

**WESTERN SIERRA MINING CORP.**

**Quarterly Disclosure Statement**

**September 30, 2017**

# **WESTERN SIERRA MINING CORP.**

## **Quarterly Disclosure Statement**

**September 30, 2017**

### **ITEM 1 – NAME OF ISSUER AND PREDECESSOR**

Western Sierra Mining Corp. as of December 4, 2003  
Formerly: The Gold Chain Mining Company  
Utah  
August 19, 1907

### **ITEM 2 – ADDRESS OF ISSUER’S PRINCIPAL EXECUTIVE OFFICES**

6175 Plumtree Lane  
Edmond, Oklahoma 73034

### **ITEM 3 - SECURITY INFORMATION**

#### Common Stock

The Company is authorized to issue 350,000,000 shares of common stock. The Company’s common stock is traded through OTC Pinks Quotation Service under the symbol “WSRA” (CUSIP 95952L200). As of September 30, 2017, there were 326,993,353 shares of the Company’s common stock outstanding.

- a. Dividends – Through September 30, 2017, the Company has not declared or paid any dividends.
- b. Voting Rights – one vote per share of common stock
- c. Preemption Rights – None
- d. Material Rights – None

#### Preferred Stock

The Company is authorized to issue 20,000,000 shares of Series A Preferred stock. As of September 30, 2017, there were 11,993,560 shares of the Company’s Series A Preferred stock outstanding.

- a. Dividends – Through September 30, 2017, the Company has not declared or paid any dividends.
- b. Voting Rights – 100 votes per share
- c. Conversion Rights – None
- d. Preemption Rights- None
- e. Material Rights – None

**The number of shares or total amount of the securities outstanding for each class of securities authorized**

|                            | <u>9-30-17</u> | <u>12-31-16</u> |
|----------------------------|----------------|-----------------|
| <u>Common Stock</u>        |                |                 |
| Shares authorized          | 350,000,000    | 350,000,000     |
| Shares outstanding         | 326,993,353    | 326,993,353     |
| Freely tradable            | 97,298,912     | 97,298,912      |
| Beneficial shareholders    | 7              | 7               |
| Shareholders of record     | 1491           | 1489            |
| <br><u>Preferred Stock</u> |                |                 |
| Shares authorized          | 20,000,000     | 20,000,000      |
| Shares outstanding         | 11,993,560     | 11,988,560      |
| Freely tradable            | 0              | 0               |
| Beneficial shareholders    | 0              | 0               |
| Shareholders of record     | 5              | 2               |

**The name and address of the transfer agent:**

Pacific Stock Transfer, Inc.  
6725 Via Austi Pkwy, Suite 300  
Las Vegas, Nevada 89119  
800-785-7782

The Transfer Agent is registered with the SEC.

There are no restrictions on the transfer of any security.

There are no trading suspension orders issued by the SEC in the past twelve months.

There are no currently anticipated stock splits, stock dividends, recapitalizations, mergers, acquisitions, spin-offs or reorganizations.

See the Statement of Stockholders' Equity in the attached financial statements for information regarding stock splits, stock dividends, recapitalizations, mergers, acquisitions, spin-offs and reorganizations that occurred within the past twelve months.

#### ITEM 4 – ISSUANCE HISTORY

See the Statement of Stockholders' Equity and Note 6 in the attached financial statements for information regarding the changes in total shares outstanding within the past two fiscal years and any interim period including debt conversions and any securities or options issued for services.

#### ITEM 5 - FINANCIAL INFORMATION FOR THE ISSUER'S MOST RECENT FISCAL PERIOD.

SEE ATTACHED FINANCIAL STATEMENTS

#### ITEM 6 - ISSUER'S BUSINESS, PRODUCTS AND SERVICES

##### Business Development

The Company was incorporated under the laws of the State of Utah on August 19, 1907 as The Gold Chain Mining Company. On September 28, 2001 the Company changed its name to Global DECS Corp. On December 1, 2003 we entered into a Share Exchange Agreement with Western Sierra, Inc., whereby Western Sierra, Inc. became a wholly owned subsidiary of Western Sierra Mining Corp. The agreement provided for the exchange of 20,000,000 shares of the Company's common stock for 4,000,000 shares or 100% of the outstanding common stock of Western Sierra, Inc. The shareholders of Western Sierra, Inc. owned approximately 90% of the stock of Western Sierra Mining Corp. after consummation of the transaction. Western Sierra, Inc. was subsequently dissolved and all operations transferred into Western Sierra Mining Corp.

We are currently listed with the National Quotation Bureau under the trading symbol WSRA.

The Company is on a calendar year-end basis.

The Company is not party to any material legal proceedings or administrative actions.

##### Business of Issuer

Historically, Western Sierra Mining Corporation has focused on the strategic acquisition, sale, joint venture, management and extraction of precious metals on its mineral properties and reserves in the western United States and primarily in Central Arizona. On May 21, 2014 the Company completed the acquisition of various water rights in Northern Colorado with a combined appraised value of \$40,500,000 and intends to utilize these assets for real estate development,

agricultural production and other beneficial uses as the Company expands and enhances its asset base. The Company intends to aggressively pursue development and expansion of its water rights and simultaneously pursue a diversification into other natural resource related projects. The Company will begin systematically implementing its new business model resulting in the creation of new commodity based endeavors to the direct benefit the Company's shareholders.

On July 29, 2015 Western Sierra Mining Corporation (the "Company") announced that it had signed a Letter of Intent with Global Hemp Group Inc. ("GHG") of Surrey, British Columbia (CSE: GHG / FRANKFURT: GHG / OTCQB: GBHPF) to partner on the acquisition of agricultural lands for the purpose of hemp cultivation and the development of a Value-Added Hemp Processing Zone, strategically located adjacent to the hemp farming areas.

This agreement allows the Company to put its current water rights assets into "beneficial use" to irrigate and grow hemp as a sustainable cash crop. Upon harvest, his hemp will be processed -- for sale and further refinement in myriad industrial, commercial and nutritional applications. It will also create a "Hemp Processing Zone" (industrial processing campus) in which the hemp seed will be transformed into oil and protein powder for the food industry; Cannabidiol (CBD) will be extracted from the leaves and flowers to meet rapidly increasing product demand; and the straw will be processed into fiber, hurd (woody core) and dust. The fiber will then be further processed for the textile industry to supplement cotton and synthetic fiber currently in use. The hurd would be processed into chips to be utilized in sustainable building materials for the construction industry, and the dust recovered would be pelletized for a variety of target markets. Initial building materials produced will be utilized in the construction of the processing facilities and affordable work force housing for the Company's employees. These various processing functions represent markedly increased revenue for the Company.

The Company's SIC Code is 6794.

The Company has never been a "shell company."

The Company has no environmental cleanup issues or liabilities.

The Company has two full-time employees and four part-time employees.

#### Principal Products

The Company's principal products are water and agricultural commodities. All these products are considered commodities and have ready, well-established, worldwide markets for as much as the Company can produce.

#### Distribution and Marketing

The Company's products have well-established worldwide markets and require no distribution or marketing efforts.

#### New Products

Not Applicable

#### Competitive Business Conditions

The Company's competes with other companies and individuals to acquire water rights and to recruit and train qualified employees. Many of these companies are substantially larger and have greater financial resources than we do.

#### Sources and Availability of Raw Materials

The acquisition and expansion of water rights and the production of agricultural commodities are subject to competition. Companies with greater financial resources, larger staffs and more experience may be in a better position than WSMC is to compete in these industries.

#### Major Customers

Water and agricultural commodities are sold on historically well-established, worldwide markets with numerous purchasers for the entirety of the Company's production.

#### Patents and Trademarks

The Company has no patents or trademarks.

#### Government Regulations

Many of the Company's mining claims are located on property owned and managed by either the United States Forest Service or the Bureau of Land Management. The Company is therefore subject to various regulations and permitting requirements with respect to these claims. The Company anticipates no significant governmental regulatory delays with respect to the development of these claims. The Company can also be subject to various federal and state environmental regulations. Furthermore, there can be no assurance that future changes to environmental legislation and related regulations, if any, will not adversely affect the Company's operations. The Company could be held liable for environmental hazards that exist on the properties in which Western holds interests, whether caused by previous or existing owners or operators of the properties. The Company has not incurred any environmental remediation costs to date.

### **Risk Factors**

Some information contained in or incorporated by reference into this report may contain "forward-looking statements." These statements include comments regarding exploration and mine development and construction plans, costs, grade, production and recovery rates, permitting, financing needs, the availability of financing on acceptable terms or other sources of funding, and the timing of additional tests, feasibility studies and environmental permitting. We believe the expectations reflected in those forward-looking statements are reasonable. However, we cannot assure that these expectations will prove to be correct. Actual results could differ materially from those anticipated as a result of the risk factors, including but not limited to: worldwide economic and political events, volatility in market, financial market conditions and the availability of debt or equity financing on acceptable terms; uncertainties regarding future changes in tax and foreign-investment legislation or implementation of existing tax legislation and the availability of experienced employees.

### **Issues and Uncertainties**

The following issues and uncertainties, among others, should be considered in evaluating our financial outlook. Our ultimate success will depend on our ability to generate profits from our operations. Our viability is largely dependent on the successful development of our currently owned properties. We lack operating cash flow and rely on external funding sources. We cannot assure that additional funding will be available to allow us to fulfill such obligations.

### **Results of Operations**

For the quarter ended September 30, 2017, our operating costs and expenses totaled \$6,701. We had negative working capital of \$4,172,635 as of September 30, 2017. Based on the Company's change in business direction from mining to the development and expansion of its water rights and other natural resource related projects, a determination was made that the remaining mining properties should be classified as held for resale and their carrying values reduced accordingly. Therefore, as of December 31, 2016, the Company recognized impairment losses on its mining properties of 11,804,554. To the extent that cash flow is unavailable, management intends to raise all necessary capital through private financing, the sale of our securities and/or joint venture partnerships.

## **Plan of Operations and Need for Additional Financing**

The Company has acquired significant water assets and intends to apply these water assets directly to conventional and organic agricultural production to include feed for animals and food for local/regional markets; as well as, seeking partners within the value added food and retail food space. The Company is also investigating other beneficial uses as we expand and enhance our asset base and initiate capital formation strategies to address aggressive development of current commodity endeavors including organic agricultural production; water bottling; oil and gas service industry projects; and various other natural resource-related projects. The Company is also making changes in its business model and conforming management changes and enhancements.

### Environmental Issues

There are no significant environmental concerns or existing reclamation requirements.

### Off-Balance Sheet Transactions

The Company does not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

## **ITEM 7 – NATURE AND EXTENT OF ISSUER’S FACILITIES**

The Company maintains an administrative office at 6175 Plumtree Lane, Edmond, Oklahoma 73034 on a “month to month” rental basis. The Company’s operations occur at the mine locations referenced above.

## **ITEM 8 – OFFICERS, DIRECTORS AND CONTROL PERSONS**

Michael M. Chaffee  
2750 Cisco Drive South  
Lake Havasu City, AZ 86403

President, Director, CEO

Dennis Atkins  
6175 Plumtree Lane  
Edmond, Oklahoma 73034

CFO, Director, Secretary



Chris Holm  
2750 Cisco Drive South  
Lake Havasu City, AZ 86403

Director

Robert Garcia  
2750 Cisco Drive South  
Lake Havasu City, AZ 86403

Director

There is currently no family relationship between any Director or Executive Officer of the Company.

Listed below are the names of all Directors and Executive Officers of the Company, all positions and offices with the Company held by such person, the period during which he has served as such, and the principal occupations and employment of such persons during the last five years:

**Michael M. Chaffee, President, Director, CEO**

Mr. Michael Chaffee is the President and C.E.O. of Western Sierra Mining. He has over 30 years of mining experience and extensive work history in the Senior Management of public companies, as well as tremendous education, certifications, and connections to draw upon for the benefit of Western Sierra's endeavors. Mr. Chaffee was previously the President, C.E.O. and Chairman of Applied Biomedical Sciences; a public company of which he was a founding director. Prior to forming ABS, he held senior positions as Executive Vice President and C.O.O. of U.S. Pump and Turbine Company Inc., Vice President, Western Regional International as well as being a Senior Vice President in two local Investment Banking firms. His Education includes a BS in Electronic Engineering at the Northrop Institute of Technology, 1964 and post-graduate work, Electronics, Business Administration, Biomedical Engineering at the University of Southern California and the University of California at Los Angeles. Licenses and Certifications include I.E.E.E. Certification, U.S. Biomedical Engineering Certification, Principals License, New York Stock Exchange/NASD, Captain's License, U.S. Coast Guard and Top Secret Clearance in conjunction with work on development of high altitude and near space reconnaissance systems.

Compensation from Issuer:

|                         | <u>YE 12/31/16</u> | <u>YE 12/31/15</u> |
|-------------------------|--------------------|--------------------|
| Salary (a)              | \$-0-              | \$-0-              |
| Restricted Stock Awards | \$ -0-             | \$ -0-             |

(a) Partially accrued and unpaid

**Dennis Atkins**, Chief Financial Officer, Director

Mr. Atkins is the Chief Financial Officer and a Director of Western Sierra Mining. He is a Certified Public Accountant with over fifteen years of experience in public accounting, specializing in the audits of publicly traded companies. Mr. Atkins is a member of the American Institute of Certified Public Accountants and holds licenses in Oklahoma and California. His firm is a member of the Securities and Exchange Commission's practice Section of the American Institute of Certified Public Accountants. Mr. Atkins holds a Bachelor's Degree in Accounting from Oklahoma State University and a Master's Degree in Accountancy from the University of Oklahoma.

Compensation from Issuer:

|                         | <u>YE 12/31/16</u> | <u>YE 12/31/15</u> |
|-------------------------|--------------------|--------------------|
| Salary (a)              | \$-0-              | \$-0-              |
| Restricted Stock Awards | \$-0-              | \$-0-              |

(a) Partially accrued and unpaid

**Robert B. Garcia**, Director, Technology Development

Mr. Garcia serves as a Director of Western Sierra, and spearheads technology development for the company. He has been a developer, owner and operator of numerous mines and mining companies, and actively consults for several mining and precious metal industries. His resume includes development of one of the largest gold mines in the State of Nevada, as well as experience purchasing gold and precious metal products for various banking institutions and governmental authorities.

Compensation from Issuer:

|                         | <u>YE 12/31/16</u> | <u>YE 12/31/15</u> |
|-------------------------|--------------------|--------------------|
| Salary                  | \$-0-              | \$-0-              |
| Restricted Stock Awards | \$-0-              | \$-0-              |

**Chris Holm**, Independent Director

Mr. Chris Holm has been the owner and president of Danco Machine, Inc .in Houston, Texas since 1991. He has extensive experience in the construction, operation and maintenance of heavy industrial equipment.

Compensation from Issuer:

|                         | <u>YTD 12/31/16</u> | <u>YE 12/31/15</u> |
|-------------------------|---------------------|--------------------|
| Salary                  | \$-0-               | \$-0-              |
| Restricted Stock Awards | \$-0-               | \$-0-              |

Legal/Disciplinary History

Within in the last five years, none of the foregoing persons has been convicted in a criminal proceeding or has been named as a defendant in a criminal proceeding; been subject to an order, judgment or decree by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities or banking activities; been subject to a finding or judgment by a court of competent jurisdiction, the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator, of a violation of federal or state securities or commodities law; or been subject 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.

Family Relationships

There are no family relationships among or between the issuer's directors, officers or beneficial owners of more than five percent of any class of the issuer's equity securities.

#### Related Party Transactions

There are no transactions within the last three fiscal years involving the issuer in which (i) the amount involved exceeds the lesser of \$120,000 or one percent of the average of the issuer's total assets at year-end for its last three fiscal years and (ii) any related person had or will have a direct or indirect material interest.

#### Conflicts of Interest

There were no conflicts of interest with any executive officer or director with competing professional or personal interests.

#### **Beneficial Shareholders:**

|   | <u>No. of Shares Beneficially Owned</u> |
|---|---|
| Don Jenkins<br>2750 Cisco Drive South<br>Lake Havasu City, AZ 86403     | 50,000,000                              |
| Michael Chaffee<br>2750 Cisco Drive South<br>Lake Havasu City, AZ 86403 | 58,502,000                              |
| Dennis Atkins<br>6175 Plumtree Lane<br>Edmond, Oklahoma 73034           | 52,720,000                              |

#### ITEM 9 – THIRD PARTY PROVIDERS

##### Counsel

Don Paradiso  
1300 SW 5<sup>th</sup> Court, Suite E  
Ft. Lauderdale, Florida 33312

#### ITEM 10 – ISSUER'S CERTIFICATIONS

1. I have reviewed this Quarterly Disclosure Statement dated September 30, 2017 of Western Sierra Mining Corp.;
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 the disclosure statements; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: November 9, 2017

/s/ Michael Chaffee  
Michael Chaffee, CEO

/s/ Dennis Atkins  
Dennis Atkins, CFO

**ITEM 5 – Financial information for the issuer’s most recent and preceding fiscal period**

**FINANCIAL STATEMENTS FOR SIX MONTHS ENDED SEPTEMBER 30, 2017 AND THE YEAR ENDED DECEMBER 31, 2016**

**WESTERN SIERRA MINING CORP.****Balance Sheets  
(Unaudited)**

|  | <b>ASSETS</b> | <b>September 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|--|---------------|-------------------------------|------------------------------|
| <b>CURRENT ASSETS</b>                                  |               |                               |                              |
| Cash and cash equivalents                              |               | \$ 3                          | \$ 300                       |
| Total current assets                                   |               | <u>3</u>                      | <u>300</u>                   |
| <b>WATER RIGHTS</b>                                    |               | 43,292,964                    | 42,448,292                   |
| <b>MINING PROPERTY AND ORE RESOURCES</b>               |               | 400,000                       | 400,000                      |
| <b>OTHER ASSETS</b>                                    |               | <u>6,000</u>                  | <u>6,000</u>                 |
| <br>Total Assets                                       |               | <u><u>\$ 43,698,967</u></u>   | <u><u>\$ 42,854,592</u></u>  |
| <br><b>STOCKHOLDERS' EQUITY</b>                        |               |                               |                              |
| <b>CURRENT LIABILITIES</b>                             |               |                               |                              |
| Accounts payable                                       |               | \$ -                          | \$ -                         |
| Advances from shareholder                              |               | 203,674                       | 162,169                      |
| Accrued expenses                                       |               | 1,307,918                     | 802,130                      |
| Current maturities of notes payable                    |               | <u>2,661,046</u>              | <u>2,357,267</u>             |
| Total current liabilities                              |               | 4,172,638                     | 3,321,566                    |
| <b>LONG-TERM NOTES PAYABLE</b>                         |               | <u>1,497,982</u>              | <u>1,497,982</u>             |
| <br>Total Liabilities                                  |               | 5,670,620                     | 4,819,548                    |
| <br><b>STOCKHOLDERS' EQUITY</b>                        |               |                               |                              |
| Common stock - par value \$.001                        |               |                               |                              |
| 350,000,000 shares authorized; 326,993,353 and         |               |                               |                              |
| 326,993,353 shares issued and outstanding respectively |               | 326,993                       | 326,993                      |
| Preferred stock - par value \$.001                     |               |                               |                              |
| 20,000,000 shares authorized; 11,993,560 and           |               |                               |                              |
| 11,988,560 shares issued and outstanding respectively  |               | 11,994                        | 11,989                       |
| Stock to be issued                                     |               | -                             | -                            |
| Paid-in capital  |               | 67,835,054                    | 67,835,054                   |
| Retained earnings (deficit)                            |               | <u>(30,145,694)</u>           | <u>(30,138,992)</u>          |
| Total stockholders' equity                             |               | <u>38,028,347</u>             | <u>38,035,044</u>            |
| <br>Total Liabilities and Stockholders' Equity         |               | <u><u>\$ 43,698,967</u></u>   | <u><u>\$ 42,854,592</u></u>  |

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

**WESTERN SIERRA MINING CORP.**  
**Statements of Operations**  
**(Unaudited)**

|   | <b>Nine Months<br/>Ended<br/>September 30,<br/><u>2017</u></b> | <b>Year Ended<br/>December 31,<br/><u>2016</u></b> |
|---|--|--|
| <b>REVENUES</b>   | \$ -   | \$ -   |
| <b>OPERATING COSTS AND EXPENSES</b>                             |  |  |
| Compensation  | -  | -  |
| Professional fees   | 200  | -  |
| Exploration expenses  | -  | -  |
| Licenses, permits, fees   | 930  | -  |
| Office expenses   | 147  | 154  |
| Reporting company expenses                                      | <u>5,425</u>   | <u>8,515</u>                                       |
| Total Expenses  | <u>6,702</u>   | <u>8,669</u>                                       |
| Operating Income (Loss)   | (6,702)  | (8,669)  |
| <b>OTHER INCOME (EXPENSES)</b>                                  |  |  |
| Impairment  | -  | (11,804,554)                                       |
| Gain on settlement of debt                                      | -  | 150,000  |
| Interest income (expense)                                       | <u>-</u>   | <u>-</u>   |
| Income before income taxes                                      | (6,702)  | (11,663,223)                                       |
| Provision for income taxes                                      | <u>-</u>   | <u>-</u>   |
| NET INCOME (LOSS)   | <u><u>\$ (6,702)</u></u>                                       | <u><u>\$ (11,663,223)</u></u>                      |
| <b>Earnings Per Share (see Note 2):</b>                         |  |  |
| Basic weighted average number<br>of common shares outstanding   | <u><u>326,993,353</u></u>                                      | <u><u>326,993,353</u></u>                          |
| Basic income (loss) per share                                   | <u><u>\$ -</u></u>   | <u><u>\$ -</u></u>                                 |
| Diluted weighted average number<br>of common shares outstanding | <u><u>326,993,353</u></u>                                      | <u><u>326,993,353</u></u>                          |
| Diluted income (loss) per share                                 | <u><u>\$ -</u></u>   | <u><u>\$ -</u></u>                                 |

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



# WESTERN SIERRA MINING CORP.

## Statement of Stockholders' Equity (Unaudited)

|   | <u>Common Stock</u> |               | <u>Preferred Stock</u> |               | <u>Stock</u>  | <u>Paid-in</u> | <u>Retained</u> |               |
|---|---------------------|---------------|------------------------|---------------|---------------|----------------|-----------------|---------------|
|   | <u>Shares</u>       | <u>Amount</u> | <u>Shares</u>          | <u>Amount</u> | <u>To Be</u>  | <u>Capital</u> | <u>Earnings</u> | <u>Total</u>  |
|   |                     |               |                        |               | <u>Issued</u> |                |                 |               |
| Balance, December 31, 2013  | 315,493,353         | \$ 315,493    | -                      | \$ -          | \$ -          | \$ 28,483,442  | \$ (18,322,374) | \$ 10,476,561 |
| Issuance of stock for acquisition of water rights (May 21, 2014)              | 10,000,000          | 10,000        | 11,988,560             | 11,989        | -             | 39,348,112     |                 | 39,370,101    |
| Stock to be issued for acquisition of asset (October 1, 2014)                 |                     |               |                        |               | 4,858         |                |                 | 4,858         |
| Net loss for period   |                     |               |                        |               |               |                | (15,298)        | (15,298)      |
| Balance, December 31, 2014  | 325,493,353         | \$ 325,493    | 11,988,560             | \$ 11,989     | \$ 4,858      | \$ 67,831,554  | \$ (18,337,672) | \$ 49,836,222 |
| Net loss for period   |                     |               |                        |               |               |                | (138,097)       | (138,097)     |
| Balance, December 31, 2015  | 325,493,353         | \$ 325,493    | 11,988,560             | \$ 11,989     | \$ 4,858      | \$ 67,831,554  | \$ (18,475,769) | \$ 49,698,125 |
| Stock issued for acquisition of asset (September 2, 2016)                     | 1,500,000           | 1,500         |                        |               |               | 3,500          |                 | 5,000         |
| Remove stock to be issued related to previous impairment (September 30, 2016) |                     |               |                        |               | (4,858)       |                |                 | (4,858)       |
| Net loss for period   |                     |               |                        |               |               |                | (11,663,223)    | (11,663,223)  |
| Balance, December 31, 2016  | 326,993,353         | \$ 326,993    | 11,988,560             | \$ 11,989     | \$ -          | \$ 67,835,054  | \$ (30,138,992) | \$ 38,035,044 |
| Issuance of stock for acquisition of water rights (September 28, 2017)        |                     |               | 5,000                  | 5             | -             |                |                 | 5             |
| Net loss for period   |                     |               |                        |               |               |                | (6,702)         | (6,702)       |
| Balance, September 30, 2017   | 326,993,353         | \$ 326,993    | 11,993,560             | \$ 11,994     | \$ -          | \$ 67,835,054  | \$ (30,145,694) | \$ 38,028,347 |

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

**WESTERN SIERRA MINING CORP.**  
**Statements of Cash Flows**  
**(Unaudited)**

|   | Nine Months<br>Ended<br>September 30,<br><u>2017</u> | Year Ended<br>December 31,<br><u>2016</u> |
|---|--|---|
| <b>Operating activities:</b>  |  |   |
| Net income (loss)   | \$ (6,702)   | \$ (11,663,223)                           |
| Adjustments to reconcile net income/loss to net cash<br>used in operating activities: |  |   |
| Non-cash compensation   | -  | (150,000)                                 |
| Impairment  | -  | 11,804,554                                |
| Gain on debt settlement   | -  | -   |
| (Increase) decrease in assets:  |  |   |
| Other assets  | -  | -   |
| Increase (decrease) in liabilities:   |  |   |
| Accounts payable  | -  | -   |
| Accrued expenses  | 505,793  | 160,445                                   |
| Total adjustments   | <u>505,793</u>                                       | <u>11,814,999</u>                         |
| Net cash from/(used in) operating activities  | <u>499,091</u>                                       | <u>151,776</u>                            |
| <b>Investing activities:</b>  |  |   |
| Purchases of property and equipment   | -  | -   |
| Acquisition of other assets   | -  | -   |
| Capitalized water rights development costs  | (844,672)  | (413,451)                                 |
| Net cash used in investing activities   | <u>(844,672)</u>                                     | <u>(413,451)</u>                          |
| <b>Financing activities:</b>  |  |   |
| Issuance of stock for cash  | -  | -   |
| Payments on borrowings  | -  | (56,750)                                  |
| Proceeds from borrowings  | 345,284  | 315,921                                   |
| Net cash provided by financing activities   | <u>345,284</u>                                       | <u>259,171</u>                            |
| Net increase(decrease) in cash and cash equivalents                                   | (297)  | (2,504)                                   |
| Cash and cash equivalents at beginning of period                                      | <u>300</u>   | <u>2,804</u>                              |
| Cash and cash equivalents at end of period  | <u>\$ 3</u>  | <u>\$ 300</u>                             |
| <b><u>Supplemental cash flow information:</u></b>                                     |  |   |
| Cash paid during the period for interest  | <u>\$ -</u>  | <u>\$ -</u>                               |
| Cash paid during the period for income taxes  | <u>\$ -</u>  | <u>\$ -</u>                               |
| <b><u>Noncash investing and financing activities:</u></b>                             |  |   |
| Capitalized water development costs   | <u>\$ -</u>  | <u>\$ -</u>                               |

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

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NOTE 1 - Organization and Basis of Presentation

Western Sierra Mining Corp. ("Western Sierra", "the Company", "we" or "us")(formerly Global Decs Corp.) was formed in 1907 in the State of Utah to engage in gold and other precious mineral mining.

On December 1, 2003 we entered into a Share Exchange Agreement with Western Sierra, Inc., whereby Western Sierra, Inc. became a wholly owned subsidiary of Western Sierra Mining Corp. The agreement provided for the exchange of 20,000,000 shares of the Company's common stock for 4,000,000 shares or 100% of the outstanding common stock of Western Sierra, Inc. The shareholders of Western Sierra, Inc. owned approximately 90% of the stock of Western Sierra Mining Corp. after consummation of the transaction. Western Sierra, Inc. was subsequently dissolved and all operations transferred into Western Sierra Mining Corp.

In the opinion of management, the accompanying balance sheets and related statements of income, cash flows, and stockholders' equity, consisting only of normal recurring items, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Preparing financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenue, and expenses. Actual results and outcomes may differ from management's estimates and assumptions.

NOTE 2 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers those short-term, highly liquid investments with original maturities of three months or less as cash and cash equivalents.

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### Property and Equipment

Provision is made for depreciation of office furniture fixtures and equipment, machinery and equipment, and building. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets which are 5 to 10 years.

### Impairment of Long-Lived Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" the Company reviews its long-lived assets for impairments. Impairment losses on long-lived assets are recognized when events or changes in circumstances indicate that the undiscounted cash flows estimated to be generated by such assets are less than their carrying value and, accordingly, all or a portion of such carrying value may not be recoverable. Impairment losses then are measured by comparing the fair value of assets to their carrying amounts.

Management periodically reviews the recoverability of the capitalized mineral properties and mining equipment. Management takes into consideration various information including, but not limited to, historical production records taken from previous mine operations, results of exploration activities conducted to date, estimated future prices and reports and opinions of outside consultants. When it is determined that a project or property will be abandoned or its carrying value has been impaired a provision is made for any expected loss on the project or property.

Based on the Company's change in business direction from mining to the development and expansion of its water rights and other natural resource related projects, a determination was made that the remaining mining properties should be classified as held for resale and their carrying values reduced accordingly. Therefore, as of December 31, 2016, the Company recognized impairment losses of 11,804,554. The Company recognized no impairment losses at September 30, 2017.

### Revenue Recognition

Revenues are recognized when earned.

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Earnings Per Share

Basic profit or (loss) per share is calculated by dividing the Company's net profit or loss applicable to common shareholders by the weighted average number of common shares issued and outstanding during the period. Diluted earnings per share is calculated by dividing the Company's net income/(loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity.

|   | For the Nine Months<br>Ended<br><u>September 30, 2017</u> | For the Year<br>Ended<br><u>December 31, 2016</u> |
|---|---|---|
| Income (Loss)                                   | (\$6,702)   | (\$11,663,223)                                    |
| Basic Average Number<br>of Shares Outstanding   | 326,993,353   | 326,993,353                                       |
| Basic Earnings (Loss) Per Share                 | \$ (0.00)   | \$ (0.04)   |
| Diluted Average Number<br>of Shares Outstanding | 326,993,353   | 326,993,353                                       |
| Diluted Earnings (Loss) Per Share               | \$ (0.00)   | \$ (0.04)   |

Income Taxes

The Company records deferred income taxes using the liability method as prescribed under the provisions of SFAS No. 109. Under the liability method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement and income tax bases of the Company's assets and liabilities. An allowance is recorded, based upon currently available information, when it is more likely than not that any or all of the deferred tax assets will not be realized. The provision for income taxes includes taxes currently payable, if any, plus the net change during the year in deferred tax assets and liabilities recorded by the Company.

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#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### Environmental Remediation Costs

Environmental remediation costs are accrued based on estimates of known environmental remediation exposure. Such accruals are recorded even if significant uncertainties exist over the ultimate cost of the remediation. It is reasonably possible that the Company's estimates of reclamation liabilities, if any, could change as a result of changes in regulations, extent of environmental remediation required, means of reclamation or cost estimates. Ongoing environmental compliance costs, including maintenance and monitoring costs, are expensed as incurred. There were no environmental remediation costs accrued at September 30, 2017 and December 31, 2016.

#### NOTE 3 - Stockholders' Equity

At various stages in the Company's development we have issued shares of common stock, valued at fair market value, for services or assets with a corresponding charge to operations or property and equipment. In accordance with SFAS 123, these transactions, except for stock issued to employees, have been recorded on the Company's books at the fair value of the consideration received or the fair value of the common stock issued, whichever is more reliably measured.

#### NOTE 4 – Water Rights

On May 21, 2014, the Company completed the acquisition of various water rights in Northern Colorado with a combined appraised value of \$40,500,000 in exchange for 11,888,560 shares of the Company's Series A Preferred Stock. SFAS 123 specifies that this transaction be recorded on the Company's books at the fair value of the consideration received or the fair value of the common stock issued, whichever is more reliably measured at the date of the transaction. Since the Company's Series A Preferred Stock is not traded and therefore has no market and since the water rights are well documented

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and have accompanying recent appraisals and valuation reports by certified third party appraisers and engineers, the Company has determined that the acquisition should be valued and recorded on the books based on the appraised value of \$40,500,000 in accordance with SFAS 123.

NOTE 5 - Mining Properties

Gold River Mines:

On May 5, 2008, the Company acquired eight mining properties from Gold River Exploration Inc. in exchange for 56,555,166 shares of the Company's common stock and \$50,000 in cash. Based on the Company's change in business direction from mining to the development and expansion of its water rights and other natural resource related projects, a determination was made that the remaining mining properties should be classified as held for resale and their carrying values reduced accordingly. Therefore, as of December 31, 2016, the Company recognized impairment losses on its mining properties of 11,804,554.

NOTE 6 – Joint Venture

On July 29, 2015 Western Sierra Mining Corporation (the "Company") announced that it had signed a Letter of Intent with Global Hemp Group Inc. ("GHG") of Surrey, British Columbia (CSE: GHG / FRANKFURT: GHG / OTCQB: GBHPF) to partner on the acquisition of agricultural lands for the purpose of hemp cultivation and the development of a Value-Added Hemp Processing Zone, strategically located adjacent to the hemp farming areas.

This joint venture allows the Company to put its current water rights assets into "beneficial use" to irrigate and grow hemp as a sustainable cash crop. Upon harvest, the hemp will be processed -- for sale and further refinement in myriad industrial, commercial and nutritional applications,

The partnership will create a "Hemp Processing Zone" (industrial processing campus) in which the hemp seed will be transformed into oil and protein powder for the food industry; Cannabidiol (CBD) will be extracted from the leaves and flowers to meet rapidly increasing product demand; and the straw will be processed into fiber, hurd (woody core) and dust. The fiber will then be further processed for the textile industry to supplement cotton and synthetic fiber currently in use. The hurd would be processed into chips to be utilized in sustainable building materials for the construction industry, and the dust recovered would be pelletized for a variety of target markets. Initial building

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materials produced will be utilized in the construction of the processing facilities and affordable work force housing for the Company's employees. These various processing functions represent markedly increased revenue for the Company.

NOTE 7 - Related Parties

There were no related party transactions in 2016 or through September 30, 2017.

| NOTE 8 - <u>Notes Payable</u>   | September 30,<br><u>2017</u> | December 31,<br><u>2016</u> |
|---|------------------------------|-----------------------------|
| Notes payable to shareholders, unsecured,<br>due October 23 - November 14, 2004,<br>bearing no interest           | \$107,450                    | \$107,450                   |
| Notes payable to two shareholders, unsecured,<br>due January 2, 2018, bearing no interest                         | 346,928                      | 346,928                     |
| Notes payable to two officers for accrued<br>compensation, unsecured, due January 2,<br>2018, bearing no interest | 1,043,604                    | 1,043,604                   |
| Note payable, secured by water rights,<br>due May 21, 2015, bearing interest at 21%                               | 1,000,000                    | 1,000,000                   |
| Note payable, secured by water rights,<br>due April 1, 2015, bearing interest at 10%                              | 328,599                      | 328,599                     |
| Note payable, secured by water rights,<br>due March 23, 2015, bearing interest at 12%                             | 530,000                      | 455,000                     |
| Notes payable to two shareholders, unsecured,<br>due January 2, 2018, bearing no interest                         | 20,000                       | 20,000                      |
| Note payable, unsecured, due December 8,<br>2015, bearing interest at 10%   | 50,000                       | 50,000                      |
| Note payable, secured by water rights,<br>due May 26, 2016, bearing interest at 15%                               | 30,000                       | 30,000                      |
| Note payable, unsecured,<br>bearing interest at 2.5%  | <u>702,447</u>               | <u>478,668</u>              |



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|                       |                    |                    |
|-----------------------|--------------------|--------------------|
|                       | 4,159,028          | 3,860,249          |
| Less: Current portion | <u>(2,661,046)</u> | <u>(2,362,267)</u> |
| Long-Term Debt        | <u>\$1,497,982</u> | <u>\$1,497,982</u> |

Maturities of long-term debt are as follows:

|       |                    |
|-------|--------------------|
| 2018  | <u>1,497,982</u>   |
| Total | <u>\$1,497,982</u> |

NOTE 9 - Income Taxes

The Company has adopted FASB 109 to account for income taxes. No provision for income taxes has been recorded in these financial statements based on the net operating loss carry-forward of \$30,145,694 as of September 30, 2017 that will be offset against future taxable income. Due to the uncertainty as to the utilization of net operating loss carry- forwards, an evaluation allowance has been made to the extent of any tax benefit that net operating losses may generate.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and the related valuation account as of September 30, 2017 and December 31, 2016 are as follows:

|                                  | September 30,<br><u>2017</u> | December 31,<br><u>2016</u> |
|----------------------------------|------------------------------|-----------------------------|
| Deferred tax asset:              |                              |                             |
| Net operating loss carry-forward | \$ 12,058,000                | \$12,050,000                |
| Valuation allowance              | <u>(12,058,000)</u>          | <u>(12,050,000)</u>         |
|                                  | \$ -                         | \$ -                        |

At September 30, 2017 the Company had net operating loss carry-forwards totaling \$30,145,694 that, if conditions of the Internal Revenue Codes are met, can be carried forward to offset future earnings. These carry-forwards expire in various amounts through 2037.