



ALLIED RESOURCES, INC.

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Salt Lake City, Utah 84105

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<https://www.alliedresourcesinc.com>

ruairidh@alliedresourcesinc.com

1311

Annual Report

For the period ending December 31, 2022 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

5,653,011 as of December 31, 2022

5,653,011 as of December 31, 2022

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Allied Resources, Inc. ("Allied"), formerly known as "General Allied Oil & Gas Co.", changed its name to "Allied Resources, Inc." on August 12, 1998.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Allied was formed in the State of West Virginia in 1979, which entity merged with a corporation formed in the State of Nevada in 2002. Allied is active in the State of Nevada

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

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.

The address(es) of the issuer's principal executive office:

1403 East 900 South, Salt Lake City, Utah 84105

The address(es) of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Standard Registrar & Transfer Company

Phone: (801) 571-8844

Email: amy@standardregistrar.com

Address: 440 East 400 South, Suite 200

Salt Lake City, Utah 84111

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	ALOD	
Exact title and class of securities outstanding:	Common Stock	
CUSIP:	019487107	
Par or stated value:	\$0.001	
Total shares authorized:	50,000,000	as of date: December 31, 2022
Total shares outstanding:	5,653,011	as of date: December 31, 2022
Total number of shareholders of record:	106	as of date: December 31, 2022

All additional class(es) of publicly quoted or traded securities (if any):

Trading symbol:	_____	
Exact title and class of securities outstanding:	_____	
CUSIP:	_____	
Par or stated value:	_____	
Total shares authorized:	_____	as of date: _____
Total shares outstanding:	_____	as of date: _____
Total number of shareholders of record:	_____	as of date: _____

Trading symbol:	_____	
Exact title and class of securities outstanding:	_____	
CUSIP:	_____	
Par or stated value:	_____	
Total shares authorized:	_____	as of date: _____
Total shares outstanding:	_____	as of date: _____
Total number of shareholders of record:	_____	as of date: _____

Other classes of authorized or outstanding equity securities:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	_____	
CUSIP (if applicable):	_____	
Par or stated value:	_____	
Total shares authorized:	_____	as of date: _____
Total shares outstanding (if applicable):	_____	as of date: _____
Total number of shareholders of record (if applicable):	_____	as of date: _____

Exact title and class of the security:	_____	
CUSIP (if applicable):	_____	
Par or stated value:	_____	
Total shares authorized:	_____	as of date: _____
Total shares outstanding (if applicable):	_____	as of date: _____
Total number of shareholders of record (if applicable):	_____	as of date: _____

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

The holders of Allied common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of Allied common stock have no preemptive rights and no right to convert their common stock into any other securities. Allied has no redemption, sinking fund provisions, or registration rights applicable to its common stock. While Allied's stockholders are eligible for dividends, it has never paid dividends on common stock and does not anticipate paying dividends on Allied common stock in the foreseeable future.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

None.

3. Describe any other material rights of common or preferred stockholders.

None.

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None.

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date: January 1, 2021 Common: 5,653,011 Preferred: _____			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g., for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
_____	_____	_____	_____	_____	_____	_____	_____	_____	
_____	_____	_____	_____	_____	_____	_____	_____	_____	
_____	_____	_____	_____	_____	_____	_____	_____	_____	
Shares Outstanding on Date of This Report: <u>Ending Balance</u> Date: December 31, 2022 Common: 5,653,011 Preferred: _____									

Example: A company with a fiscal year end of December 31st, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021, through December 31, 2022, pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Use the space below to provide any additional details, including footnotes to the table above:

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.

(Please ensure that these descriptions are updated on the Company's Profile on www.otcmarkets.com).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

General

Allied is in the business of producing oil and natural gas from leases located in West Virginia and Texas.

Allied's financial condition, results of operations and the carrying value of its oil and natural gas properties depends on the revenue generated from the sale of oil and natural gas products offset by production costs. Revenue is dictated by energy prices and the quantity of production.

During the fourth quarter of 2022, energy costs continued to decline as oil and natural gas prices fell. WTI closed on December 31, 2022, at \$76.44 (compared to \$84.26 on September 30, 2022, \$71.71 at the end of 2021, and \$39.63 at the end of 2020),² while the Henry Hub spot price closed at \$5.53 per MMBtu (compared to \$7.78 on December 31, 2022, \$3.76 at the end of 2021, and \$2.59 at the end of 2020).³ Rig counts rose slightly,⁴ and energy production in the U.S. remained relatively consistent, despite a decrease in demand credited to persistent concerns over global economic growth.^{5,6}

Workovers, depletion, and capital markets have negatively impacted Allied's operating results this year. While our oil and natural gas production grew, initial attempts to recompleting a well in Texas failed before success was realized on a third attempt. Volatility in the bond market, U.S. treasuries and the stock market led to significant losses on investments. Allied believes that its results will improve despite the challenges, as higher energy prices are forecast for 2023, production increases are expected, operating efficiencies remain focused, and capital markets are likely to stabilize.

Results of Operations

During the period January 1, 2022 – December 31, 2022, Allied was engaged in overseeing operations, monitoring its investments, evaluating development opportunities, and participating in the recompleting of an existing well. For the year ended December 31, 2022, Allied realized net losses attributed to losses on its capital market investments, offset by the increase in revenue. Net earnings from operations were otherwise much improved over the prior comparable year end period and are expected to continue to improve over the near term.

² U.S. Energy Information Administration Cushing, OK WTI Spot Price Fob (Dollars per Barrel), <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RWTC&f=M>

³ U.S. Energy Information Administration Henry Hub Natural Gas Spot Price (Dollars per Million Btu), <https://www.eia.gov/dnav/ng/hist/rngwhhdm.htm>

⁴ U.S. Energy Information Administration U.S. Crude Oil and Natural Gas Rotary Rigs in Operation, https://www.eia.gov/dnav/ng/hist/e_ertrr0_xr0_nus_cm.htm

⁵ U.S. Energy Information Administration U.S. Field Production of Crude Oil (Thousand Barrels per Day), <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pets&f=m>

⁶ U.S. Energy Information Administration U.S. Dry Natural Gas Production (Million Cubic Feet), <https://www.eia.gov/dnav/ng/hist/n9070us2M.htm>

Twelve months ended December 31,	2022	2021	Change	% Change
Average Daily Production				
Oil (bbls/day)	3	2	1	50%
Natural gas (mcf/day)	251	249	2	1%
Barrels of oil equivalent (boe/day)	45	44	1	2%
Profitability				
Petroleum and natural gas revenue	\$ 563,814	\$ 312,625	\$ 251,189	80%
Net Revenue	563,814	312,625	251,189	80%
Production and operating costs	301,962	272,097	29,865	11%
Field netback	261,852	40,528	221,324	546%
G&A	168,364	171,110	(2,746)	-2%
Net cash flow from operations	93,488	(130,852)	244,070	172%
Depletion, depreciation, and other charges	41,510	40,621	889	2%
Future income taxes	-	-	-	0%
Net earnings from operations	\$ 51,978	\$ (171,203)	\$ 223,181	130%
Profitability Per BOE				
Oil and gas revenue (average selling price)	\$ 34.33	19.47	14.68	76%
Production and operating costs	18.38	16.94	1.44	9%
Field netback (\$/boe)	\$ 15.94	\$ 2.52	\$ 13.42	532%
Cash flow from operations (\$/boe)	\$ 5.69	\$ (8.13)	\$ 13.82	170%
Net earnings (\$/boe)	\$ 3.16	\$ (10.66)	\$ 13.82	130%

Revenue

Revenue from operations for the twelve-month period ended December 31, 2022, increased to \$563,814 from \$312,625 for the comparable twelve-month period ended December 31, 2021, an increase of 80%. The increase in revenue in the current twelve-month period is attributed to higher energy prices in the first half of 2022 which have since declined and an increase in production.

Other expense of \$142,815 in the twelve-month period ended December 31, 2022, contrasted with other income of \$37,866 in the twelve-month period ended December 31, 2021. The transition to other expense in the current twelve-month period is attributed to losses on investments from sales and unrealized losses on investments.

Allied believes that revenue is unlikely to increase as energy prices continue an uneven decline unless, though it does expect that other expenses will decrease over time as it rebalances investments in response to capital markets.

Net Loss

Net loss for the twelve-month period ended December 31, 2022, decreased to \$90,837, as compared to a net loss of \$133,337 for the twelve-month period ended December 31, 2021, a decrease of 32%. The decrease in net losses in the comparative twelve-month periods is primarily attributed to the increase in revenue, offset by the increase in loss on investments and the decrease in interest income.

Allied believes that the prospect of net income from operations in future periods is difficult to forecast given the volatility of capital markets, constantly changing energy prices, and uncertain production quantities though it does expect net losses to decrease over 2023, given changes to its investment portfolio.

Operating Expenses

Operating expenses for the twelve-month period ended December 31, 2022, increased to \$511,836 as compared to \$483,828 for the twelve-month period ended December 31, 2021, an increase of 6%. The increase in operating expenses in the current twelve-month period is attributed to increases in production costs associated with the increase in revenue, inflation, and depletion, offset by a decline in general and administrative expenses.

Allied expects that operating expenses will continue to increase in future periods due to production costs, inflation, depletion, and maintenance costs associated with aging wells.

Capital Expenditures

Allied made capital expenditures on property or equipment of \$86,259 for the twelve-month period ended December 31, 2022, and \$0 for the twelve-month period ended December 31, 2021.

Liquidity and Capital Resources

Allied had a working capital surplus of \$1,663,127 as of December 31, 2022, and has funded its cash needs since inception from revenues, debt instruments, private equity placements and the assignment of leasehold interests. Existing working capital and anticipated cash flow are expected to be sufficient to maintain operations over the next twelve months.

Total current assets as of December 31, 2022, were \$1,676,627 which consisted of \$132,495 in cash, \$1,347,305 in liquid investments, and \$196,827 in accounts receivable. Total assets were \$2,726,051 which consisted of current assets, proven oil, and gas properties of \$344,723 and deposits of \$704,701.

Total current liabilities as of December 31, 2022, were \$13,500 which consisted of accounts payable. Total liabilities were \$339,502 which consisted of current liabilities and an asset retirement obligation of \$326,002. Stockholders' equity as of December 31, 2022, was \$2,386,549.

Net cash used in operating activities for the twelve-month period ended December 31, 2022, was \$94,118 as compared to net cash used in operating activities of \$112,214 for the twelve-month period ended December 31, 2021. Net cash used in operating activities in the current period can be attributed to net losses and several items that are book expense items that do not affect the total amount relative to actual cash used including depletion, accretion, stock compensation expense (stock options), and loss on investments. Balance sheet accounts that affect cash but are not income statement related items that are added or deducted to arrive at net cash used in operating activities, include accounts receivable, and accounts payable.

Allied expects to use net cash in operating activities until such time as net loss transitions to net income.

Net cash provided by investing activities for the twelve-month period ended December 31, 2022, was \$132,558 as compared to net cash used in investing activities of \$61,381 for the twelve-month period ended December 31, 2021. Net cash provided by and used in investing activities in the current twelve-month period is attributed to the purchase of investments, the sale of investments, and the purchase of oil and gas properties.

Allied expects that net cash will continue to be provided by and used in investing activities over future periods as it evaluates existing wells, identifies exploration opportunities, considers acquisitions, and hones its investments for recovery.

Net cash provided by financing activities for the twelve-month periods ended December 31, 2022, and December 31, 2021, was \$nil.

Allied does not expect to realize or use net cash from financing activities in the next twelve-months.

Allied has no lines of credit or other bank financing arrangements in place.

Allied has no commitments for future capital expenditures.

Allied has adopted "The Allied Resources, Inc. 2018 Stock Option Plan", ("Plan"). Non-executive directors are compensated for the performance of their responsibilities as directors and are eligible for participation in the Plan. Allied has a compensation agreement with its chief executive officer that provides a monthly fee and participation in the Plan.

Allied has no plans for the purchase or sale of any plant or equipment.

Allied has no plans to make any changes in the number of employees.

Allied does not expect to pay cash dividends in the foreseeable future.

B. List any subsidiaries, parent company, or affiliated companies.

None.

C. Describe the issuers' principal products or services.

Allied is an independent oil and natural gas producer involved in the exploration, development, production and sale of oil and gas derived from properties located in Calhoun and Ritchie Counties, West Virginia, and Goliad and Edwards Counties, Texas. Principal products are comprised of oil, natural gas, and liquids. Oil and liquids are sold at a spot price rate determined on pick up. Natural gas is sold through a pipeline either at a spot price rate or according to term contracts.

Allied elected to join an operator of wells in which it holds a working interest in Edwards County, Texas in an amendment to the current leases intended to revitalize shallow exploration and development rights previously excluded under a Pugh clause. The amendment increased the royalty interest payable to the lessors from 20% to 25%, and modified surface damages provisions. Allied further elected to participate in a recompletion of one of its existing wells. The well was initially completed in the Holman 3 sand and had produced ~3 BCF and ~8,000 barrels of oil to date.

The recompletion on the Holman 46-1 well initially targeted the Holman 1 & 2 sands, which attempts were ultimately abandoned, as the sands were too tight to commercially produce. A third recompletion attempt on the same well of a deeper structure within the Holman 3 sand was successful. The operator intends to attach natural gas compression equipment to facilitate production from the well in the near term.

Allied has made partial assignments of certain oil and gas leases in Ritchie County, West Virginia to two different third-party exploration and development companies. The assignments leave our existing wells in place and enable the assignees to develop a portion of the Marcellus formation for oil, natural gas, and liquids. The partial assignments provide for an overriding royalty interest to be paid to Allied in the event production is realized from efforts made to develop this prospective resource. Neither of the assignees have commenced development of these properties though the Marcellus and Utica shale structures are major reservoirs for hydrocarbon recovery. Historical drilling by third party operators in Ritchie County has indicated successful rates of recovery and Allied's open hole well logs indicate the presence of potentially productive Marcellus shale. Nevertheless, to date, no oil or natural gas reserves derived from the Marcellus shale structure underlying our interests in West Virginia have been proven. Development of these shale formations is influenced by the high risk/reward ratio of exploratory drilling in relation to oil and natural gas prices.

The products sold by Allied, natural gas, liquids and crude oil, are commodities purchased by many distribution and retail companies around the country. Crude oil can be easily sold whenever it is produced subject to transportation costs. The crude oil and liquids produced are transported by truck from the collection points to the purchaser. Natural gas on the other hand can be more difficult to sell since transportation from point of production to the purchaser requires a pipeline. Most of our current gas production interests are transported by pipelines owned by the purchasers. We also own an interest in the pipeline gathering system connected to five of our wells in Edwards County, Texas.

Allied continues to explore non-operated oil and gas producing opportunities for prospective purchase and works with independent operators to implement improved production efficiencies on existing wells. Our criteria for purchasing oil and gas producing properties is defined by near term returns on investment, long term growth in revenue, and development potential predicated on historical production.

5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used, or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties, or facilities of the issuer, give the location of the principal plants and other property of the issuer, and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

West Virginia Well Information

Allied owns varying interests in a total of 145 wells in West Virginia on several leases operated by an independent operator. Some leases contain multiple wells. All the wells in which we have an interest are situated on developed acreage spread over 3,400 acres in Ritchie and Calhoun Counties. Depth of the producing intervals varies from 1,730 ft to 5,472 ft. Many of our wells are situated on the same leases and as such share production equipment to minimize lease operating costs.

Our working interest is defined as interest in oil and gas that includes responsibility for all drilling, developing, and operating costs varying from 18.75% to 75%. Our net revenue interest is defined as that portion of oil and gas production revenue after deduction of royalties, varying from 15.00% to 65.625%.

Texas Well Information

Allied owns varying interests in 9 wells in Texas on three leases operated by independent third parties. All the wells in which we have an interest are situated on developed acreage spread over 2,470 acres in Goliad, and Edwards Counties. Depth of the producing intervals varies from 7,600 ft. to 9,600 ft.

Our working interest is defined as interest in oil and gas that includes responsibility for all drilling, developing, and operating costs varying from 3.73% to 21%. Our net revenue interest is defined as that portion of oil and gas production revenue after deduction of royalties, varying from 3.9388% to 12.75%.

Corporate Office Information

Allied leases office space owned by its chief executive officer to serve as its corporate office for which it pays \$1,000 per month on a month-to-month basis.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuer's securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling, or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g., Officer Title/ Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Ruairidh Campbell	CEO, CFO, Director > 5% stockholder	Austin, Texas	2,060,000	Common	36.4%	N/A
Ed Haidenthaller	Director	Layton, Utah	10,000	Common	< 1%	N/A
Paul Crow	Director	Salt Lake City, Utah	10,000	Common	< 1%	N/A

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

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

None.

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;

None.

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

None.

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.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None.

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Brian Higley, Esq.
Address 1: 14888 Auburn Sky Drive
Address 2: Draper, Utah 84020
Phone: (801) 634-1984
Email: brian@businesslegaladvisor.com

Accountant or Auditor

Name: Jason Sleight
Firm: Jones Simkins, LLC
Address 1: 1101 West 400 North
Address 2: Logan, Utah 84321
Phone: (435) 752-1510
Email: jsleight@jones-simkins.com

Investor Relations

Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

Twitter: _____
Discord: _____
LinkedIn: _____
Facebook: _____
[Other]: _____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: Dr. Nafi Onat
Firm: Sure Engineering, LLC.
Nature of Services: Petroleum engineering services
Address 1: Post Office Box 631967
Address 2: Littleton, Colorado 80112
Phone: (303) 770-3111
Email: sureengineeringllc@gmail.com

9) Financial Statements

A. The following financial statements were prepared in accordance with:

- IFRS
 U.S. GAAP

B. The following financial statements were prepared by (name of individual):⁷

Name: Jason Sleight
Title: Partner Jones Simkins, LLC.
Relationship to Issuer: Independent accountant

Describe the qualifications of the person or persons who prepared the financial statements: CPA

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

Important Notes:

- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- All financial statements for a fiscal period must be published together with the disclosure statement in one Annual or Quarterly Report.

⁷ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.



Logan Office:
1011 West 400 North, Suite 100
Logan, UT 84323-0747
Phone: (435) 752-1510 • (877) 752-1510
Fax: (435) 752-4878

Salt Lake City Office:
560 South 300 East, Suite 250
Salt Lake City, UT 84111
Phone (801) 561-6026
Fax: (801) 561-2023

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors and
Stockholders of Allied Resources, Inc.
Salt Lake City, Utah

Management is responsible for the accompanying financial statements of Allied Resources, Inc., which comprise the balance sheets as of December 31, 2022, and 2021, and the related statements of operations, comprehensive loss, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

/s/ Jones Simkins LLC

JONES SIMKINS LLC
Logan, Utah
March 31, 2023

ALLIED RESOURCES, INC.
BALANCE SHEETS
December 31, 2022, and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Cash	\$ 132,495	94,055
Investments	1,347,305	1,705,039
Accounts receivable	<u>196,827</u>	<u>3,622</u>
 Total current assets	 1,676,627	 1,802,716
 Oil and gas properties (proven), net	 344,723	 299,974
Deposits	<u>704,701</u>	<u>704,701</u>
 Total assets	 \$ <u><u>2,726,051</u></u>	 <u><u>2,807,391</u></u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ <u>13,500</u>	<u>52,794</u>
 Total current liabilities	 13,500	 52,794
 Asset retirement obligation	 <u>326,002</u>	 <u>311,109</u>
 Total liabilities	 <u>339,502</u>	 <u>363,903</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.001 par value; 50,000,000 shares authorized, 5,653,011 issued and outstanding	5,653	5,653
Additional paid-in capital	9,949,601	9,941,567
Accumulated other comprehensive income	46,184	20,320
Accumulated deficit	<u>(7,614,889)</u>	<u>(7,524,052)</u>
 Total stockholders' equity	 <u>2,386,549</u>	 <u>2,443,488</u>
Total liabilities and stockholders' equity	\$ <u><u>2,726,051</u></u>	<u><u>2,807,391</u></u>

See the accompanying notes and independent accountants' compilation report.

ALLIED RESOURCES, INC.
STATEMENTS OF OPERATIONS
Years Ended December 31, 2022, and 2021

	<u>2022</u>	<u>2021</u>
Oil and gas revenues	\$ <u>563,814</u>	<u>312,625</u>
	<u>563,814</u>	<u>312,625</u>
Operating expenses:		
Production costs	301,962	272,097
Depletion and amortization	41,510	40,621
General and administrative expenses	<u>168,364</u>	<u>171,110</u>
	<u>511,836</u>	<u>483,828</u>
Income (loss) from operations	<u>51,978</u>	<u>(171,203)</u>
Other income (expense):		
Interest income	21,966	49,817
Loss on investments	(164,781)	(10,645)
Other expense	<u>-</u>	<u>(1,306)</u>
Net other income (expense)	<u>(142,815)</u>	<u>37,866</u>
Loss before provision for income taxes	(90,837)	(133,337)
Provision for income taxes	<u>-</u>	<u>-</u>
Net loss	<u>\$ (90,837)</u>	<u>(133,337)</u>
Loss per common share - basic and diluted	<u>\$ (0.02)</u>	<u>(0.02)</u>
Weighted average common shares -		
Basic	<u>5,653,000</u>	<u>5,653,000</u>
Diluted	<u>5,653,000</u>	<u>5,653,000</u>

See the accompanying notes and independent accountants' compilation report.

ALLIED RESOURCES, INC.
STATEMENTS OF COMPREHENSIVE LOSS
Years Ended December 31, 2022, and 2021

	<u>2022</u>	<u>2021</u>
Net loss	\$ (90,837)	(133,337)
Other comprehensive income:		
Unrealized holding gain, net of tax effects	<u>25,864</u>	<u>23,364</u>
Comprehensive loss	\$ <u>(64,973)</u>	<u>(109,973)</u>

See the accompanying notes and independent accountants' compilation report.

ALLIED RESOURCES, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2022, and 2021

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at January 1, 2021	5,653,011	\$ 5,653	\$ 9,933,532	\$ (3,044)	\$ (7,390,715)	\$ 2,545,426
Unrealized holding gain, net of tax effects	-	-	-	23,364	-	23,364
Stock option compensation expense	-	-	8,035	-	-	8,035
Net loss	-	-	-	-	(133,337)	(133,337)
Balance at December 31, 2021	5,653,011	5,653	9,941,567	20,320	(7,524,052)	2,443,488
Unrealized holding gain, net of tax effects	-	-	-	25,864	-	25,864
Stock option compensation expense	-	-	8,034	-	-	8,034
Net loss	-	-	-	-	(90,837)	(90,837)
Balance at December 31, 2022	5,653,011	\$ 5,653	\$ 9,949,601	\$ 46,184	\$ (7,614,889)	\$ 2,386,549

See the accompanying notes and independent accountants' compilation report.

ALLIED RESOURCES, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022, and 2021

	2022	2021
<u>Cash flows from operating activities:</u>		
Net loss	\$ (90,837)	(133,337)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depletion and amortization	41,510	40,621
Accretion expense	14,893	14,197
Stock compensation expense	8,034	8,035
Loss on investments	164,781	10,645
Increase in:		
Accounts receivable	(193,205)	(3,622)
Decrease in:		
Accounts payable	(39,294)	(48,753)
	(94,118)	(112,214)
Net cash used in operating activities	(94,118)	(112,214)
<u>Cash flows from investing activities:</u>		
Purchase of investments	(276,272)	(1,060,102)
Proceeds from sale of investments	495,089	998,721
Purchase of oil and gas properties	(86,259)	-
	132,558	(61,381)
Net cash provided by (used in) investing activities	132,558	(61,381)
<u>Cash flows from financing activities:</u>		
	-	-
Net increase (decrease) in cash	38,440	(173,595)
Cash, beginning of year	94,055	267,650
Cash, end of year	\$ 132,495	94,055

See the accompanying notes and independent accountants' compilation report.

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Allied Resources, Inc. (the “Company”) was incorporated on April 5, 2002. The Company is primarily engaged in the business of acquiring, developing, producing, and selling oil and gas production and properties to companies located in the continental United States.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Investments are reported in accordance with the provisions of Accounting Standards Update 2016-01 “Financial Instruments-Overall” (Subtopic 825-10), “Recognition and Measurement of Financial Assets and Liabilities” and consist of marketable equity securities and other marketable securities.

Marketable Equity Securities

Marketable equity securities are strategic equity investments with readily determinable fair values for which the Company does not have the ability to exercise significant influence. These securities are accounted for at fair value and are classified as investments on the balance sheets. All gains and losses on these investments, realized and unrealized, are recognized in operations.

Other Marketable Securities

The Company’s investments in debt securities and annuities are classified as available-for-sale and are carried at fair value, which approximates amortized cost. Interest on these securities, as well as the amortization of discounts and premiums, is included in interest income. Realized gains and losses, determined using the specific identification method, are included in operations; unrealized holding gains and losses are reported as a separate component of accumulated other comprehensive income (loss). Other than temporary impairment losses related to credit losses are considered to be realized losses.

Accounts Receivable

Accounts receivable are amounts due on oil and gas sales and are unsecured and are ordinarily due thirty days after issuance of the invoice. Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus, accounts receivable do not bear interest although a finance charge may be applied to such receivables that are more than thirty days past due. Accounts receivable are periodically evaluated for collectability based on past credit history with clients. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risk in the account balance, current economic conditions, and the financial stability of customers.

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Oil and Gas Producing Activities

The Company utilizes the successful efforts method of accounting for its oil and gas producing activities. Under this method, all costs associated with productive exploratory wells and productive or nonproductive development wells are capitalized while the costs of nonproductive exploratory wells are expensed.

If an exploratory well finds oil and gas reserves, but a determination that such reserves can be classified as proved is not made after one year following completion of drilling, the costs of drilling are charged to operations. Indirect exploratory expenditures, including geophysical costs and annual lease rentals, are expensed as incurred. Unproved oil and gas properties that are individually significant are periodically assessed for impairment of value and a loss is recognized at the time of impairment by providing an impairment allowance. Other unproved properties are amortized based on the Company's experience of successful drillings and average holding period. Capitalized costs of producing oil and gas properties, after considering estimated dismantlement and abandonment costs and estimated salvage values, are depreciated, and depleted by the units-of-production method. Support equipment and other property and equipment are depreciated over their estimated useful lives.

On the sale or retirement of a complete unit of a proved property, the cost and related accumulated depreciation, depletion and amortization are eliminated from the property accounts, and the resultant gain or loss is recognized. On the retirement or sale of a partial unit of proved property, the cost is charged to accumulated depreciation, depletion and amortization with a resulting gain or loss recognized in income.

On the sale of an entire interest in an unproved property for cash or cash equivalent, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property has been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained.

The continued carrying value of the Company's oil and natural gas properties depends primarily upon the estimated reserves and the prices it receives for oil and natural gas production. Oil and natural gas prices historically have been volatile and are likely to continue to be volatile in the future. The Company's production quantities of oil and natural gas are in decline. Any decrease in oil and natural gas prices without an offsetting increase in reserve quantities could result in an impairment of the Company's assets.

Current accounting standards may require companies involved in the oil and gas industry to reclassify oil and gas contract-based drilling rights from tangible to intangible assets and to provide the related intangible assets disclosures under Accounting Standards Codification (ASC) 350. Since the Company does not have any contract-based oil and gas drilling rights, any disclosure related to this possible requirement would not have an effect on the Company's financial statements.

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Leases

The Company determines if an arrangement contains a lease at the inception of a contract. Operating lease right-of-use (ROU) asset represents the Company's right to use an underlying asset for the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and operating lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments discounted using the rate implicit in the lease or the Company's incremental borrowing rate. The operating lease assets also includes any lease payments made before commencement and excludes any lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. For operating leases with a term of one year or less, the Company does not recognize a lease liability or ROU asset on the financial statements.

Income Taxes

The Company files federal and state income tax returns in states in which it operates. Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. 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. Deferred income taxes are classified as noncurrent. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. A valuation allowance is established for any deferred tax asset for which realization is not more likely than not.

The Company considers many factors when evaluating and estimating its tax positions and tax benefits. Tax positions are recognized only when it is more likely than not (likelihood of greater than 50%), based on technical merits, that the positions will be sustained upon examination. Reserves are established if it is believed certain positions may be challenged and potentially disallowed. If facts and circumstances change, reserves are adjusted through the provision for income taxes. The Company recognizes interest expense and penalties related to unrecognized tax benefits in the provision for income taxes.

Earnings Per Share

The computation of basic earnings per common share is based on the weighted average number of shares outstanding during each year.

The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus the common stock equivalents which would arise from the exercise of stock options and warrants outstanding using the treasury stock method and the average market price per share during the year. Common stock equivalents are not included in the diluted earnings per share calculation when their effect is antidilutive.

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue is recognized in accordance with the provisions of ASC 606. Revenue is recognized from oil sales at such time as the oil is delivered to the buyer. Revenue is recognized from gas sales when the gas passes through the pipeline at the well head. Generally, the Company's contracts have an initial term of one year or longer but continue month to month unless written notification of termination in a specified time period is provided by either party to the contract. The Company has used the practical expedient in ASC 606 which states that the Company is not required to disclose that the transaction price allocated to the remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Future volumes are wholly unsatisfied, and disclosure of the transaction price allocated to remaining performance obligation is not required. The Company does not have any gas balancing arrangements.

Revenue from Contracts with Customers

Contract Balances

The Company receives purchaser statements from the majority of its customers. Payment is unconditional upon receipt of the statement or invoice. Accordingly, the Company's product sales contracts do not give rise to contract assets or liabilities under ASC 606. The majority of the Company's contract pricing provisions are tied to a market index, with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, quality of the oil or natural gas, and supply and demand conditions. The price of these commodities fluctuates to remain competitive with supply.

Prior Period Performance Obligations

The Company records revenue in the month production is delivered to the purchaser. Settlement statements may not be received for 30 to 90 days after the date production is delivered, and therefore the Company is required to estimate the amount of production delivered to the purchaser and the price that will be received for the sale of the product. Differences between the Company's estimates and the actual amounts received for product sales are generally recorded in the following month that payment is received. Any differences between the Company's revenue estimates and actual revenue received historically have not been significant. The Company has internal controls in place for its revenue estimation accrual process.

The Company's revenues, results of operations, and cash flows are affected by a wide variety of factors, including general economic conditions, geographical regions of its customers, the type of customer, the type of contract, and contract duration.

Stock-Based Compensation

The Company has a stock option plan, which is described more fully in Note 10. The Company accounts for stock compensation in accordance with ASC 718. This requires the Company to recognize compensation cost based on the grant date fair value of options granted.

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

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

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the periods reported. Actual results could differ from those estimates.

Significant estimates include volumes of oil and natural gas reserves used in calculating depletion of proved oil and natural gas properties, future net revenues and abandonment obligations, future taxable income and related assets/liabilities, the collectability of outstanding accounts receivable, stock-based compensation expense, and contingencies. Oil and natural gas reserve estimates, which are the basis for unit-of-production depletion, have numerous inherent uncertainties. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Subsequent drilling results, testing and production may justify revision of such estimates. Accordingly, reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. In addition, reserve estimates are vulnerable to changes in wellhead prices of crude oil and natural gas. Such prices have been volatile in the past and can be expected to be volatile in the future.

The significant estimates are based on current assumptions that may be materially affected by changes to future economic conditions such as the market prices received for sales of volumes of oil and natural gas, the creditworthiness of counterparties, interest rates, the market value of the Company's common stock and corresponding volatility and the Company's ability to generate future taxable income. Future changes to these assumptions may affect these significant estimates materially in the near term.

Future Application of Accounting Standards

In June 2016, the FASB issued ASU 2016-13 "Financial Instruments – Credit Losses". This standard provides new guidance on the measurement of credit losses for financial assets measured at amortized cost, which includes accounts receivable. The new guidance replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. This standard is effective for annual periods beginning after December 15, 2022. The Company is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 2 – Investments

As of December 31, 2022, investments consist of the following:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market Value</u>
Annuities	\$ 507,610	46,680	554,290
Municipal bonds	26,081	(496)	25,585
Mutual funds	<u>883,343</u>	<u>(115,913)</u>	<u>767,430</u>
	<u>\$ 1,417,034</u>	<u>(69,729)</u>	<u>1,347,305</u>

As of December 31, 2021, investments consist of the following:

	<u>Cost</u>	<u>Unrealized Losses</u>	<u>Market Value</u>
Annuities	\$ 507,610	22,811	530,421
Municipal bonds	27,047	391	27,438
Taxable bonds	189,038	(2,882))	186,156
Mutual funds	<u>962,522</u>	<u>(1,498)</u>	<u>961,024</u>
	<u>\$ 1,686,217</u>	<u>18,822</u>	<u>1,705,039</u>

As of December 31, 2022, the amortized cost and fair value of debt securities and annuities by contractual maturities are comprised of the following:

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due in one year or less	\$ 507,610	554,290
Due after one year through five years	<u>26,081</u>	<u>25,585</u>
	<u>\$ 533,691</u>	<u>579,875</u>

The Company holds investments in debt securities and annuities from a wide variety of financial institutions, corporations, municipalities, and the United States Treasury. Based upon a review of market and other conditions, the Company believes fair values will recover to equal or exceed the cost basis of these investments. Accordingly, no impairment loss has been recognized.

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 2 – Investments (continued)

Changes in the unrealized holding gain (loss) on certificates of deposits and debt securities are reported as a separate component of accumulated other comprehensive income (loss) are as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 20,320	(3,044)
Unrealized holding gain	<u>25,864</u>	<u>23,364</u>
Balance, end of year	\$ <u><u>46,184</u></u>	<u><u>20,320</u></u>

During fiscal years 2022 and 2021, sales proceeds and gross realized gains on these investments consist of the following:

	<u>2022</u>	<u>2021</u>
Sales proceeds	\$ 495,089	998,721
Gross realized gain (loss)	\$ <u><u>(50,366)</u></u>	<u><u>(4,123)</u></u>

Note 3 – Fair Value Measurements

The Company's investments are reported at fair value in the accompanying balance sheets. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 3 – Fair Value Measurements (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. All fair value measurements of the Company's investments are classified within Level 1 of the valuation hierarchy, with the exception of annuities, municipal bonds, and taxable bonds, which are classified within Level 2.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022, and 2021.

The fair value of equities is based on the closing price reported on the active market on which the individual securities are traded.

The fair value of municipal and taxable bonds is determined by an independent pricing services using recently executed transactions, market price quotations, and pricing models that factor in, where applicable, interest rates, bond spreads, and volatility.

The fair value of interest-bearing cash accounts and annuities is based on the outstanding balance of the account. In addition to investments, the Company holds certain other financial instruments that include current assets and liabilities. None of these instruments are held for trading purposes. The Company estimates that the carrying amount of all current financial instruments approximates fair value due to the short maturity of these items. The aggregate carrying amount of notes payable approximates fair value as most interest rates approximate the market interest rate.

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 4 – Oil and Gas Properties

Oil and gas properties consist of the following:

	<u>2022</u>	<u>2021</u>
Oil and gas properties	\$ 8,599,550	8,513,291
Capitalized costs related to asset retirement obligation	<u>93,499</u>	<u>93,499</u>
	8,693,049	8,606,790
Less accumulated depreciation, depletion, and amortization	<u>(8,348,326)</u>	<u>(8,306,816)</u>
	<u>\$ 344,723</u>	<u>299,974</u>

Note 5 – Deposits

The Company has an operating agreement with one of the operators of the Company's oil and gas wells. Terms of the agreement allow the operator to withhold a portion of the Company's share of revenue for possible future costs associated with the wells. The terms of the agreement require that these funds be held in escrow. As of December 31, 2022, and 2021 amounts on deposit were approximately \$705,000 and \$705,000, respectively.

Note 6 – Asset Retirement Obligation

The Company is subject to certain regulations implemented to protect the environment. These regulations require that when oil and gas wells are abandoned, the owners must perform certain reclamation activities related to the oil and gas wells. Accordingly, a liability has been established equal to the present value of the Company's estimated pro-rata share of the obligation. The Company has no assets that are legally restricted for the purpose of settling this obligation.

Following is a reconciliation of the aggregate retirement liability associated with the Company's obligation to plug and abandon its oil and gas properties:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 311,109	296,912
Accretion expense	<u>14,893</u>	<u>14,197</u>
Balance at end of year	<u>\$ 326,002</u>	<u>311,109</u>

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 7 – Income Taxes

The provision for income taxes differs from the amount computed at federal statutory rates approximately as follows:

	2022	2021
Federal income tax expense at statutory rate	\$ (19,000)	(29,000)
State income tax expense, net of federal tax expense	(4,000)	(5,000)
Change in valuation allowance	21,000	41,000
Other	2,000	(7,000)
	\$ -	-

Deferred tax assets (liabilities) are comprised of the following:

	2022	2021
NOL carry forwards	\$ 199,000	215,000
Asset retirement obligation	78,000	73,000
Depletion and amortization	172,000	164,000
Stock compensation expense	8,000	6,000
Unrealized holding gain on investments	17,000	(5,000)
	474,000	453,000
Less valuation allowance	(474,000)	(453,000)
	\$ -	-

As of December 31, 2022, the Company has net operating loss (NOL) carryforwards of approximately \$828,000 which begin to expire in 2031. If substantial changes in ownership should occur there would be an annual limitation of the amount of NOL carryforwards which could be utilized. Also, the ultimate realization of these carryforwards is due, in part, on the tax law in effect at the time and future events, which cannot be determined.

Note 8 – Related Party Transactions

The Company leases office space on a month-to-month basis under a cancelable operating lease agreement from the CEO of the Company. The lease requires monthly payments of \$1,000. The Company incurred rent expense of approximately \$12,000 and \$12,000 during the years ended December 31, 2022, and 2021, respectively. At December 31, 2022 and 2021, \$1,000 was included in accounts payable for rent.

The Company has a consulting agreement with its CEO to provide management services. The agreement requires monthly payments of \$10,000. The Company incurred management and consulting fees of approximately \$120,000 and \$120,000 during the years ended December 31, 2022, and 2021, respectively. At December 31, 2022 and 2021, \$10,000 was included in accounts payable for management services.

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 9 – Supplemental Disclosures of Cash Flow Information

No amounts were paid for interest or income taxes during the years ended December 31, 2022, and 2021.

During the year ended December 31, 2022, the Company recorded an increase in investments available for sale of \$25,864 and an unrealized holding gain of \$25,864.

During the year ended December 31, 2021, the Company recorded an increase in investments available for sale of \$23,364 and an unrealized holding gain of \$23,364.

Note 10 – Stock Options

The Company has a stock option plan (the Plan) which allows for the issuance of the Company’s common stock or the grant of options to acquire the Company’s common stock from time to time to employees, directors, officers, consultants, or advisors of the Company on the terms and conditions set forth in the Plan. At December 31, 2022 and 2021, the Company had 600,000 options outstanding at an exercise price of \$0.10. During the years ended December 31, 2022, and 2021, the Company did not have any changes in the number of options outstanding.

Note 11 – Stock Based Compensation

The following table summarizes information about common stock options outstanding at December 31, 2022:

Outstanding			Exercisable		
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 0.10	600,000	5.9	\$ 0.10	495,000	\$ 0.10

All outstanding options were granted in 2018 and vest over a 5-year service period. Unrecognized compensation cost related to non-vested options as of December 31, 2022, and 2021 was \$7,030 and \$15,065, respectively.

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 12 – Commitments and Contingencies

Oil and Gas Operating Agreements

The Company has agreements with the operators of the oil and gas wells in which the Company owns an interest. These agreements require the Company to pay a percentage of the fees and production costs of operating the wells.

Litigation

The Company may become or is subject to investigations, claims or lawsuits ensuing out of the conduct of its business, including those related to environmental safety and health, commercial transactions, etc. The Company is currently not aware of any such item which it believes could have a material adverse effect on its financial position.

Note 13 – Risks and Uncertainties

The Company's oil and gas reserves are continually declining, which will eventually result in a reduction of the amount of oil and gas produced, oil and gas revenues, and cash flows. The Company has historically replaced reserves through both drilling and acquisitions, however, there is no assurance that oil and gas reserves can be located through drilling or acquisition or that even if reserves are located, that such reserves will allow the recovery of all or part of the investment made by the Company to obtain these reserves.

The Company's carrying cost of its oil and gas properties are subject to possible future impairment based on the estimated future cash flows of these properties. These estimated future cash flows are in turn subject to oil and gas prices that are subject to fluctuations and, as a consequence, no assurance can be given that oil and gas prices will decrease, increase or remain stable.

Note 14 – Subsequent Events

The Company evaluated its December 31, 2022, financial statements for subsequent events through March 31, 2023, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Ruairidh Campbell, certify that:

1. I have reviewed this Disclosure Statement for Allied Resources, 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.

March 31, 2023 [Date]

/s/ Ruairidh Campbell [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Ruairidh Campbell, certify that:

1. I have reviewed this Disclosure Statement for Allied Resources, 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.

March 31, 2023 [Date]

/s/ Ruairidh Campbell [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")