

PIONEER OIL AND GAS
FINANCIAL STATEMENTS

March 31, 2026



PIONEER OIL AND GAS
INDEX TO FINANCIAL STATEMENTS
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	<u>Page</u>
Independent Accountant's Compilation Report	1
Balance Sheets	2
Statements of Operations	3
Statements of Cash Flows	4
Note to Financial Statements	5



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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of Pioneer Oil and Gas (a C corporation) (the Company), which comprise the balance sheet as of March 31, 2026, and the related statements of operations and cash flows for the six months ended March 31, 2026 and 2025, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement 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.

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

The balance sheet as of September 30, 2025, was audited by us and we expressed an unmodified opinion on it in our report dated January 6, 2026. We have not performed any auditing procedures since that date.

JONES SIMKINS LLC
Salt Lake City, Utah
June 3, 2026

PIONEER OIL AND GAS
BALANCE SHEETS

	March 31, 2026 <u>(Compiled)</u>	September 30, 2025 <u>(Audited)</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 101,913	\$ 128,541
Investments	146,054	112,712
Receivables	22,431	20,463
Resale leases, at lower of cost and net realizable value	<u>193,546</u>	<u>193,546</u>
Total current assets	463,944	455,262
Property and equipment, net	50,208	55,819
Other assets	<u>2,537</u>	<u>2,537</u>
Total assets	<u>\$ 516,689</u>	<u>\$ 513,618</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>		
Current liabilities:		
Payables and accrued expenses	<u>\$ 39,771</u>	<u>\$ 27,173</u>
Total current liabilities	39,771	27,173
Asset retirement obligation	16,931	16,579
Litigation liability	<u>1,350,000</u>	<u>-</u>
Total liabilities	<u>1,406,702</u>	<u>43,752</u>
Commitments and contingencies		
Stockholders' equity (deficit):		
Common stock, par value \$.001 per share, 50,000,000 shares authorized; 5,096,706 shares issued and outstanding	5,097	5,097
Treasury stock, 1,080,544 shares	(1,096,431)	(1,096,431)
Retained earnings	<u>201,321</u>	<u>1,561,200</u>
Total stockholders' equity (deficit)	<u>(890,013)</u>	<u>469,866</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 516,689</u>	<u>\$ 513,618</u>

See independent accountant's compilation report.

PIONEER OIL AND GAS
STATEMENTS OF OPERATIONS
Six Months Ended March 31, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Revenue:		
Oil and gas revenue	\$ 17,539	\$ 13,078
Royalty revenue	90,594	82,039
	<u>108,133</u>	<u>95,117</u>
Costs and expenses:		
Litigation loss	1,350,000	-
Cost of operations	6,433	23,875
General and administrative expenses	117,582	178,963
Exploration costs	26,565	30,731
Depreciation, depletion and amortization	5,611	5,503
	<u>1,506,191</u>	<u>239,072</u>
Loss from operations	<u>(1,398,058)</u>	<u>(143,955)</u>
Other income (expense):		
Interest income	2,034	5,075
Gain (loss) on investments	33,337	(15,289)
Other	2,808	903
	<u>38,179</u>	<u>(9,311)</u>
Net other expense	<u>38,179</u>	<u>(9,311)</u>
Loss before provision for income taxes	(1,359,879)	(153,266)
Provision for income taxes	<u>-</u>	<u>-</u>
Net loss	<u>\$ (1,359,879)</u>	<u>\$ (153,266)</u>
Net loss per common share:		
Basic	<u>\$ (0.27)</u>	<u>\$ (0.03)</u>
Diluted	<u>\$ (0.27)</u>	<u>\$ (0.03)</u>
Weighted average common shares:		
Basic	<u>5,097,000</u>	<u>5,097,000</u>
Diluted	<u>5,097,000</u>	<u>5,097,000</u>

See independent accountant's compilation report.

PIONEER OIL AND GAS
STATEMENTS OF CASH FLOWS
Six Months Ended March 31, 2026 and 2025

	<u>2026</u>	<u>2025</u>
<u>Cash flows from operating activities:</u>		
Net loss	\$ (1,359,879)	\$ (153,266)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, depletion and amortization	5,611	5,503
Loss (gain) on investments	(33,337)	15,289
Accretion expense	352	(619)
Litigation loss	1,350,000	-
Decrease (increase) in:		
Receivables	(1,968)	5,043
Increase in:		
Payables and accrued expenses	<u>12,598</u>	<u>16,106</u>
Net cash used in operating activities	<u>(26,623)</u>	<u>(111,944)</u>
<u>Cash flows from investing activities:</u>		
Purchase of investments	<u>(5)</u>	<u>(7)</u>
Net cash used in investing activities	<u>(5)</u>	<u>(7)</u>
<u>Cash flows from financing activities:</u>	<u>-</u>	<u>-</u>
Net decrease in cash	(26,628)	(111,951)
Cash, beginning of period	<u>128,541</u>	<u>281,434</u>
Cash, end of period	<u>\$ 101,913</u>	<u>\$ 169,483</u>

See independent accountant's compilation report.

PIONEER OIL AND GAS
NOTE TO FINANCIAL STATEMENTS
March 31, 2026

Note 1 – Litigation

The Company has had a lawsuit filed against it by the Northern Arapaho Tribes (the Tribe) asking the Company to plug and abandon 10 wells and remediate the respective oil and gas leases previously held by the Company but terminated in 2001. In addition, the Bureau of Land Management (BLM) initiated an enforcement action related to this matter. The Company contends that it did not drill or operate any wells during the time it was lessee of the properties and is asserting that it should not be held liable for past operations that occurred prior to the time it was lessee, and that the statute of limitations has passed.

In February 2026, the United States District Court for the District of Wyoming ruled in favor of the BLM. Based on the ruling and management's assessment of the Company's obligations, the Company recorded an accrued liability of \$1,350,000 as of March 31, 2026. The accrued amount represents management's current estimate of the costs associated with the matter.

The Company intends to pursue further legal remedies. Although the Company continues to contest the claims, management believes accrual of the estimated liability is appropriate based on the current status of the proceedings.

The Company has a lawsuit filed against it by XTO asking the Company to plug and abandon a well located in Rio Blanco County, Colorado. The Company sold its interest in the well in question, to an entity that eventually filed for bankruptcy. The Company asserts that it is not liable for the costs associated with plugging and abandoning the well and will continue to vigorously defend itself against this lawsuit. An estimate of any potential liability associated with this lawsuit cannot be reasonably determined.