officer
Mark Osterberg	60	President and Chief Operating Officer
Donna S. Moore	72	Interim Chief Financial Officer
Edward Brogan	58	Director

Experience of Our Executive Officers and Directors

Joseph Marchal. Mr. Marchal has served as our Executive Chairman since 2014. In addition, he has served as our Chief Executive Officer since March 1, 2015. From 2014 until March 1, 2015, Mr. Marchal served as our President and Chief Operating Officer. From September 2007 until June 2009, Mr. Marchal served as Chief Executive Officer for Asia-Pacific Region of Chi-X Global Inc., a subsidiary of Instinet, LLC, from 2008 to 2009, where he was responsible for the Instinet platform expansion in the region. Mr. Marchal also served as President and Managing Director of Asia Region at Instinet, LLC, as well as its President of Instinet Japan Ltd. from 2004 to 2008, where he had strategic responsibility for Instinet’s Asian product. From 2002 to 2004, Mr. Marchal served as Senior Managing Director of Deutsche Bank Securities, where he was responsible for the distribution of Japanese Equities Global Product. Mr. Marchal was also Deutsche Bank Securities’ Managing Director, and was in charge of Sales Trading, Agency Execution, Program Trading, Listed Futures, and Options and Connectivity Sales. Mr. Marchal served as Head of Japanese Equity Sales Trading and Execution Services at Salomon Brothers Japan (now Nikko Citigroup) from 1996 to 2002, and previously held senior positions in Asia at Daiwa Securities International and Fidelity Investments Japan as Director of Trading from 1983 to 1996. Mr. Marchal began his career in 1983 at Maruso Securities as a floor trader on the Tokyo Stock Exchange and has more than 25 years of experience in the securities industry, where he was an active member of the Tokyo brokerage community and a regular participant in industry advisory groups and conference panels. Mr. Marchal holds a B.S. degree from Sophia University, Japan.

Mark Osterberg. Mr. Osterberg has served as our President and Chief Operating Officer since March 2015. Prior to joining the Company, Mr. Osterberg, served as the chief consultant and president of Mine Mappers, LLC, a geological consultancy to mining companies, government agencies and the investment community since 2001. In this capacity, he provided high level technical expertise

to projects in the U.S. and overseas and has managed multiyear exploration and development projects. Mr. Osterberg has worked for 20 years for major and junior precious metal and base metal mining companies. He has expertise and experience in porphyry copper and molybdenum systems, Carlin-type gold systems, shear-zone and volcanic-hosted mesothermal gold systems, magmatic Cu-Ni-PGE and construction materials. His project-related experience includes grass-roots, green-fields reconnaissance programs, brownfields exploration and development programs, mine geology and modeling. He has provided technical expertise to investment houses considering financial participation in mining projects. He has developed innovative mapping techniques for regional and mine scale programs, is an expert GIS for Geology practitioner and is fluent in both Mintec's MineSight and Maptek's Vulcan modeling software.

Donna Moore. Ms. Moore has served as the Company's Interim Chief Financial Officer since May 1, 2017 replacing Mr. Marchal. Ms. Moore had previously served as our Interim Chief Financial Officer and Secretary/Treasurer from May 2014 until November 20, 2015 when we completed the acquisition of Northern Zinc, LLC and Balmat Holding Corporation. Since October 2010 to present, she has also been serving as Chief Financial Officer for Upeva, Inc (formerly Summit Capital USA, Inc.) in Tempe, AZ. Between 2008 and 2010, Ms. Moore served as part-time Controller for Skye International, Inc. From 1984 through 2007, Ms. Moore was the Controller/Secretary Treasurer for Monarch Brass & Copper Corp. Ms. Moore is a business financial professional with over 33 years of hands-on business experience. Ms. Moore has held positions as chief financial officer, controller, and secretary/treasurer of both public and private corporations. Her experience includes general accounting, financial reporting, systems implementation and management, treasury functions, and cost accounting. Ms. Moore specializes in executing uniform financial controls to improve productivity, reduce costs, and maximize profitability. Ms. Moore holds a Bachelor of Science degree in Business Management and an MBA in finance and accounting from Brigham Young University.

Edward Brogan. Mr. Brogan has served as a member of our Board of Directors since May 2014. He is an entrepreneur and investor with considerable experience in the field of international corporate finance. Mr. Brogan was the Senior Advisor and director of Japan Advisory, a Japanese financial advisory company, since he founded the company in 2000 until 2013. In addition, since 2004 Mr. Brogan has been an investor and manager of real estate projects in the development stage and currently owns and leases multiple residential real estate properties in Singapore. Mr. Brogan has also been an investor in a variety of private equity transactions since 2000. From 1998 to 2000, Mr. Brogan was a managing director of Tiger Management LLC, where he concentrated on regional equity investment opportunities, and was primarily responsible for the generation of long and short equity recommendations in publicly traded Japanese companies. From 1990 to 1998, Mr. Brogan worked as a sell-side financial analyst covering a range of Japanese industries, including the auto industry as a director at Salomon Smith Barney, where he was ranked by U.K. and U.S. clients in both the Institutional Investor (1997 All-Japan Research Team Poll) and Greenwich Analyst surveys in 1996 and 1997, from 1996 to 1998 at Jardine Fleming's Tokyo office where he focused on auto industry research, the Japanese game sector and software companies as a special situations analyst at Smith Barney. Prior to that, Mr. Brogan focused on Japanese small cap stocks at Marusan Securities in Tokyo. Mr. Brogan received a Bachelor of Arts degree (Summa cum laude) from Queens College of the City University of New York and a Master's Degree in Philology from the Harvard Graduate School of Arts and Sciences in Cambridge, MA.

B. Legal/Disciplinary History.

None of the foregoing persons have, in the last five years, been the subject of:

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

Disclosure of Family Relationships

There are no family relationships among and between the issuer's directors, officers, persons nominated or chosen by the issuer to become directors or officers, or beneficial owners of more than five percent (5%) of the any class of the issuers' equity securities.

C. Beneficial Shareholders.

The following is a list of the name and address of shareholders who beneficially own more than ten percent (10%) of any class of the Company's equity securities. The address for all officers and directors of the Company is 605 W Knox Rd., Suite 102, Tempe, AZ 85284.

Series B Preferred Stock

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class ⁽¹⁾
Summit Capital USA, Inc. ⁽¹⁾	5,000	100.0%

(6) Calculated on the basis of 5,000 issued and outstanding shares of Series B Preferred Stock as of March 29, 2018. The holder of our Series B Preferred stock, Summit Capital USA, Inc. ("Summit Capital") is entitled to 100 votes per share. Gregg C.E. Johnson owns, directly or indirectly, a 75% interest in Summit Capital and has voting and dispositive control over the securities held by Summit Capital. Mr. Johnson disclaims beneficial ownership of our common stock owned by Summit Capital except to the extent of his pecuniary interest in this entity. Summit Capital's address is 605 W Knox Rd., Suite 102, Tempe, AZ 85284.

Series C Preferred Stock

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class ⁽¹⁾
Joseph Marchal, Chief Executive Officer, Chairman of the Board of Directors ⁽²⁾	500,000	15.97%
Edward Brogan, Director ⁽³⁾	1,500,000	47.92%
Total Held by Officers and Directors of Each Class (three persons):	2,000,000	63.89%

(1) Calculated based on 3,130,000 issued and outstanding shares of Series C Preferred Stock as of March 28, 2018. Holders of our Series C Preferred stock are entitled to 10 votes per share.

Common Stock

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class ⁽¹⁾
Joseph Marchal, Chief Executive Officer, Chairman and Director ⁽²⁾	13,541,861	25.4%
Edward Brogan, Director ⁽³⁾	24,494,500	46.1%
Total Held by Officers and Directors of Each Class (2 persons):	38,036,361	68.6%

Ten Percent Shareholders

Aviano Financial Group, LLC ⁽⁴⁾	10,000,000	17.2%
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(1) Includes, where applicable, shares of common stock issuable upon the exercise of stock options and warrants and the conversion of debt held by such person that may be exercised within 60 days after April 1, 2017. Also gives effect to the conversion of the Series C Preferred Stock (see preceding table). Unless otherwise indicated, we believe that all persons named in the table above have sole voting power and/or investment power with respect to all shares of common stock beneficially owned by them.

(2) The number of shares beneficially owned by Mr. Marchal includes 6,847,361 shares of common stock currently outstanding and owned directly by Mr. Marchal, 1,419,500 shares of common stock issuable upon exercise of warrants exercisable at prices ranging from \$0.75 to \$2.00 per share which expire in 2018, 275,000 shares of common stock issuable upon conversion of convertible debt due October 31, 2016 at a conversion price of \$1.00 per share and 5,000,000 votes by virtue of his ownership of 500,000 shares of Series C Preferred stock that have 10 votes per share.

(3) The number of shares beneficially owned by Mr. Brogan includes 5,094,500 shares of common stock presently outstanding and owned directly by Mr. Brogan, 3,800,000 shares of common stock issuable upon exercise of warrants exercisable at prices ranging from \$0.75 to \$2.00 per share which expire in 2018, 600,000 shares of common stock issuable upon conversion of convertible debt due

October 31, 2016 at a conversion price of \$1.00 per share and 15,000,000 votes by virtue of his ownership of 1,500,000 shares of Series C Preferred stock that have 10 votes per share.

(4) Aviano's address is 1801 Broadway Street, Suite 800, Denver, Colorado 80202.

9) Third Party Providers

Legal Counsel

Laura Anthony, Esquire
Legal and Compliance, LLC
330 Clematis St., Suite 217
West Palm Beach, FL 33401
Phone: (561) 514-0936
Email: lanthony@legalandcompliance.com

Accountant or Auditor - None.

Investor Relations Consultant – None.

Other Advisor

Gregg C.E. Johnson
Upeva, Inc.
605 W Knox Rd., Suite 102
Tempe, AZ 85284
Phone: 480-588-9787
Email: gregg@upeva.com

10) Issuer Certification

We, Joseph Marchal and Donna Moore, certify that we have reviewed this annual disclosure statement for the period ended December 31, 2017 of Star Mountain Resources, Inc., and:

:

1. Based on our 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, misleading with respect to the period covered by this disclosure statement; and

2. Based on our knowledge, the financial statements and other financial information included or incorporated by reference in this disclosure statement fairly represent, 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.

March 30, 2018

/s/ Joseph Marchal

Joseph Marchal
Chief Executive Officer

/s/ Donna Moore

Donna Moore
Interim Chief Financial Officer

STAR MOUNTAIN RESOURCES, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016

CONTENTS

Consolidated Financial Statements:	
Consolidated Balance Sheets - As of December 31, 2017 and 2016	12
Consolidated Statements of Operations - For the Years Ended December 31, 2017 and 2016	13
Consolidated Statements of Stockholders' Equity - For the Years Ended December 31, 2017 and 2016	14
Consolidated Statements of Cash Flows – For the Years Ended December 31, 2017 and 2016	15
Notes to Consolidated Financial Statements	16-25

STAR MOUNTAIN RESOURCES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 484,860	\$ 427
Prepaid expenses	63,363	62,500
Note receivable - Titan Mining	1,025,000	3,050,000
Marketable equity securities	2,880,780	250,000
Deposits	-	1,048
	<hr/>	<hr/>
Total current assets	4,454,003	3,363,975
	<hr/>	<hr/>
Land	-	21,120
Property & equipment, net	-	45,505
Surety bond	3,000	24,325
	<hr/>	<hr/>
TOTAL ASSETS	<u><u>\$ 4,457,003</u></u>	<u><u>\$ 3,454,925</u></u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 363,551	\$ 1,637,659
Accounts payable and accrued expenses - related party	218,383	143,356
Notes payable	650,000	650,000
Notes payable - related parties	-	10,500
Convertible notes payable - related parties	875,000	875,000
Stipulated agreement liability	79,272	79,272
	<hr/>	<hr/>
Total current liabilities	2,186,206	3,395,787
	<hr/>	<hr/>
Total Liabilities	2,186,206	3,395,787
	<hr/>	<hr/>
STOCKHOLDERS' EQUITY		
Preferred stock, 50,000,000 authorized, \$.001 par value, consisting of Series B preferred stock, 100,000 shares authorized, 5,000 shares issued and outstanding and Series C preferred stock, 5,000,000 shares authorized, 3,130,000 shares issued outstanding, respectively	3,135	3,135
Common stock, authorized 400,000,000 shares, \$.001 par value, 38,230,384 and 38,230,384 issued and outstanding, respectively	38,230	38,230
Class A common stock, \$.001 par value, 10,000,000 shares authorized 0 issued and outstanding, respectively	-	-
Class B common stock, \$.001 par value, 40,000,000 shares authorized 0 issued and outstanding, respectively	-	-
Additional paid in capital	18,618,944	18,612,944
Accumulated deficit	(16,389,513)	(18,595,171)
	<hr/>	<hr/>
Total Stockholders' Equity	2,270,797	59,138
	<hr/>	<hr/>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 4,457,003</u></u>	<u><u>\$ 3,454,925</u></u>

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

STAR MOUNTAIN RESOURCES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Year Ended	
	December 31, 2017	December 31, 2016
OPERATING EXPENSES		
Executive compensation	72,843	551,756
Exploration and development costs	602	139,164
Depreciation and amortization	770	6,164
General and administrative	214,352	1,187,399
General and administrative - related party	65,000	29,780
Total Operating Expenses	353,567	1,914,263
Loss from Operations	(353,567)	(1,914,263)
OTHER INCOME (EXPENSES)		
Interest income	124	95
Gain (loss) on marketable securities	2,630,780	-
Gain on receivable extension	25,000	-
Gain on extinguishment of debt	53,996	-
Interest expense	(57,189)	(295,476)
Interest expense -debt discount	-	(661,846)
Interest expense - related party	(87,500)	(92,569)
Loss on sale/disposal of assets	(5,855)	(28,937)
Total other income (expenses)	2,559,356	(1,078,733)
Net income (loss) before income taxes	2,205,789	(2,992,996)
Income tax provision	(131)	-
Income (loss) from continuing operations	2,205,658	(2,992,996)
Gain on sale of discontinued operations	-	5,959,549
Loss from discontinued operations	-	(7,027,175)
NET INCOME (LOSS)	\$ 2,205,658	\$ (4,060,622)
Basic income (loss) per share for continuing operations	\$ 0.06	\$ (0.08)
Basic income (loss) per share discontinued operations	\$ --	\$ (0.18)
Basic income (loss) per share net income (loss)	\$ 0.06	\$ (0.11)
Weighted average number of common shares outstanding	38,230,384	38,199,132

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

STAR MOUNTAIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Preferred Shares		Common Shares		Additional	Common Stock	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid in Capital	Suscribed	Deficit	Stockholders'
								Equity
Balance at December 31, 2015	3,135,000	\$ 3,135	37,951,229	\$ 37,951	\$ 18,476,263	\$ 26,811	\$ (14,534,549)	\$ 4,009,611
Shares issued for services	-	-	200,000	200	109,949	-	-	110,149
Shares issued for acquisition	-	-	79,155	79	26,732	(26,811)	-	-
Net loss	-	-	-	-	-	-	(4,060,622)	(4,060,622)
Balance at December 31, 2016	3,135,000	\$ 3,135	38,230,384	\$ 38,230	\$ 18,612,944	\$ -	\$ (18,595,171)	\$ 59,138
Contributed capital	-	-	-	-	6,000	-	-	6,000
Net income	-	-	-	-	-	-	2,205,658	2,205,658
Balance @ December 31, 2017	3,135,000	\$ 3,135	38,230,384	\$ 38,230	\$ 18,618,944	\$ -	\$ (16,389,513)	\$ 2,270,796

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

STAR MOUNTAIN RESOURCES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Year Ended	
	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Net income (loss)	\$ 2,205,658	\$ (4,060,622)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	770	1,543,902
Gain on market to market valuation	(2,630,780)	
Gain on receivable extension	(25,000)	
Gain on extinguishment of debt	(53,996)	-
Loss on sale of assets	5,855	-
Contributed capital	6,000	-
Shares issued for services	-	110,150
Loss on Balmat purchase price adjustment	-	3,069,457
Amortization of debt discount	-	651,846
Gain on sale of operation	-	(5,959,549)
Changes in operating assets and liabilities		
Prepaid expense	21,510	105,469
Accounts payable and accrued expenses	(1,220,113)	1,547,581
Accounts payable and accrued expenses - related party	75,028	110,443
Net cash used in operating activities	<u>(1,615,068)</u>	<u>(2,881,323)</u>
Cash flows from investing activities		
Disposition of operation	2,050,000	469,806
Sale (purchase) of property	60,000	(290,925)
Net cash provided (used) in investing activities	<u>2,110,000</u>	<u>178,881</u>
Cash flows from financing activities		
Proceeds from loans	-	2,453,484
Proceeds from loans - related party	-	10,500
Payments on loans	-	(711,740)
Payments on loans - related party	(10,500)	(250,000)
Net cash provided (used) by financing activities	<u>(10,500)</u>	<u>1,502,244</u>
Net increase in cash	<u>484,432</u>	<u>(1,200,198)</u>
Cash, beginning of period	<u>428</u>	<u>1,200,626</u>
Cash, end of period	<u><u>\$ 484,860</u></u>	<u><u>\$ 428</u></u>
Supplemental Information:		
Cash paid for:		
Taxes	<u>\$ 131</u>	<u>\$ -</u>
Interest expense	<u>\$ -</u>	<u>\$ -</u>

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

STAR MOUNTAIN RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

Star Mountain Resources, Inc. and subsidiaries (the “Company”, “we”, “us”, “our”) has been a minerals exploration company focused on acquiring and consolidating mining claims, mineral leases, producing mines, and historic mines with production and future growth potential identified through our exploration efforts. Following the sale of the Balmat Assets (as defined below), the Company’s operations have been limited to exploration of the feasibility of pursuing other mining projects, in light of its available working capital.

The Company was incorporated on September 2, 2009 in Nevada initially as MyOtherCountryClub.com for the purpose of developing a website that would offer reciprocal golf privileges, and other related services, to members of private country clubs throughout the United States. On October 29, 2012, Jameson Stanford Resources Corporation merged with Bolcán Mining Corporation (the “Merger”). Prior to the Merger, the Company was a publicly traded shell company with no business operations.

Effective December 15, 2014, the name of the Company was changed to Star Mountain Resources, Inc. to better reflect its primary focus to explore and conduct pre-extraction activities for mineral rights it holds in the Star Mining District. In addition, the Company increased its authorized capital stock from 350,000,000 shares to 400,000,000 shares, of which 350,000,000 shares are common stock and 50,000,000 shares are preferred stock.

On November 2, 2015, the Company acquired a 100% interest in Northern Zinc, LLC, a Nevada limited liability company (“Northern Zinc”) pursuant to an October 13, 2015 purchase agreement the Company entered into with Northern Zinc and its sole member, Aviano Financial Group, LLC, a Delaware limited liability company (“Aviano”) (the “Northern Zinc Purchase Agreement”). Northern Zinc and Aviano are unrelated third parties. Concurrent with the Company’s purchase of Northern Zinc, Northern Zinc acquired (a) 100% of the issued and outstanding common stock of Balmat Holding Corporation (“Balmat”) and its wholly owned subsidiary, St. Lawrence Zinc Company, LLC, (“SLZ”) the owner of the mining property known as the Balmat Zinc Mine and (b) certain mining and processing equipment pursuant to an October 13, 2015 purchase agreement the Company entered into with Northern Zinc, HudBay Minerals Inc. (“Hudbay”), Balmat and SLZ (the “Balmat Purchase Agreement”). Balmat, SLZ and Hudbay are unrelated third parties. The Balmat Mine is located in upstate New York. See Footnote No. 3 for further details.

On December 30, 2016, (the “Closing Date”) the Company entered into and completed the transactions set forth in a Purchase Agreement with the Company, Titan Mining (US) Corporation, a Delaware corporation (“Purchaser” or “Titan (US)”), Titan Mining Corporation, a British Columbia corporation (“Titan”), Northern Zinc LLC (“Seller” or “Northern Zinc”), Balmat Holding Corporation (“Balmat”) and St. Lawrence Zinc Company, LLC (“St. Lawrence Zinc”) (the “Purchase Agreement”). Titan (US) and Titan are privately held unrelated parties and Northern Zinc, Balmat and St. Lawrence Zinc are wholly-owned subsidiaries of the Company. Pursuant to the terms of the Purchase Agreement, the Company sold 100% of the issued and outstanding shares of common stock of Balmat (the “Balmat Shares”) which, through its wholly owned subsidiary, St. Lawrence Zinc, is the owner of the mining property known as the Balmat Zinc Mine and certain mining and processing equipment located in St. Lawrence County, New York (the “Balmat Assets”). See Footnote No. 4 for further details. See Note 4 - Sale of Balmat Operations (Discontinued Operation).

On February 21, 2018, the Company filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Arizona. See Notes 2 and 14.

NOTE 2– GOING CONCERN

The unaudited consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At the year ended December 31, 2017, the Company had an accumulated deficit of \$16,389,513. At the year ended December 31, 2017, the Company had total current assets of \$4,454,003 and total current liabilities of \$2,186,206 resulting in a positive working capital balance of \$2,267,797. Further losses are anticipated in the development of its business. In view of these matters, there is substantial doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon obtaining the necessary financing to meet its obligations and repay its existing liabilities and additional liabilities arising from its continued business operations. Management plans to finance the Company’s operating costs over the next twelve months with the proceeds from collections on the Promissory Note it received upon the sale of the Balmat Assets as discussed in Note 4 below, financial concessions from one or more creditors of the company and to the extent such funds are insufficient from debt financing and/or the issuance of the Company’s securities. There can be no assurance that we will be able to negotiate concessions from creditors or raise the necessary financing on acceptable terms or at all. If management is unsuccessful in these efforts, discontinuance of operations is possible. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

On February 21, 2018, the Company filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Arizona (the “Bankruptcy Case”). The Bankruptcy Case is being administered under Case No. 2:18-bk-01594-DPC. The Company continues to operate as a debtor in possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Principles of Consolidation

The accompanying consolidated financial statements have been prepared to reflect the consolidated financial position, results of operations and cash flows of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Recent Accounting Pronouncements

The Company has reviewed all recently issued, but not yet adopted, accounting standards in order to determine their effects, if any, on its results of operations, financial position or cash flows. Based on that review, the Company management has determined that it would be prudent to early adopt ASU2016-01- Recognition and Measurement of Financial Assets and Financial Liabilities for the year ended December 31, 2017. This pronouncement allows for the market to market presentation of marketable equity securities on the Balance Sheet and Statements of Operations.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of expenses during the reporting period. The amounts which involve significant estimates include (i) Balmat Acquisition purchase price estimates including land, property, plant and equipment, mineral reserves, mineral rights and the deferred purchase price obligation (ii) property, plant and equipment estimated salvage values and assessment of impairment, (ii) fair value of certain assets and liabilities, (iii) contingent liabilities and (iv) asset retirement obligations. These estimates are reviewed and, as adjustments become necessary, they are reported in earnings in the period in which they became known. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and liquid investments with an original maturity of three months or less.

Concentration of Credit Risk

The Company maintains cash in bank deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk with its cash and cash equivalents.

Property and Equipment

Expenditures for property, plant and equipment additions, major replacements and improvements are capitalized at cost. Property, plant and equipment is depreciated using the straight-line method and is depreciated over the estimated useful lives of the assets. Productive/useful lives range from 5 to 10 years, but do not exceed the useful life of the individual asset. Determination of expected useful lives for depreciation calculations are made on a property-by-property or asset-by-asset basis. Our estimates for reserves, mineralized material, and other resources are a key component in determining our units of production depreciation rates.

The Company reviews and evaluates the carrying value of its assets when events or circumstances indicate that the carrying amounts of related assets or groups of assets may not be recoverable, or at least annually. If the estimated future economic benefit is less than the carrying amount of the asset, an impairment charge is recorded based on the difference between the carrying amount and its estimated fair value (less costs to sell for assets to be disposed of by sale) as a charge to operations. For the years ended December 31, 2017 and 2016, impairment charges of \$0 and \$4,667 were recorded, respectively.

Business Combinations

We account for business combinations using the purchase method of accounting. The purchase method requires us to determine the fair value of all acquired assets, including identifiable intangible assets and all assumed liabilities. The total cost of acquisitions is allocated to the underlying identifiable net assets, based on their respective estimated fair values. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and the utilization of independent valuation experts, and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and asset lives, among other items.

Marketable Equity Securities – Investment in Titan

As part of the sale of Balmat operations (see Note 4), the Company received an equity investment in a privately held company, representing 5% of the outstanding shares of the entity. Since that time, the privately held company became public and their common stock began trading in October 2017. Since the stock owned by the Company is now publicly trading, the Company is accounting for this stock as a marketable equity security on the Balance Sheets and Statements of Operations. (see Recent Pronouncements above). At the year ending December 31, 2017, these marketable securities were trading at \$0.97 US dollars. The market to market valuation of the 2,968,900 shares resulted in other income of \$2,630,780 at the year ending December 31, 2017.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that the entire or some portion of the deferred tax asset will not be recognized.

The Company's policy is to recognize potential accrued interest and penalties related to unrecognized tax benefits within income tax expense. For the years ended December 31, 2017 and 2016, the Company did not recognize any interest or penalties, nor did we have any interest or penalties accrued as of December 31, 2017 and 2016, related to unrecognized benefits.

NOTE 4 – SALE OF BALMAT OPERATIONS (DISCONTINUED OPERATION)

Purchase Agreement with Titan Mining

On December 30, 2016, (the "Closing Date") the Company entered into and completed the transactions set forth in a Purchase Agreement with the Company, Titan Mining (US) Corporation, a Delaware corporation ("Purchaser" or "Titan (US)"), Titan Mining Corporation, a British Columbia corporation ("Titan"), Northern Zinc LLC ("Seller" or "Northern Zinc"), Balmat Holding Corporation ("Balmat") and St. Lawrence Zinc Company, LLC ("St. Lawrence Zinc") (the "Purchase Agreement"). Titan (US) and Titan are privately held unrelated parties and Northern Zinc, Balmat and St. Lawrence Zinc are wholly-owned subsidiaries of the Company.

Pursuant to the terms of the Purchase Agreement, the Company sold 100% of the issued and outstanding shares of common stock of Balmat (the "Balmat Shares") which, through its wholly owned subsidiary, St. Lawrence Zinc, is the owner of the mining property known as the Balmat Zinc Mine and certain mining and processing equipment located in St. Lawrence County, New York (the "Balmat Assets").

The sale price of the Balmat Shares was approximately \$39,775,120 in cash and assumption of debt plus issuance of 2,968,900 shares of Titan common stock representing 5% of its issued and outstanding common stock. The cash and debt assumption portion of the purchase price was payable, subject to certain adjustments, as follows: (a) a promissory note in the principal amount of \$3,000,000 (the "Promissory Note") payable in cash as follows (i) \$1,000,000 on the Closing Date, \$500,000 three months after the Closing Date, (ii) \$500,000 six months after the Closing Date, \$500,000 nine months after the Closing Date and \$500,000 twelve months after the Closing Date; (b) assumption of pre-closing liabilities related to the operations of the Balmat Mine in the amount of \$50,000; (c) assumption and release of debts of the Company in the amount of \$3,318,794; (d) assumption of reclamation liabilities (Asset Retirement Obligation ("ARO") related to the Balmat Mine in the amount of \$17,906,326 and (e) assumption of post-closing payment obligations to HudBay Minerals, Inc. as provided for in the previously reported October 13, 2015 purchase agreement entered into among the Northern Zinc, the Company, HudBay Minerals Inc. Balmat and St. Lawrence Zinc. The initial \$1,000,000 cash payment was used to pay-off the Development Authority of the North Country loan and accrued interest of \$501,031, outstanding pre-closing liabilities prior to November 30, 2016 of \$60,083, outstanding pre-closing liabilities from December 1, 2016 to December 30, 2016 of \$50,000, increased by \$31,421 reflecting 50% of pre-closing liabilities from December 1, 2016 to December 30, 2016 assumed by Titan (US), leaving an approximate balance due at closing of \$414,898. This amount was further reduced by certain legal fees of Titan incurred in

connection with the previously reported November 3, 2016 assumption of the TCA Global Master Fund, LP debenture (the “TCA Debenture”) and additional operating Balmat mine operating expenses totaling approximately \$36,175.

On October 2, 2017, the Company and Titan agreed to extend the payment date of the \$500,000 payment due under the Promissory Note from September 30, 2017 to the date that is the earlier of (i) five days from the closing date of Titan’s initial public offering and (ii) October 31, 2017. Titan agreed to pay the Company \$25,000 for such extension. Pending outcome of the shareholder demands discussed in Note 12, Titan has withheld payment to the Company of the \$1,025,000 payments due on September 30, 2017 and December 31, 2017 pursuant to the terms of the Promissory Note, as amended.

Additional Agreements with Titan Mining

In connection with the Purchase Agreement, the Company and Titan entered into an Investor Rights Agreement dated December 30, 2016 (the “Investor Rights Agreement”) pursuant to which the Company had certain limited pre-emptive rights to participate in offerings of Titan’s securities and piggy-back registration rights related to the Titan Shares in an underwritten offering of Titan’s common stock. The Company’s rights under the Investor Rights Agreement expired upon Titan’s completion of its public offering of its common stock in October 2017.

NOTE 5 – DISCONTINUED OPERATIONS

On December 30, 2016, the Company completed the transactions set forth in a Purchase Agreement whereby the Company sold 100% of the issued and outstanding shares of common stock of Balmat (the “Balmat Shares”) which, through its wholly owned subsidiary, St. Lawrence Zinc, is the owner of the mining property known as the Balmat Zinc Mine and certain mining and processing equipment located in St. Lawrence County, New York (the “Balmat Assets”). All historical information regarding the Balmat Assets are treated as the discontinued operations and have been removed (the “discontinued operations”).

In conjunction with the discontinued operations, amounts presented for the years ended December 31, 2017 and 2016 have been reclassified to conform to the current presentation in the consolidated statements of operations. The following table provides the amounts reclassified for those periods.

	Years Ended	
	2017	2016
Amounts reclassified:		
Revenue	\$ -	\$ 3,600
Operating expenses		
Wages	-	571,062
Mine maintenance	-	1,609,166
General and administrative	-	228,124
Depreciation	-	1,518,666
Other income (expense)	-	(3,100,157)
Total amount reclassified as discontinued operations	\$ -	\$ 7,027,175

NOTE 6 – PREPAID EXPENSES AND OTHER

At December 31, 2017, the Company had prepaid expenses totaling \$63,363 that represents insurance premiums being amortized over the coverage period associated with the policy.

NOTE 7 – MINERAL RIGHTS

At December 31, 2017, the Company had certain mining claims, mineral leases and excavation rights for its exploration properties in the Star Mining District in Beaver County, Utah.

NOTE 8– PROPERTY, PLANT AND EQUIPMENT

At December 31, 2017, property, plant and equipment without the discontinued operation information (see Footnote No. 5) consisted of the following:

	December 31, 2017			December 31, 2016		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Buildings	\$ -	\$ -	\$ -	\$ 42,880	\$ 3,276	\$ 39,604
Machinery & Equipment	-	-	-	17,567	11,667	5,900
Office Furniture & Equipment	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,447</u>	<u>\$ 14,943</u>	<u>\$ 45,504</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$0 and \$6,164, respectively.

NOTE 9– RELATED PARTY TRANSACTIONS

On May 12, 2016, Joseph Marchal, the Company’s CEO and Executive Chairman, and Edward Brogan, one of the Company’s Directors, each loaned the Company \$125,000 bearing interest at 15% per annum. These loans were considered bridge loans until the closing of the TCA Global note. At the closing of the TCA Global debt on June 28, 2016, the principal and interest were repaid in full to Mr. Marchal and Mr. Brogan. The Company had recorded \$4,929 accrued interest for these two loans.

The Company rents its office space from a company for which our Interim CFO is also the CFO. The imputed rent expense of \$500 per month is recorded in the Statement of Operations and Additional Paid in Capital in the Balance Sheet.

NOTE 10 –DEBT

Stipulated Agreement Liability – Related Party

The Company entered into an agreement with Michael Christiansen (“Christiansen”), a former officer of the Company on August 13, 2013 (the “Stipulated Agreement”) to pay Christiansen \$123,272 (the “Amount Due”) relating to a promissory note, accrued compensation and out-of-pocket expenses incurred on behalf of the Company. The Amount Due was agreed to be paid as follows: \$11,000 on or before August 15, 2013; \$11,000 on or before September 15, 2013; \$11,000 on or before October 15, 2013; and the balance in installments of \$15,000 beginning on the earlier of (a) the first day of the month following the date on which the Company receives at least three million dollars of equity funding, or (b) December 31, 2014. The payment of this stipulated agreement is in default. Subject to completion of the payments due under the agreement, the parties agreed to release certain claims against each other related to or arising in connection with the matters that gave rise to our agreement to pay the Amount Due. During the years ended December 31, 2014 and 2013 the Company recorded \$62,000 in accrued compensation to the promissory note. The Company has made payments totaling \$106,000. At the year ended December 31, 2016, the remaining liability of \$79,272 is presented as Stipulated Agreement Liability in the accompanying financial statements.

Notes Payable

At the year ended December 31, 2017, the Company owed \$600,000 on the promissory note issued to Aviano on November 2, 2015. The original note was for \$850,000 bearing interest at 8% per annum. During the year ended December 31, 2016, the Company made a payment of \$250,000. During the years ended December 31, 2017 and 2016, the Company accrued interest of \$48,000 and \$49,337, respectively. As of December 31, 2017, the total accrued interest is \$108,329.

At the year ended December 31, 2017, the Company owed \$50,000 on the promissory note issued to F&F on November 2, 2015. The original note was for \$540,000 bearing interest at 8% per annum for payment of legal fees. During the year ended December 31, 2016, the Company made payments of \$490,000. During the years ended December 31, 2017 and 2016, the Company accrued interest of \$4,000 and \$16,504, respectively. As of December 31, 2017, the total accrued interest is \$26,882.

Notes Payable – Related Party

On May 12, 2016, Joseph Marchal, the Company’s CEO and Executive Chairman, and Edward Brogan, one of the Company’s Directors, each loaned the Company \$125,000 bearing interest at 15% per annum as bridge loans until the closing of the TCA Global debt. The principal and interest were repaid in full upon closing of the TCA Global debt on June 28, 2016. The Company had recorded \$4,929 accrued interest for these two loans.

As of December 31, 2017, the Company owed Mr. Marchal, the CEO, \$275,000 in principal associated with convertible notes dated November 15, 2015. During the years ended December 31, 2016 and 2017, the Company accrued interest of \$27,500 and \$27,575, respectively. As of December 31, 2017, the total accrued interest is \$59,521.

As of December 31, 2017, the Company owed Mr. Brogan, a director, \$600,000 in principal and \$129,863 in accrued interest associated with convertible notes dated November 14, 2015. During the years ended December 31, 2017 and 2016, the Company accrued interest of \$60,000 and \$60,164, respectively. As of December 31, 2017, the total accrued interest is \$129,863.

As of December 31, 2017, the Company had an outstanding liability of \$79,272 to Michael Christiansen, a former officer of the Company. (See additional information in Note 10 – Debt – Stipulated Agreement above)/

As of December 31, 2017, the related party receivable with Balmat was zero due to the sale of Balmat. (See Note 4 – Sale of Balmat - Discontinued Operations).

NOTE 11 – INCOME TAXES

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Tax Cuts and Jobs Act, enacted on December 22, 2017, reduced the U.S. corporate statutory tax rate from 35% to 21% beginning on January 1, 2018. We used 26% as an effective tax rate.

Net deferred tax liabilities consist of the following components as of December 31, 2017 and 2016:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Deferred tax assets:		
NOL carryover	\$ 1,644,700	\$ 2,842,000
Other accrued expenses	6,200	87,800
Related party accruals	19,500	48,600
Deferred tax liabilities:		
Depreciation	(4,600)	(3,700)
Valuation Allowance	(1,665,800)	(2,974,700)
Net Deferred Taxes	<u>\$ -</u>	<u>\$ -</u>

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income from continuing operations for the years ended December 31, 2017 and 2016 due to the following:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Book Income	\$ 573,500	\$ (1,583,600)
State tax expense	104,300	
Depreciation	-	1,100
Meals & Entertainment	200	3,100
Effect of change in federal income tax rates	689,700	-
Non-Deductible Expenses	-	301,100
True-ups to tax return and other	(58,800)	
Valuation allowance	(1,308,900)	1,278,300
	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2017, the Company had net operating loss carryforwards of approximately \$5,305,432 that may be offset against future taxable income from the year 2018 through 2037. No tax benefit has been reported in the December 31, 2017 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be limited as to use in future years.

The Company's policy is to recognize potential interest and penalties accrued related to unrecognized tax benefits within income tax expense. For the years ended December 31, 2017 and 2016, the Company did not recognize any interest or penalties, nor did we have any interest or penalties accrued as of December 31, 2017 and 2016 related to unrecognized benefits.

The tax years ended December 31, 2016, 2015 and 2014 are open for examination for federal income tax purposes and by other major taxing jurisdictions to which we are subject.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Legal Matters

Aviano Financial Group, LLC Litigation

On March 31, 2017, Aviano Financial Group, LLC ("Aviano") filed a First Amended Complaint in the District Court, City and County of Denver Colorado (Cas No. 2017CV030605) (the "Aviano Complaint") against the Company alleging breach of the Purchase Agreement dated October 13, 2015 entered into among Aviano, the Company and Northern Zinc LLC ("Northern Zinc") whereby Aviano sold to the Company a 100% interest in Northern Zinc owned by Aviano (the "Purchase Agreement"). Pursuant to the terms of the Purchase Agreement, the Company, among other things, issued a promissory note dated November 2, 2015 to Aviano in the principal amount of \$850,000 (the "Aviano Note"), issued a promissory note dated November 2, 2015 to Fognani & Faught, PLLC ("F&F") in the principal amount of \$540,000 (the "F&F Note") and agreed to pay Aviano's legal fees of \$51,930.00 for preparing, drafting and revising the Purchase Agreement (the "Legal Fee Commitment"). The Amended Complaint alleges that the Company breached the Purchase Agreement as a result of its failure to pay the Aviano Note, the F&F Note, the Legal Fee Commitment and a so-called oral agreement to provide Aviano with anti-dilution protection for the 10,000,000 shares of the Company's common stock it issued as partial consideration of the purchase of Northern Zinc (the "Anti-Dilution Claim") and other matters stemming from the Purchase Agreement. On May 2, 2017 and in response to the Aviano Complaint, the Company filed an Answer to First Amended Complaint, Counterclaims and Third-Party Complaint With Jury Demand. The answer and counterclaim set forth, among other things, the Company's basis for excusing payment of the amounts sought by Aviano based on fraudulent inducement, breach of contract and violations of the Colorado Securities Act by Aviano and its principal managers, Bernard Guarnera and David Linsley. Furthermore, the third-party complaint seeks damages against Messrs. Guarnera and Mr. Linsley for fraudulent misrepresentation and concealment, breach of contract by Messrs. Linsley and Lanesborough, and against Messrs. Guarnera and Mr. Linsley for violations of the Colorado Securities Act all in relation to the events leading up to the Company's entry into the Purchase Agreement and events which occurred after that date. On October 13, 2017, Aviano filed a Second Amended Complaint adding an alleged claim for a fraudulent transfer, constructive fraud and civil conspiracy as it relates to the alleged fraudulent transfer in connection with the Company's sale of the Balmat Assets to Titan Mining. The Company filed a Motion to Dismiss these claims for failure to state a claim upon which relief can be granted, among other reasons set forth in the motion. In addition, the Company has filed an Answer to the Second Amended Complaint, Counterclaims and Third-Party Complaint with Jury Demand which is substantially identical to its original answer and provides no answer to the new allegations that are the subject of the pending Motion to Dismiss.

As of December 31, 2017, the Company's consolidated balance sheet reflects total liabilities related to the Aviano Note, the F&F Note and the Legal Fee Commitment. No amounts have been accrued or reserved as it relates to other costs and expenses associated with the Aviano Complaint, as amended, or the Anti-Dilution Claim which the Company denied and intends to vigorously defend itself against and assert defenses and counterclaims it believes it has against Aviano. Further, the Company has asserted defenses and made counterclaims against Aviano, Messrs. Guarnera and Linsley and Lanesborough. The Company cannot predict, however, the ultimate outcome of the Aviano Complaint or its counter claims and Third-Party claims. Consequently, in the event that the court ultimately awards Aviano the full amount it seeks, it will have an adverse effect on our financial and liquidity position in future periods.

The Company's filing of the Bankruptcy Case operated as a stay of the continuation of all of the legal proceedings related to the Aviano Complaint and the Company's Counter Claims and Third-Party Claims filed in this action.

Following Aviano's Fraudulent Conveyance allegation noted above, Aviano along with certain other shareholders have put the Company on notice of their demand that the Company take action on behalf of the Company against the Board of Directors and its officers to remedy breaches of fiduciary duties, gross mismanagement, insider self-dealing and violations of Nevada Revised Statutes Sec. 78.138(7) and Sec. 78.565. The shareholder demand stems from matters related to the Company's sale of the Balmat Assets to Titan without assessing the fundamental value and fairness of the consideration for the mine and without exploring any alternatives that would preserve value for the Company and its shareholders. In response to the demand, the Board of Directors intends to appoint an independent committee to conduct a full investigation and provide a report to the Board of Directors and make such report available to of the Company's shareholders.

Aviano and certain other shareholders have also put Titan on notice of their allegations of fraudulent transfer as it relates to the sale of the Balmat Assets. Titan sought, and the Company provided Titan, confirmation of the Company's indemnification obligations to Titan as provided for in the Purchase Agreement discussed in Note 4. Pending outcome of the shareholder demands, Titan has withheld payment to the Company of the \$1,025,000 amounts due from Titan to the Company pursuant to the terms of the Promissory Note, as amended, as discussed in Note 4.

SGS Acquisition Company, Ltd. Litigation

On October 4, 2016, SGS Acquisition Company, Ltd. ("SGS") filed a lawsuit in the District Court for the District of Colorado (Case No. 16-cv-02486-MSK) against David Linsley, Bernard Guarnera, Northern Zinc, LLC ("Northern Zinc") and the Company (the "SGS Lawsuit"). The SGS Lawsuit asserts a claim against Northern Zinc, and the Company for misappropriation of SGS' trade secrets as it relates to a relationship between Mr. Linsley, Guarnera and SGS and their efforts to acquire Hudbay prior to the Company's November 2, 2015 acquisition of Hudbay via its acquisition of Northern Zinc. The Company and Northern Zinc has denied SGS' allegations and has sought indemnification from Aviano pursuant to its contractual indemnification rights it obtained when it acquired Northern Zinc from Aviano. On March 23, 2018, the Court denied the defendants' motion to dismiss the Second Amended Complaint filed in the SGS Lawsuit. The Court has not ruled on a pending Motion for Summary Judgment filed by the Defendants. The Company's filing of the Bankruptcy Case operated as a stay of the continuation of all of the legal proceedings related to the SGS Lawsuit as it applies to the Company. The Court, however, ordered the Plaintiff to file a stay relief motion by March 29, 2018 and other procedural motions as a result of the filing of the Bankruptcy Case. The time period for completion of discovery has lapsed.

While Aviano initially undertook to defend the Company in the SGS Lawsuit, it has refused to pay the legal fees incurred by counsel defending the Company. Although Aviano has a contractual obligation to indemnify the Company in connection with the SGS Lawsuit, the Company cannot predict, however, its ultimate outcome. Consequently, in the event that the court ultimately awards SGS the unspecified damages it seeks, and Aviano fails to fulfill its indemnification obligation to SMRS, a judgement will have an adverse effect on the Company's financial and liquidity position in future periods.

Other than as set forth above, we are not presently a party to any material litigation that may have a material adverse effect on our consolidated financial position, results of operations or cash flows.

NOTE 13 – STOCKHOLDERS' EQUITY

On May 19, 2016, the Company filed with the Secretary of State of Nevada Amended and Restated Articles of Incorporation (the "Restated Articles") as described in its Schedule 14C Information Statement filed with the Securities and Exchange Commission on May 2, 2016 (the "Information Statement"). In addition, as described in the Information Statement, the Company also amended and restated its Bylaws ("Restated Bylaws"). The effective date of the Restated Articles and Restated Bylaws is May 22, 2016.

As reported in the Information Statement, the Company's Restated Articles were amended as follows:

- Increases the number of shares of common stock from 350,000,000 to 400,000,000;
- Creates two new classes of common stock, namely 10,000,000 shares of Class A Common Stock (voting common stock with 10 votes per share) and 40,000,000 shares of Class B Common Stock (non-voting common stock);
- Adopts the Restated Articles, which makes no material changes to our existing Articles of Incorporation and the Certificates of Designation of Series B and C Preferred Stock, other than incorporating the amendments described in the proposals noted above.

Common Stock

On January 1, 2016, the Company entered into a six-month consulting agreement for services relating to shareholder information and public relations. As compensation for these services, the consulting firm was issued 200,000 shares of the Company's common stock valued at \$0.66 per share. On May 31, 2016, the Company cancelled 150,000 shares of these issued shares valued at \$0.66 per share because of contract non-compliance.

On February 24, 2016, the Company entered into a six-month consulting agreement for services relating to management consulting and business advisory. As compensation for these services, the consulting firm was issued 150,000 shares of the Company's common stock valued at \$0.51 per share.

On October 31, 2016, the Company issued 79,951 shares of common stock at a value of \$.23 per share. These shares were previously recorded as Stock Subscribed at the end of December 3, 2015 as part of the Balmat acquisition which was completed in the year ended December 31, 2015.

Series B Preferred Stock

On September 30, 2015, the Company filed with the Secretary of State of Nevada a certificate of designation of preferences, rights and limitations creating the Company's Series B preferred stock and designating the rights and preferences of the Series B preferred stock (the "Series B Certificate of Designation"). The Series B Certificate of Designation authorized the issuance of up to 100,000 shares of Series B preferred stock with a par value of \$0.001 per share. Holders of the Series B preferred stock are entitled to one hundred votes per share on matters submitted to a vote of the Company's stockholders.

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Series B preferred stock will be entitled to receive out of the assets of the Company an amount equal to the par value of the Series B Preferred and any other fees or liquidated damages then due and owing, for each share of Series B preferred stock before any distribution or payment is made to the holders of any junior securities, and if the assets of the Company are insufficient to pay in full such amounts, then the entire assets to be distributed to the holders of the Series B preferred stock will be ratably distributed among the holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. The preference rights of the Series B Preferred Stock precede the rights of the Series C Preferred Stock.

Subject to the terms of the Series B Certificate of Designation, the Series B preferred stock is convertible, at any time after six months after the date of issuance into that number of shares of common stock determined by multiplying the number of shares of Series B preferred stock by one hundred, subject to adjustment as provided in the Series B Certificate of Designation. The Company will not affect any conversion of Series B preferred stock, and the holder of Series B preferred stock will not have the right to convert any portion of the Series B preferred stock, to the extent that, after giving effect to the conversion, the holder and its affiliates and any person acting as a group with the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's outstanding common stock.

On September 30, 2015, the Company issued 5,000 shares of its Series B preferred stock to an unrelated party for services rendered and to be rendered during the year ended December 31, 2016, for a value of \$550,000. Each share of the Series B preferred stock was valued at \$1.10 per share to reflect the value of the 500,000 shares of common stock issuable upon conversion of the Series B preferred stock.

Series C Preferred Stock

On September 30, 2015, the Company filed with the Secretary of State of Nevada a certificate of designation of preferences, rights and limitations creating the Company's Series C preferred stock and designating the rights and preferences of the Series C preferred stock (the "Series C Certificate of Designation"). The Series C Certificate of Designation authorized the issuance of up to 5,000,000 shares of Series C preferred stock with par value of \$0.001 per share, with a stated value equal to \$.50 per share, subject to increase as set forth in the Series C Certificate of Designation.

Holders of the Series C preferred stock are entitled to ten votes per share on matters submitted to a vote of the Company's stockholders.

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Series C preferred stock will be entitled to receive out of the assets of the Company an amount equal to the par value of the Series C Preferred and any other fees or liquidated damages then due and owing, for each share of Series C preferred stock before any distribution or payment is made to the holders of any junior securities, and if the assets of the Company are insufficient to pay in full such amounts, then the entire assets to be distributed to the holders of the Series C preferred stock will be ratably distributed among the holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. The preference rights of the Series C Preferred Stock are secondary to those of the Series B Preferred Stock.

Subject to the terms of the Series C Certificate of Designation, the Series C preferred stock is convertible, at any time after six months after the date of issuance into that number of shares of common stock determined by multiplying the number of shares of Series C preferred stock by one-half, subject to adjustment as provided in the Series C Certificate of Designation. The Company will not affect any conversion of Series C preferred stock, and the holder of Series C preferred stock will not have the right to convert any portion of the Series C preferred stock, to the extent that, after giving effect to the conversion, the holder and its affiliates and any person acting as a group with the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's outstanding common stock.

Stock Options

At December 31, 2017 and 2016, the Company had 250,000 options outstanding and exercisable with a weighted average exercise price of \$0.50 per share. There were no options granted, vested, exercised or terminated during the years ended December 31, 2017 or 2016.

The Company did not recognize any stock-based compensation cost in our consolidated statements of operations for the years ended December 31, 2017 and 2016. As of December 31, 2017, there was no unrecognized compensation cost related to unvested stock options, as all outstanding options were fully vested. No options were exercised during the years ended December 31, 2017 and 2016.

Warrants

The following table summarizes the Company's warrant activity for the years ended December 31, 2017 and 2016:

	For the years ended December 31,			
	2017		2016	
	Number of Warrants	Weighted- Average Exercise Price	Number of Warrants	Weighted- Average Exercise Price
Outstanding, beginning of period	9,197,500	\$ 1.13	9,197,500	\$ 1.13
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	3,130,000	0.75	-	-
Outstanding, end of period	<u>6,067,500</u>	<u>\$ 1.33</u>	<u>9,197,500</u>	<u>\$ 1.13</u>

NOTE 14 – SUBSEQUENT EVENTS

On February 21, 2018, the Company filed the Bankruptcy Case which is being administered under Case No. 2:18-bk-01594-DPC. The Company continues to operate as a debtor in possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court.