Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Foothills Exploration, Inc.

2660 Townsgate Road, Ste. 800
Westlake Village, CA 91361

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ir@foothillspetro.com
SIC Code: 1311

Quarterly Report
For the Period Ending: September 30, 2022
(the "Reporting Period")

As of September 30, 2022, the number of shares outstanding of our Common Stock was:

13,087,576,375

As of June 30, 2022, the number of shares outstanding of our Common Stock was:

12,081,625,597

As of December 31, 2021, the number of shares outstanding of our Common Stock was:

9,687,625,597

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 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: ☒

Indicate by check mark whether a Change in Control[1] of the company has occurred over this reporting period:

[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;

Yes: ☐ No: ☒

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.

Foothills Exploration, Inc. (the "Company"): August 4, 2016 – Present
Key Link Assets Corp.: May 13, 2010 – August 4, 2016

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):

Delaware; Active

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:

2660 Townsgate Road, Suite 800, Westlake Village, CA 91361

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

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

None

2) Security Information

Trading symbol:	FTXP
Exact title and class of securities outstanding:	13,087,576,375 shares of common stock outstanding at 9/30/2022
	10,000,000 shares of Series A Preferred stock outstanding at 9/30/2022

(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.

CUSIP:	34512J108
Par or stated value:	$0.0001
Total shares authorized:	50,000,000,000 as of date: 9/30/2022
Total shares outstanding:	13,087,576,375 as of date: 9/30/2022
Number of shares in the Public Float[2]:	12,304,979,042 as of date: 9/30/2022
Total number of shareholders of record:	75 as of date: 9/30/2022

Transfer Agent

Name: VStock Transfer, LLC
Phone: (212) 828-8436
Email: 0-K@vstocktransfer.com
Address: 18 Lafayette Place, Woodmere, NY 11598

Is the Transfer Agent registered under the Exchange Act?[3] Yes: ☒ No: ☐

3) Issuance History

This section provides disclosure with respect to each event that resulted in any direct 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 includes, 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

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Shares Outstanding as of Second Most Recent Fiscal Year End:/ Opening Balance Date 12/31/2020 Common: 1,414,219,113 Preferred: 10,000,000									
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?**	**Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).**	**Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided**	**Restricted or Unrestricted as of this filing.(1)**	**Exemption or Registration Type.**

[2] "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

[3] To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

					(Yes/No)				
1/26/2021	New Issuance	70,569,533	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
1/29/2021	New Issuance	55,551,420	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
2/3/2021	New Issuance	52,770,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
2/5/2021	New Issuance	61,726,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
2/10/2021	New Issuance	81,911,045	Common	$0.001155	Yes	Odyssey Capital Funding, LLC (Ahron Fraiman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
2/17/2021	New Issuance	57,080,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
2/25/2021	New Issuance	42,350,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
3/12/2021	New Issuance	91,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D

3/16/2021	New Issuance	9,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
3/23/2021	New Issuance	96,000,000	Common	$0.0001	Yes	Firstfire Global Opportunities Fund, LLC (Eli Fireman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
3/24/2021	New Issuance	54,100,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
3/31/2021	New Issuance	50,000,000	Common	$0.0038	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/5/2021	New Issuance	90,277,777	Common	$0.00036	Yes	Jefferson Street Capital, LLC (Brian Goldberg)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/5/2021	New Issuance	42,500,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/7/2021	New Issuance	30,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/7/2021	New Issuance	40,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/8/2021	New Issuance	30,377,697	Common	$0.001155	Yes	Odyssey Capital Funding, LLC (Ahron Fraiman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities

									Act and/or Regulation D
4/8/2021	New Issuance	157,443,652	Comm on	$0.00031 5	Yes	GW Holdings Group, LLC (Noah Weinstein)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/9/2021	New Issuance	55,742,672	Comm on	$0.00031 5	Yes	GW Holdings Group, LLC (Noah Weinstein)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/12/2021	New Issuance	45,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/13/2021	New Issuance	34,110,394	Comm on	$0.0155	Yes	Crown Bridge Partners, LLC (Seth Adhoot)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/14/2021	New Issuance	67,200,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/16/2021	New Issuance	45,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/16/2021	New Issuance	83,870,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/19/2021	New Issuance	87,800,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D

4/20/2021	New Issuance	60,938,828	Comm on	$0.00063	Yes	Crown Bridge Partners, LLC (Seth Adhoot)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/21/2021	New Issuance	45,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/23/2021	New Issuance	45,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/27/2021	New Issuance	109,500,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/28/2021	New Issuance	45,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/28/2021	New Issuance	13,572,592	Comm on	$0.0009	Yes	GS Capital Partners, LLC (Gabe Sayegh)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/30/2021	New Issuance	114,900,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
5/5/2021	New Issuance	45,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
5/7/2021	New Issuance	123,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities

									Act and/or Regulation D
5/11/2021	New Issuance	45,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act
5/13/2021	New Issuance	120,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
5/17/2021	New Issuance	45,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
5/19/2021	New Issuance	120,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
5/21/2021	New Issuance	45,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
5/26/2021	New Issuance	45,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
5/27/2021	New Issuance	80,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
5/28/2021	New Issuance	45,000,000	Comm on	$0.00029 26	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D

6/7/2021	New Issuance	152,377,040	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
6/8/2021	New Issuance	50,000,000	Common	$0.0002926	Yes	GW Holdings Group, LLC (Noah Weinstein)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
6/9/2021	New Issuance	45,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
6/14/2021	New Issuance	90,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
6/17/2021	New Issuance	139,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
6/21/2021	New Issuance	100,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
6/24/2021	New Issuance	87,448,136	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Cashless warrants per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
6/24/2021	New Issuance	3,701,435	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
6/28/2021	New Issuance	124,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities

									Act and/or Regulation D
6/30/2021	New Issuance	107,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
7/6/2021	New Issuance	136,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
7/9/2021	New Issuance	113,000,000	Common	$0.0002926	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
7/16/2021	New Issuance	182,000,000	Common	$0.000045	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
7/20/2021	New Issuance	130,000,000	Common	$0.000045	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
7/26/2021	New Issuance	133,000,000	Common	$0.000045	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
7/28/2021	New Issuance	100,000,000	Common	$0.000045	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
8/3/2021	New Issuance	149,000,000	Common	$0.000045	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D

8/11/2021	New Issuance	93,000,000	Common	$0.000045	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
8/12/2021	New Issuance	188,000,000	Common	$0.000045	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
8/15/2021	New Issuance	2,448,846	Common	$0.0029	No	Mackey Alligood	Cashless warrants issued for Labrys Fund conv note	Restricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
8/15/2021	New Issuance	4,961,514	Common	$0.0029	No	Mackey Alligood	Cashless warrants issued for Labrys Fund conv note	Restricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
8/15/2021	New Issuance	1,730,072	Common	$0.0029	No	Robert Rabinowitz	Cashless warrants issued for Labrys Fund conv note	Restricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
8/15/2021	New Issuance	3,447,831	Common	$0.0029	No	Robert Rabinowitz	Cashless warrants issued for Labrys Fund conv note	Restricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
8/17/2021	New Issuance	100,000,000	Common	$0.000045	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
8/23/2021	New Issuance	139,000,000	Common	$0.000045	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
8/25/2021	New Issuance	93,000,000	Common	$0.000045	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities

									Act and/or Regulation D
9/2/2021	New Issuance	110,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
9/3/2021	New Issuance	159,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
9/10/2021	New Issuance	140,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
9/16/2021	New Issuance	150,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
9/22/2021	New Issuance	200,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
10/1/2021	New Issuance	211,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
10/4/2021	New Issuance	182,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
10/12/2021	New Issuance	189,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D

10/13/2021	New Issuance	175,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
10/18/2021	New Issuance	172,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
10/25/2021	New Issuance	211,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
10/26/2021	New Issuance	200,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
11/1/2021	New Issuance	195,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
11/18/2021	New Issuance	237,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
12/13/2021	New Issuance	250,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
12/29/2021	New Issuance	347,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
2/24/2022	New Issuance	361,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities

									Act and/or Regulation D
3/9/2022	New Issuance	298,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
3/16/2022	New Issuance	277,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
3/31/2022	New Issuance	196,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
4/22/2022	New Issuance	440,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
5/23/2022	New Issuance	466,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
6/2/2022	New Issuance	356,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
6/30/2022	New Issuance	250,000,000	Comm on	$0.00025	No	Elliot G. Freier Revocable Trust U/A dated 9/6/06	Commitment shares per bridge note [(3)]	Restricted	Exemption: Section 4(a)(2) of the Securities Act
7/21/22	New Issuance	351,000,000	Comm on	$0.00004 5	Yes	Labrys Fund, L.P. (TJ Silverman)	Principal conversion per conv note	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D

8/3/2022	New Issuance	500,000,000	Common	$0.0003	No	Elliot G. Freier Revocable Trust U/A dated 9/6/06	Commitment shares per bridge note [(3)]	Restricted	Exemption: Section 4(a)(2) of the Securities Act
8/22/22	Cancellation	(95,049,222)	Common	$0.0001	No	Crown Bridge Partners, LLC (Seth Adhoot)	Shares cancelled pursuant to SEC Order against Crown Bridge Partners, LLC [(4)]	Unrestricted	Exemption: Section 4(a)(2) of the Securities Act and/or Regulation D
Shares Outstanding on Date of This Report: Ending Balance as of 9/30/2022 Common: 13,087,576,375 Series A Preferred[(2)]: 10,000,000									

Footnotes:

(1) Shares were restricted at the time of issuance and are labeled as "Unrestricted" if they are Rule 144 eligible.

(2) Each share of Series A Preferred Stock is convertible into 200 shares of the Company's common stock. A total of 10,000,000 shares of Series A Preferred Stock convertible into 2,000,000,000 shares of the Company's common stock were issued.

(3) The debt instrument was executed during the nine months ended September 30, 2022, but these shares were not issued until November 2022 (*see Subsequent Events below*).

(4) Pursuant to the Final Judgement in *SECURITIES AND EXCHANGE COMMISSION, v. CROWN BRIDGE PARTNERS, LLC, SOHEIL AHDOOT, and SEPAS AHDOOT,* dated August 8, 2022.

B. Debt Securities, Including Promissory and Convertible Notes

The following chart lists and describes all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of Foothills' equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

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 (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)
12/30/2016	$6,000,000	$6,000,000	$2,250,411	6/30/2017	n/a	Total Belief Limited (1) (Peter Mak)	Acquisition of oil and gas assets
5/10/2017	$50,000	$50,000	$16,973	5/10/2018	Convertible per terms described in below footnote (2)	Elliot G. Freier Revocable Trust U/A 9/6/06 (2)	Convertible Note
9/29/2017	$250,000	$250,000	$177,945	1/23/2018	n/a	Elliot G. Freier Revocable Trust U/A 9/6/06 (3)	Promissory Note

11/1/2017	$110,629	$120,629	$68,645	6/30/2018	n/a	Law Offices of Aaron A. Grunfeld (4)	Legal services rendered
7/19/2018	$38,000	$38,000	$15,783	8/6/2018	n/a	Elliot G. Freier Revocable Trust U/A 9/6/06 (5)	Promissory Note
8/11/2018	$44,000	$44,000	$28,990	2/11/2020	Convertible per terms described in below footnote (5)	Elliot G. Freier Revocable Trust U/A 9/6/06 (6)	Convertible Note
9/14/2018	$100,000	$100,000	$36,419	12/15/2018	n/a	Elliot G. Freier Revocable Trust U/A 9/6/06 (7)	Promissory Note
10/22/2018	$40,000	$50,000	$30,943	10/22/2019	n/a	Elliot G. Freier Revocable Trust U/A 9/6/06 (8)	Promissory Note
2/5/2019	$209,525	$209,525	$213,689	2/5/2020	n/a	Elliot G. Freier Revocable Trust U/A 9/6/06 (9)	Discounted debenture
3/6/2019	$20,703	$380,000	$ 966	9/6/2019	Convertible per terms described in below footnote (10)	Labrys Fund, L.P. (TJ Silverman) (10)	Convertible Note
1/17/2020	$220,000	$220,000	$104,066	4/17/2020	n/a	Beijing Gas Blue Sky Holdings Limited (Li Weiqi) (11)	Bridge Note
1/18/2020	$5,476,505	$5,476,505	$1,626,522	12/31/2023	n/a	Beijing Gas Blue Sky Holdings Limited (Li Weiqi) (12)	Deed of Novation and Assignment
05/08/2020	$92,205	$92,205	$1,859.24	05/08/2022	n/a	CARES Act Paycheck Protection Program Loan from SBA (13)	PPP Loan
08/04/2020	$130,405	$130,405	-	09/30/2020	n/a	Tommy Mit Cheng (14)	Bridge Note
3/18/2021	$535,000	$535,000	$110,166	3/18/2022	Convertible per terms described in below footnote (15)	Labrys Fund, L.P. (TJ Silverman) (15)	Convertible Note
4/5/2021	$355,000	$355,000	$70,300	4/5/2022	Convertible per terms described in below footnote (16)	Labrys Fund, L.P. (TJ Silverman) (16)	Convertible Note
4/16/2021	$700,000	$700,000	$135,244	4/16/2022	Convertible per terms described in below footnote (17)	Labrys Fund, L.P. (TJ Silverman) (17)	Convertible Note
5/18/2021	$555,000	$555,000	$99,444	5/19/2022	Convertible per terms described in below footnote (18)	Labrys Fund, L.P. (TJ Silverman) (18)	Convertible Note
5/28/2021	$485,000	$485,000	$84,775	5/28/2022	Convertible per terms described in below footnote (19)	Labrys Fund, L.P. (TJ Silverman) (19)	Convertible Note

6/25/2021	$700,000	$700,000	$113,764	6/25/2022	Convertible per terms described in below footnote (20)	Labrys Fund, L.P. (TJ Silverman) (20)	Convertible Note
7/16/2021	$885,000	$885,000	$128,313	7/16/2022	Convertible per terms described in below footnote (21)	Labrys Fund, L.P. (TJ Silverman) (21)	Convertible Note
8/27/2021	$1,060,000	$1,060,000	$139,049	8/27/2022	Convertible per terms described in below footnote (22)	Labrys Fund, L.P. (TJ Silverman) (22)	Convertible Note
2/22/2022	$390,000	$390,000	$28,208	2/22/2023	Convertible per terms described in below footnote (23)	Mast Hll Fund, L.P. (Patrick Hassani) (23)	Convertible Note
5/2/2022	$333,333.33	$333,333.33	$16,548	5/2/2023	Convertible per terms described in below footnote (24)	Labrys Fund, L.P. (TJ Silverman) (24)	Convertible Note
6/30/2022	$120,000.00	$120,000.00	$102	8/30/2022	n/a	Elliot G. Freier Revocable Trust U/A 9/6/06 (25)	Secured Bridge Note
8/3/2022	$240,000.00	$240,000.00	$204	8/30/2022	n/a	Elliot G. Freier Revocable Trust U/A 9/6/06 (26)	Secured Bridge Note

Footnotes:

(1) On December 30, 2016, the Company issued a promissory note in the principal amount of USD $6,000,000 to Total Belief Limited (TBL), a wholly owned subsidiary of New Time Energy Corporation, in connection with certain oil and gas assets acquired on December 30, 2016. These assets include certain oil and gas wells throughout the Uinta Basin in Utah on acreage with over 30 proved undeveloped drilling locations, additional non-operating interest in other leases, and access to approximately 6,000 acres in the Uinta Basin with proven and probable reserves and existing infrastructure in place. This note bears no interest during its term. The Company recorded $342,804 of imputed interest as debt discount. Starting from July 1, 2018 the note bears 10% annual interest. As of the Reporting Period, the note is past due, but not in default.

(2) On May 10, 2017, we entered into a convertible note agreement with an unrelated party, pursuant to which we borrowed $50,000 at an annual percentage rate of 10% with a term of 12 months, which is due on May 10, 2018. This note may, at the option of the lender, be converted at any time prior to May 10, 2018, into fully paid, restricted and non-assessable shares of common stock of the Company at a price equal to 100% of the selling price of such common stock in a private placement to institutional and/or accredited investors initiated by the Company during the term of this convertible note until May 10, 2018. On November 7, 2017, the Company issued 50,000 warrants to purchase 50,000 shares of common stock of the Company at a strike price of $1.00 per share which expired on May 7, 2019. If the Company fails to pay the principal and accrued unpaid interest due and payable to Lender on or before the due date of the convertible note, then the Lender shall be provided the right to convert at either $0.665 per share or upon the same terms offered in FirstFire Global Opportunities Fund, LLC Note's conversion options. The relative fair value of warrant was determined to be $3,381 on November 7, 2017, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 77%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 1.5 years. The issuance of the warrants in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50.

On September 17, 2018, the note holder agreed to defer repayment of this note to December 15, 2018, the Company agreed to compensate the note holder with 50,000 shares of restricted common stock valued at $4,500. On April 4, 2019, note holder confirmed that the Company is not in default with respect to this note. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50. As of the Reporting Period, the note is past due, but not in default.

(3) On September 29, 2017, the Company issued to an unaffiliated investor a promissory note and three tranches of warrants for an aggregate consideration of $250,000. The Note recites that it accrues no interest if paid when due and is due and payable on January 2, 2018. If principal is not paid on or before maturity, interest will accrue at the rate of 15% per year until paid. On November 6, 2017, the Company agreed to compensate the investor with 75,000 shares of the Company's restricted common stock in connection with a more favorable term of a note entered into with FirstFire Global Opportunities Fund, LLC ("FirstFire"). On

December 30, 2017, the Company and the investor agreed to extend the maturity date of this Note to January 23, 2018, in return for a payment at maturity of the principal, accrued interest as provided in the Note, plus 30,000 shares of the Company's restricted common stock. Because the fair value of the shares was greater than 10% of the present value of the remaining cash flows under the Note, the issuance of the shares in connection with a more favorable term of a note entered with FirstFire was treated as a debt extinguishment and reissuance of a new debt instrument pursuant to the guidance of ASC 470-50.

Since January 23, 2018, the Company and the investor have been in ongoing discussions to extend the term of this Note. On March 28, 2018, the investor acknowledged that the Company is not in default regarding this Note and reaffirmed its belief that the Company will either extend the Note's due date or repay its obligation on terms that are mutually satisfactory. The warrants have the following terms:

- 375,000 warrants to purchase 375,000 shares of common stock of the Company at a strike price of $0.665 per share which expired on September 29, 2019;
- 375,000 warrants to purchase 375,000 shares of common stock of the Company at a strike price of $1.25 per share which expired on September 29, 2020; and
- 185,000 warrants to purchase 185,000 shares of common stock of the Company at a strike price of $2.00 per share which expired on September 29, 2020.

The aggregate relative fair value of three tranches of warrants was determined to be $105,000 on September 29, 2017, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 94%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 2-3 years. $2,536 imputed interest was recorded as debt discount. $2,536 was determined using the present value method based on the following assumptions: (i) adjusted interest rate 4% (ii) expected life of 0.26 year. The aggregate value of the warrants and imputed interest of $107,536 was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note.

Each tranche of warrants is subject to down round adjustment provisions if the Company during the term of that tranche issues additional securities for consideration per share, after giving effect to fees, commission and expenses, that is less, or which on conversion or exercise of the underlying security is less, than $0.665 per share (as adjusted for any change resulting from forward or reverse splits, stock dividends and similar events).

To satisfy most favored nation provisions in previously entered securities purchase agreements that are triggered by the transaction described above, the Company issued 136,015 shares of common stock and warrants to purchase 136,015 shares of common stock, in the aggregate, to certain investors who purchased units from the Company, at a $1.00 per unit, with each unit consisting of one share and one warrant. See the Company's Current Report on the Form 8-K filed with the SEC on June 5, 2017. Of this amount, 100,752 shares and warrants to purchase 100,752 shares of common stock will be issued to Wilshire Energy Partners LLC, an entity controlled by Kevin J. Sylla, our Executive Chairman and Chief Executive Officer of FPI. The exercise price of these investor warrants was adjusted to $0.665 per share. We measured the value of the effect of the down round feature as the difference between the fair value of the financial instrument at an original exercise price of $1.50 and an adjusted exercise price of $0.665 and, as a result, $59,801 was recorded as down round feature as interest expense under ASC 260-10-30-1. Foothills determined the amount of $59,801 using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 94%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of three (3) years. As of the Reporting Period, the note is past due, but not in default.

(4) On November 1, 2017, a promissory note in the principal amount of $120,629 was issued for services rendered, bearing an interest rate of 12% per annum, which matured on June 30, 2018. On August 22, 2018, the Note Holder agreed to defer repayment of this note to a later date and acknowledged that the Company is not in default regarding this Debenture. As partial consideration for the deferment, the Company agreed to issue the Note Holder 60,000 shares of its restricted common stock. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50. As of the Reporting Period, the note is past due, but not in default.

(5) On July 19, 2018, the Company issued a promissory note in the principal amount of $38,000 from an unaffiliated investor with an original discount of $3,207 (the "Note"). The Note bears interest at 10% per year and matured on August 6, 2018. In connection with the issuance of this note, the Company issued 300,000 shares for late SEC filing, valued at $36,000. $74 imputed interest was recorded as debt discount. $74 was determined using the present value method based on the following assumptions: (i) adjusted interest rate 4% (ii) expected life of 0.05 year. The relative aggregate value of the shares and imputed interest was determined to be $32,793 using the allocation of proceed, $32,793 was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note. Pursuant to this Note, the investor shall be assigned an undivided two percent (2%) overriding royalty of all oil, gas, and other minerals and hydrocarbons produced, saved, and sold from each well now or hereinafter located on certain leases and wells owned by the Company.

On August 23, 2018, the lender agreed to defer repayment of this note to a later date and acknowledged that the Company is not in default regarding this Debenture, and as consideration for the extension, the Company agreed to compensate the lender with 15,000 shares of restricted common stock valued at $1,950. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50. As of the Reporting Period, the note is past due, but not in default.

(6) On August 11, 2018, the Company borrowed $44,000 from an unaffiliated investor, bearing an interest rate of 12.5% per annum, which matured on February 11, 2020. As part of this transaction the Company also issued (i) warrants having a 24-month term, to purchase 100,000 shares of the Company's common stock at an exercise price of $0.665 per share and (ii) 44,000 shares of the Company's restricted common stock. The Note agreements give the lender the right to convert the loan amounts due into common stock at a fixed conversion price of $0.20. The aggregate relative fair value of the warrant was determined to be $9,035 on August 11, 2018, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 221%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 2 year. Fair value of 44,000 shares of common stock was determined to be $5,280 using market price. The aggregate value of the warrant and 44,000 shares of common stock of $14,315 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note. As of the Reporting Period, the note is past due, but not in default.

(7) On September 14, 2018, the Company issued a promissory note in the principal amount of $100,000 from an unaffiliated investor, bearing an interest rate of 9% per annum, which matured on December 15, 2018. In connection with the issuance of this note, the Company issued 250,000 shares of its common stock, valued at $22,500, which was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note. As of the Reporting Period, the note is past due, but not in default.

(8) On October 22, 2018, the Company issued a promissory note in the principal amount of $50,000 (the "Note") with a Volumetric Production Payment ("VPP") equal to 1,250 barrels of oil equivalent ("BOE"). The Note matured on October 22, 2019, with the principal and accrued unpaid interest due in full at Maturity. VPP will be made after deduction of 20% royalties due to mineral owners, paid within the term on the Note and at the discretion of the Company as to amount and volume; *provided, however,* that the VPP for any month shall not be less than 5% of the month's total crude oil sales. Payment may be made "in-kind" at the election of the Investor. If election is made by Investor to be paid "in-kind," then Investor shall bear responsibility for paying mineral owner royalties due on said "in-kind" payments. All VPP's to be made from the production of the Company's operating subsidiaries, Foothills Exploration Operating, Inc. and Tiger Energy Operating, LLC, from the well bores of the Company's Duck Creek wells, subject to the terms of the Leases covering such wells. Such VPP will continue until paid in full, regardless of payment in full of the Note and shall be secured by the assets. In the event that the West Texas Intermediate (WTI) crude oil market price closes below USD $40.00 per barrel for 10 consecutive trading days, the Investor shall be allocated a revised VPP equal to 2 times the remaining VPP barrels left over at that time.

Pursuant to this Note, the investor shall be assigned an un undivided one-half percent (0.5%) overriding royalty interest ("ORRI") in all oil, gas and other minerals produced, saved, and marketed from each well now or hereinafter located on wells owned by the Company, subject to the terms of the Leases covering such wells. Upon any default in payment of principal hereunder, the Company shall pay interest on the principal balance of this Note then outstanding and on the accrued but unpaid interest from the date of such default until such default is cured and the Note paid in full at the rate of Fifteen Percent (15%). The Company agreed to issue the investor 200,000 shares of the Company's restricted common stock as additional consideration for entering into the Note with the Company, valued at $16,000, which was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note.

Pursuant to this Note, Investor has the right to participate in any future offering by the Company for a period of twelve (12) months for an amount equal to the principal amount detailed in this Term Sheet. So long as the Note is outstanding, if the Company enters into a subsequent financing with another individual or entity (a third party) on terms that are more favorable to that third party, the agreements between the Company and the investor shall be amended to include such better terms. As of the Reporting Period, the note is past due, but not in default.

(9) On February 5, 2019, the Company issued a discounted debenture in the principal amount of $209,525 from an unaffiliated investor with an original issue discount of $33,524 (the "Note"). The Note matured on February 5, 2020 and bears 10% interest. The Company failed to pay $71,000 principal payment, which was due on March 15, 2019. As a result, we incurred $100,000 penalty and the interest was increased to 15%. As of the Reporting Period, the note is past due, but not in default.

(10) On March 6, 2019, the Company closed on a convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated March 6, 2019, in the principal amount of $380,000, with an original issue discount of 10% and received proceeds of $338,000, with original discount of $42,000 including legal fees (the "Labrys Note"). The Company utilized proceeds in part to pay (i) $110,000 to Labrys as partial repayment of a convertible promissory note issued on November 1, 2018 and (ii) $40,000 to the Company's auditor. As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 608,000 shares of the Company's restricted common stock, at an exercise price of $0.50 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common

stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price. As the result, the exercise price of the warrants was reset to the lesser of (i) 50% multiplied by the lowest trading price during the previous twenty (20) trading days prior to the issuance date or (ii) 50% multiplied by the lowest trading price during the previous twenty (20) trading days prior to the conversion date.

The Labrys Note accrues interest at 12% per year and matured on September 6, 2019. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at the conversion price which equal the lesser of (i) 50% multiplied by the lowest trading price during the previous twenty (20) trading days prior to the issuance date. (ii) 50% multiplied by the lowest trading price during the previous twenty (20) trading days prior to the conversion date.

The aggregate relative fair value of the warrant was determined to be $2,306,364 on March 6, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5 years. The fair value of the warrant of $158,860 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note. The conversion feature was recorded as a derivative valued at $2,599,866, of which $179,140 was expensed immediately to interest expense. $2,599,866 was determined using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 0.50 year. The fair value of the conversion feature of $179,140 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Labrys Note or in full upon the conversion of the Labrys Note. As of the Reporting Period, the note is past due, but not in default.

(11) On January 17, 2020, the Company closed on a bridge note transaction with an unaffiliated third party in the principal amount of $220,000.00, with an original issue discount of $20,000 and received proceeds of $200,000.00 (the “Bridge Note”). The Bridge Note accrues interest at the rate of 12.5% per annum and matured on April 17, 2020. The Bridge Note may be prepaid at any time without premium or penalty. Unless this Bridge Note is paid in full prior to maturity, the default interest rate shall accrue at the rate of 18% per annum compounded annually from the date of such default. The lender may not assign, sell, pledge, or otherwise transfer all or any portion of its interest in this Bridge Note at any time without prior notice to or consent of the Company. As of the Reporting Period, the note is past due, but not in default.

(12) On January 18, 2020, the Company entered into a Deed of Novation and Assignment (Novation) with Beijing Gas Blue Sky Holdings Limited (BGBS) in the amount of $5,476,505 (Novation Amount), wherein BGBS assumed the Company’s debenture with Berwin Trading Limited (Berwin) in the principal amount of $1,250,000 and the Company’s bridge note with Profit Well Limited (Profit Well) in the principal amount of $1,050,000, plus all accrued unpaid interest and default interest due and payable under both agreements. As part of the Novation, Berwin and Profit Well assigned their respective debenture and bridge note and transferred all their respective rights, title, and interests pursuant thereto to BGBS. In November and December 2019, BGBS also provided two bridge loans to an indirect subsidiary of the Company for the combined total of $140,000, which sum was also included in the Novation Amount. The new maturity date pursuant to the Novation for the combined total balance of $5,476,505 is December 31, 2023, and the new note created therein bears interest at 13.5% per annum accruing from the date of the Novation. Pursuant to the Novation, the Company agreed to make a principal payment of $500,000 on December 31, 2020 and another principal payment of $500,000 on December 31, 2021. The Company also agreed to make quarterly interest payments in the approximate amount of $184,832 with the first such interest payment due on January 20, 2022. All sums due pursuant to the Novation are secured and collateralized by a security interest in the Company’s Ute Tribal North properties.

(13) On May 8, 2020, the Company received net proceeds of $92,205 from the U.S. Small Business Administration under the CARES Act Paycheck Protection Program (“PPP Loan”). The PPP Loan bears a fixed interest rate of 1.00% per annum and has a deferment period of six (6) months. The PPP loan is 100% forgivable if the funds are used for the allowed purposes. The Company intends to meet the forgiveness requirements by using over 85% of the loan proceeds for payroll.

(14) On August 4, 2020, the Company closed on a bridge note transaction with an unaffiliated third party for a 0% interest short-term bridge note (the “Bridge Note”) in the principal amount of $130,405, bearing a 10% original issue discount, netting the Company proceeds of $118,550. Terms of the agreement include a personal guaranty signed by the Company’s Executive Chairman. As of the Reporting Period, the note is past due, but not in default.

(15) On March 18, 2021, the Company closed a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, (“Labrys”), pursuant to which, the Company issued a convertible promissory note dated March 18, 2021, in the principal amount of $535,000, with an original issue discount of 10% and received proceeds of $481,500, with original discount of $53,500

including legal fees (the “Labrys Note”). The Company utilized proceeds of $275,000 to retire and settle its two (2) outstanding convertible promissory notes with Power Up Lending Group, Ltd.: (i) a 12% convertible promissory note dated June 17, 2019 in the principal amount of $113,000 and (ii) a 12% convertible promissory note dated July 17, 2019 in the principal amount of $78,000. The Company also paid $75,000 to Firstfire Global Opportunities Fund, LLC (“Firstfire”), as the first of six installment payments pursuant to a settlement and release agreement executed with Firstfire on March 15, 2021. The Company also paid approximately $33,000 for the delay rental payments on the Company’s Wind River Basin leases. Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0055 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 116,304,347 shares of the Company’s restricted common stock, at a fixed exercise price of $0.0046 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on March 18, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, the note is past due, but not in default.

(16) On April 5, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, (“Labrys”), pursuant to which, the Company issued a convertible promissory note dated April 5, 2021, in the principal amount of $355,000, with an original issue discount of 10% and received proceeds of $319,500, with original discount of $35,500 including legal fees (the “Labrys Note”). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0055 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 42,771,084 shares of the Company’s restricted common stock, at a fixed exercise price of $0.0083 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on April 5, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, the note is past due, but not in default.

(17) On April 16, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, (“Labrys”), pursuant to which, the Company issued a convertible promissory note dated April 16, 2021, in the principal amount of $700,000, with an original issue discount of 10% and received proceeds of $630,000, with original discount of $70,000 including legal fees (the “Labrys Note”). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.004 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 175,000,000 shares of the Company’s restricted common stock, at a fixed exercise price of $0.004 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on April 16, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys

Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, the note is past due, but not in default.

(18) On May 18, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated May 18, 2021, in the principal amount of $555,000, with an original issue discount of 10% and received proceeds of $499,500, with original discount of $55,500 including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0017 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 296,791,443 shares of the Company's restricted common stock, at a fixed exercise price of $0.00187 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on May 18, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, the note is past due, but not in default.

(19) On May 28, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated May 28, 2021, in the principal amount of $485,000, with an original issue discount of 10% and received proceeds of $436,500, with original discount of $48,500 including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0012 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 367,424,242 shares of the Company's restricted common stock, at a fixed exercise price of $0.00132 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on May 28, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, the note is past due, but not in default.

(20) On June 25, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated June 25, 2021, in the principal amount of $700,000, with an original issue discount of 10% and received proceeds of $630,000, with original discount of $70,000 including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0021 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 303,030,303 shares of the Company's restricted common stock, at a fixed exercise price of $0.00231 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on June 25, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, the note is past due, but not in default.

(21) On July 16, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated July 16, 2021, in the principal amount of $885,000, with an original issue discount of 10% and received proceeds of $796,500, with original discount of $88,500 including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.002 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 421,428,571 shares of the Company's restricted common stock, at a fixed exercise price of $0.0022 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on July 16, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, the note is past due, but not in default.

(22) On August 27, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated August 27, 2021, in the principal amount of $1,060,000, with an original issue discount of 10% and received proceeds of $955,000, with original discount of $105,000, including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0018 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 530,000,000 shares of the Company's restricted common stock, at a fixed exercise price of $0.002 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on August 27, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities.

(23) On February 22, 2022, the Company closed on a fixed-rate convertible loan transaction with Mast Hill Fund, L.P., a Delaware limited partnership, ("Mast Hill"), pursuant to which the Company issued a convertible promissory note dated February 22, 2022, in the principal amount of $390,000, with an original issue discount of 10% and received net proceeds of $325,900, after original issue discount of $39,000, broker-dealer fees and legal fees (the "Mast Hill Note"). Mast Hill has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Mast Hill Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0004 per share.

As part of this transaction the Company also issued Mast Hill warrants having a five-year term to purchase 975,000,000 shares of the Company's restricted common stock, at a fixed exercise price of $0.0004 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Mast Hill Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Mast Hill Note accrues interest at 12% per year and is due and payable on February 22, 2023. The Company may prepay the Mast Hill Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Mast Hill Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities.

(24) On May 2, 2022, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated May 2, 2022, in the principal amount of $333,333.33, with an original issue discount of 10% and received proceeds of $295,000, with original discount of $33,333.33, including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of the Company's common stock at a fixed conversion price equal to $0.0002 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 1,666,666,650 shares of the Company's restricted common stock, at a fixed exercise price of $0.0002 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on May 2, 2023. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities.

(25) On June 30, 2022, the Company issued a short-term secured bridge note to an unaffiliated investor in the principal amount of $120,000 with an original issue discount of $20,000 and a purchase price of $100,000, which matured on August 30, 2022 (the "Note"). In connection with the issuance of the Note, the Company issued 250,000,000 shares of its common stock, valued at $63,000, which was considered as a debt discount upon issuance of the Note. The Note is secured by the Company's Illinois basin assets. As of the Reporting Period, the Note is past due, but not in default.

(26) On August 3, 2022, the Company issued a short-term secured bridge note to an unaffiliated investor in the principal amount of $240,000 with an original issue discount of $40,000 and a purchase price of $200,000, which matured on August 30, 2022 (the "Note"). In connection with the issuance of the Note, the Company issued 500,000,000 shares of its common stock, valued at $126,000, which was considered as a debt discount upon issuance of the Note. As of the Reporting Period, the Note is past due, but not in default. The Note is secured by the Company's interest in the Illinois basin properties, Oklahoma leases and wells, and Wyoming state leases. As of the Reporting Period, the Note is past due, but not in default.

4) Financial Statements

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

☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by[4]:

Name: Bruno P. Allaire
Title: CEO / Interim CFO / Director

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

Relationship to Issuer: CEO / Interim CFO / Director

See Financial Statements and Footnotes attached hereto.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

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

Foothills Exploration, Inc. (the "Company," "we," "us" or "our") was incorporated in the state of Delaware on May 13, 2010, under the name "Key Link Assets Corp.", for the purpose of acquiring a portfolio of heavily discounted real estate properties in the Chicago, Illinois metropolitan area. The Company changed its focus and planned to acquire small and medium sized grocery stores in non-urban locales that are not directly served by large national supermarket chains.

On May 2, 2016, Foothills Petroleum Inc., a Nevada corporation ("FPI") acquired approximately 14.1 million pre-split (56.4 million post-split) shares of the Company's common stock constituting approximately 96% of our then issued and outstanding shares ("FPI Acquired Shares"). As of May 16, 2016, we effected a 4:1 forward split of our shares of common stock.

On May 27, 2016, the Company entered into a Share Exchange Agreement with shareholders of FPI whereby we acquired all of the outstanding shares of FPI in exchange for 4,500,000 shares of our common stock and also issued 1,503,759 shares of our common stock on automatic conversion of debt (please see discussion below under Overview) for an aggregate of 6,003,759 shares of our common stock (the "Share Exchange"). As a result of the Share Exchange, FPI became our wholly owned subsidiary and the FPI Acquired Shares were returned to treasury and deemed cancelled. For accounting purposes, this transaction was accounted for as a reverse acquisition and has been treated as a recapitalization of the Company with FPI considered the accounting acquirer, and the financial statements of the accounting acquirer became the financial statements of the registrant. The completion of the Share Exchange resulted in a change of control. The FPI Shareholders obtained approximately 96% of voting control on the date of Share Exchange. FPI was the acquirer for financial reporting purposes and the Company was the acquired company. The consolidated financial statements after the acquisition include the balance sheets of both companies at historical cost, the historical results of FPI and the results of the Company from the acquisition date. All share and per share information in the accompanying consolidated financial statements and footnotes have been retroactively restated to reflect the recapitalization.

Prior to the Share Exchange, the Company had minimal assets and recognized no revenues from operations and were accordingly classified as a shell company. On June 24, 2016, the Company filed with the SEC an Amendment No. 1 to its Current Report on Form 8-K originally filed with the SEC on June 10, 2016, indicating that the Company was no longer a shell company as defined by Rule12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In light of the closing of the Share Exchange, the Company became actively engaged in oil and gas operations.

On August 4, 2016, the Financial Industry Regulatory Association ("FINRA") approved our name change from Key Link Assets Corp. to Foothills Exploration, Inc., and a change of trading symbol from KYLK to FTXP.

On June 17, 2019, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the Secretary of State of the State of Delaware, increasing the authorized capital of the Company. The total number of shares of all classes of stock which the Company was authorized to issue at the time was increased to 500,000,000 shares, consisting of 475,000,000 shares of common stock, $0.0001 par value, and 25,000,000 shares of preferred stock, $0.0001 par value.

On October 23, 2019, the Company filed a Certificate of Amendment of its Certificate of Incorporation with the Secretary of State of the State of Delaware, increasing the authorized capital of the Company. The total number of shares of all classes of stock which the Company was authorized to issue at the time was increased to 2,000,000,000 shares, consisting of 1,975,000,000 shares of common stock, $0.0001 par value, and 25,000,000 shares of preferred stock, $0.0001 par value.

On August 13, 2020, the Company filed a Certificate of Amendment of its Certificate of Incorporation with the Secretary of State of the State of Delaware increasing the authorized capital of the Company. The total number of shares of all classes of stock which the Company was authorized to issue at the time was increased to 20,000,000,000 shares, consisting of 19,975,000,000 shares of common stock, $0.0001 par value, and 25,000,000 shares of preferred stock, $0.0001 par value.

On July 28, 2022, the Company filed a Certificate of Amendment of its Certificate of Incorporation with the Secretary of State of the State of Delaware increasing the authorized capital of the Company. The total number of shares of all classes of stock which the Company is currently authorized to issue was increased to 50,025,000,000 shares, consisting of 50,000,000,000 shares of common stock, $0.0001 par value, and 25,000,000 shares of preferred stock, $0.0001 par value.

Employees

As of September 30, 2022, the Company had 5 employees, including its executive officers and directors.

Our Strategy

Foothills Exploration, Inc. (OTC: FTXP), is an independent exploration and development company focused on delivering the energy needs of today and tomorrow. The Company is dedicated to providing energy while also maintaining and supporting U.S. national security interests. As the global energy markets move towards carbon neutrality, the Company's long-term strategy is to build a balanced energy mix for the future that is carbon neutral in the long-term. Foothills will continue to explore for oil and gas in the near term because the global consensus is that hydrocarbons will continue to play a significant role in the global energy matrix for the next several decades, even as the world increasingly transitions to renewables and carbon free transportation fuels.

Meeting Today's Energy Needs:

Wind River Basin

On March 9, 2022, the Company acquired an additional 1,960 acres of State leases from the State of Wyoming, to provide additional potential drilling locations in the Wind River Basin. This acquisition brings the Company's total acreage in the Wind River Basin up to 20,847 acres. The importance of this lease acquisition is that we can expedite a drilling permit on State lands. The Company is still actively pursuing a JV partner and has had discussions with other local operators about sharing the cost of rig mobilization for its proposed drilling program.

Acquisitions and Rollup Strategy

The Company's acquisitions and roll up strategy is based on identifying high-quality, non-core, stranded, and distressed assets in the U.S. Rocky Mountain and Midcontinent regions, which are selling at a discount to intrinsic value. The Company's strategic objective is to build a portfolio of producing properties with low operating costs, long lived reserves, and upside development potential. We intend to acquire oil and gas properties with attractive valuation metrics and appealing geological risk/reward profiles, which are better positioned to benefit from an improvement in commodity prices. Our primary focus is the U.S. Rocky Mountain and Midcontinent regions, where our consultants and technical staff have conducted successful oil and gas operations. Our geographical focus, regional experience, and strategic industry relationships advantageously position the Company to acquire high quality oil and gas assets at attractive valuations in the current environment.

Foothills is primarily focused on acquiring oil and gas assets that come with current production, existing infrastructure in place, and future developmental potential. Acquired assets are subsequently optimized to maximize production and create shareholder value. Our strategy also includes targeting adjacent oil and gas properties with similar characteristics for bolt on acquisitions to increase total acreage in a concentrated geographical area, enabling us to optimize the profitable operation of those assets.

The Company aims to achieve a lower cost of entry and generate an overall better return on invested capital by acquiring assets at a discount to inherent value, optimizing and developing those assets, and then operating those assets profitably, even at current energy prices. Management believes that accomplishing of these objectives will create and maximize shareholder value in the long term.

Meeting Tomorrow's Energy Needs:

Foothills is also working to develop carbon-free energy sources by making investments and entering into joint ventures to develop hydrogen and geothermal-related projects. Management is evaluating areas where the Company can contribute to a viable, realistic, and balanced future energy mix.

Hydrogen

Just as natural gas is often discussed as a bridge fuel in the global energy transition, hydrogen should be viewed as a coupling and complementary fuel that will eventually lead the world to net zero emissions. Hydrogen gas is the fuel that is most interchangeable with natural gas (methane) and it should be noted that many existing consumer and commercial appliances are capable of running on a blend of natural gas and up to about 15% hydrogen gas without requiring modification. Hydrogen fuel cells have also emerged as viable alternatives to battery electric fuel cells in light duty transportation and some suggest the benefits for medium-duty and heavy-duty transportation are even greater due to the weight of current battery electric fuel cell technologies. Hydrogen has an important role to play in the global energy transition as a strategic complement to electrification because the road to 'electrify everything' is also fraught with potential unintended consequences.

Our Properties

	Unproved Acreage		Proved Acreage		Total Acreage	
	Gross	**Net**	**Gross**	**Net**	**Gross**	**Net**
Illinois	—	—	840	840	840	840
Oklahoma	—	—	130	—	130	—
Wyoming	22,873	22,873	—	—	22,873	22,873
Total	22,873	22,873	970	840	23,843	23,713

Illinois Properties

The Company, through its direct subsidiary, Anaconda Energy, LLC ("Anaconda Energy"), closed on the acquisition of two small oil and gas operators in the Illinois basin on December 28, 2021. The acquisition included all of the assets of the operating companies, including working interests held in certain oil and gas wells and leases and five percent (5%) overriding royalty interest in certain leases and wells. The acquisition also came with 20 oil wells, of which 9 can be worked over. The Company has maintained oil and gas operations on the leases since acquiring the properties.

During the first quarter of 2022, the Company performed workover operations on three of the wells, which successfully generated a 75% increase in production for total operations. The assets are profitable at the field level and we anticipate the assets to reach "payout" status within ten (10) months from the filing of this report. A "payout" is the point at which all Company-incurred acquisition, rework and recompletion costs have been recovered from production on the wells and leases acquired.

The Company recognized approximately $89,000 and $289,000 in total net revenues during the three months and nine months ended September 30, 2022 from the Company's Illinois Basin properties, attributable to Anaconda Energy and its subsidiaries.

Houser-Sears Lease

Houser-Sears #4 Well

The Houser-Sears #4 well recompletion in the Aux Vases formation proved successful and production has stabilized at around 5 barrels of oil per day (BOPD).

Houser-Sears #6 Well

We began drilling operations on the Houser-Sears #6 well on July 12, 2022, drilling to a total depth of 3,420 feet, and logging the well. The well showed excellently in the St. Louis Lime & McClosky Dolomite zones, with two possible zones in the Upper Aux Vases and Rosiclare, and two new, unproven zones in the Lower Aux Vases Sand and Upper Salem Lime. During the quarter ended September 30, 2022, this well was completed in the McClosky Dolomite zone and is currently producing an average of 14 BOPD. Below is a summary of the results by zone.

Salem Lime

The Upper Salem Lime zone present in this well's log data correlates to the "Parrish Salem Oolitic" zone, which is productive from over 20 wells to the southeast and east of this well's location. This zone does not exist in any of the offset wells to the south (Ochs #1 & #2) or either old (4 locations away) pre-1970 Salem tests to the northwest and southwest. This zone will be evaluated in the future.

St Louis Lime

Log data indicates an excellent zone in the Lower St. Louis Lime in this well: 3,170-75'. The 15% porosity, permeability and 43% salt water indicate that this interval should produce oil relatively water free. This zone somewhat correlates to the Ochs #1 (1,980' to SE), which has 3.5 feet of 12% porosity and had an initial production of 36 BOPD (after acid) and produced 2,585 barrels of oil in the first 120 days (21 BOPD average). Our zone is 25% better on analysis. Therefore, we intend to test this zone first after running a cement bond log during the completion phase.

McClosky Dolomite

This zone has been the primary target of this project and log data indicates 27% porosity, which is excellent for this zone and 42% salt water calculated from an analog well. Should the St. Louis Lime zone only produce nominal amounts, the parties plan to also open this zone and co-mingle with the St. Louis Lime.

Upper McClosky / Rosiclare Lime

This zone was thin (only 3 feet) with low end porosity (8.5%), but it did carry oil shows and is possibly on the "edge" of the previous wells to the west and northwest. It correlates to the Sears-Houser #4 to the south, which was making a modest 1.5 BOPD after 65 years until the casing became corrupted and the parties repaired it with a liner in 2021. The parties plan to open this zone in the future under optimal conditions to come uphole for more production.

Lower Aux Vase Dolomite

This zone exceeded initial expectations as it demonstrated fair oil shows during drilling but the log analysis indicated 17-21% porosity and a 44% salt water, indicating favorable characteristics. This zone has not been produced anywhere within 1 mile of this well and is also difficult to identify in the old 1960 vintage logs on this lease. This represents another future test zone.

Upper Aux Vases Sand

The offset #4 well to the south was thin, but the offset #6 had good oil shows. The PE curve denotes the 2722-33 interval was 30% Lime / 70% sand and low permeability with 10% porosity, although it had good oil shows. Going forward, the cement bond log should assist in determining if there exists a bond between this zone and the Lower Aux Vases interval. The initial results of this zone did not meet our expectations, but will be investigated further in the future.

Mark Heap #4 Well

On February 28, 2022, the Company, through its direct subsidiary Anaconda Energy, entered into a Participation Agreement with Benchmark Properties, Ltd., for a 50% working interest in the Mark Heap #4 well, located in Jasper County, Illinois. This well is part of the Dundas Unocal Prospect in Richland County. During Q2 2022, the Mark Heap #4 well had a stimulation-based workover operation in the Aux-Vases Sand (2,794' - 2,808').

Oklahoma Properties

The Company entered into a strategic partnership agreement to identify and acquire stranded, distressed and orphaned oil and gas properties in Oklahoma for future development and production. The Company acquired one non-core and two abandoned leases comprised of 6 wells situated on 170 acres in Garvin and Carter counties.

In August 2022, the Company entered into a binding letter of intent to acquire 21 wells located in Comanche County, Oklahoma, from an independent operator. The Company is currently engaged in on-going due diligence on the properties.

Wyoming Properties

Wind River Basin Project

In March 2022, the Company acquired an additional 1,960 acres of State leases from the State of Wyoming, to provide additional potential drilling locations in the Wind River Basin. This acquisition brings the Company's total acreage in the Wind River Basin up to 20,847 acres. In January 2020, the Company's Wind River Basin oil and natural gas prospective resources were evaluated by an independent third-party engineering firm for the Company's interest in 16,387 acres located in an area known as the Beaver Creek East Project. The report indicates *Prospective Resources* of approximately 21 million barrels of undiscovered oil and 37 billion cubic feet (BCF) of undiscovered gas, with a PV-10 value of $372 million (after risk).

Husky Prospect

In November 2021, the Company leased 640 acres in the Hallville field and is currently developing a shallow drilling project. The development prospect is located in Sweetwater County, Wyoming, and is still undergoing a thorough geological analysis.

Utah Properties

Non-Operated Minority Working Interests

The Company owns a small (under 1%) non-operated working interest in certain leases located in Duchesne County, Utah. The Company also owns a 21.6% non-operated working interest with a 17.1% net revenue interest in two EOG-operated horizontal wells in the Uinta Basin. The initial production from the two Stagecoach wells commenced in December 2017, and the wells were completed in April 2018. The Company has realized natural gas sales, and associated hydrocarbon revenue from the two wells since December 2017. Effective May 1, 2022, both Stagecoach wells were acquired by Greylock Production, LLC, who also stepped in as the new operator for both wells.

The Company recognized approximately $206,000 and $620,000 in total net revenues during the three months and nine months ended September 30, 2022 from both of these non-operated working interests.

Ute Tribal North Properties

These properties, located in Uintah and Duchesne Counties of Utah, are comprised of certain operated and non-operated working interests as well as rights and interests in a project for future development covering over 7,800 acres on Ute Tribal lands. When the Company acquired Tiger Energy Partners International, LLC ("TEPI") in December 2016, TEPI's title to these Ute Tribal North properties was clouded by the tribe's breach of responsibility claims against the former operator who had sold the properties to TEPI. TEPI had already initiated its Bureau of Indian Affairs ("BIA") Administrative Appeal, which was filed to assert TEPI's rights and interests in the oil and gas leases on the Ute Indian Uintah and Ouray Reservation. The Company owns all rights and interests acquired in the Purchase and Sale Agreements between TEPI and Mountain Oil & Gas, Inc., dated April 16, 2012, and December 18, 2012.

The Company decided to proceed with the BIA Administrative Appeal instead of the revised Global Settlement Agreement to obtain a more attractive settlement price reflecting current commodity prices. The Company, by continuing the BIA Administrative Appeal, is attempting to reclaim its rights and clear title to the properties, but it is uncertain as to whether the Company will prevail in its efforts to do so, given that several years have passed without any progress being made on the matter. As such, we have decided to write down these assets pending the outcome of this BIA Administrative Appeal.

Plan of Operations

Illinois Operations

Future Development Opportunities – Illinois

The Company plans to commence an enhanced recovery program on its Cisne Area wells by implementing a waterflood project during the first quarter of 2023. The Company expects to have the waterflood plan of operations and budget considerations and be in a position to schedule service operations by the end of 2022.

Oklahoma Operations

The Return to Production (RTP) program has successfully returned four wells back to production with two more wells awaiting work-over operations. The initial properties acquired were neglected and offered low-risk development with behind pipe potential and field wide optimization opportunities.

Future Development Opportunities – Oklahoma

The Company has targeted several distressed and neglected oil and gas properties for bolt-on acquisitions in its core area of operations. The Company is currently in high level discussions with several distressed operators.

Rockies and Mid-Continent Expansion

The return-to-production and well stimulation program has been successful so far and the Company plans to continue to aggressively seek similar partnerships with other established operators in the Rockies and midcontinent, where the Company can provide its expertise and capital in exchange for up to 75% working interest in the properties and wells. These types of rework operations significantly reduce the Company's cost of production acquisition. The Company has two strategic partnership agreements to pursue lands and return-to-production opportunities in the Illinois and Williston basins. The Company is also now targeting marginal and stripper well production to optimize in Oklahoma and seeking similar underdeveloped and underexploited properties with upside potential.

Repurposing Abandoned Oil and Gas Wells

The Company's acquisition of the above stripper wells is part of a larger plan to repurpose these wells at the end of their life into clean energy producers. Currently there are several pilot projects and emerging new technologies focused on repurposing oil and gas wells to accelerate the energy transition.

The Company's New Energy Ventures division is also in the research phase of its evaluation into the production of green energy by repurposing abandoned oil and gas wells into geothermal wells and also producing hydrogen from abandoned wellbores using emerging hydrogen production technologies.

Effective April 1, 2022, the Company entered into a related party transaction to acquire up to five percent (5%) of the issued and outstanding membership interest in Hydrathermal Energy, LLC ("HYE"), for up to USD $100,000 in order to gain access to certain intellectual properties and to further the development of a downhole apparatus to produce clean energy from subsurface environments. The Company's investment shall be designated for the specific purposes of product development, intellectual property advancement and procurement, lab and diagnostic work, product research and development, and product materials.

Wind River Basin Beaver Creek East Unit

In March 2022 we acquired an additional 1,960 acres on state lands to accelerate the drilling permit process, bringing our total acreage in the area to 20,847 acres. We are still actively pursuing a joint venture and management continues to look at opportunities to increase the Company's acreage position in the project area based on the most recent analysis and geological model.

Utah Operations

As of September 30, 2022, the Company's Utah operations consisted primarily of its 21.6% non-operated working interest in two (2) horizontal gas wells operated by Greylock Production, LLC.

New Asset Acquisitions

The Company continues to seek opportunistic acquisitions of producing assets with long-lived reserves and significant upside development potential. Management is currently evaluating several small to mid-sized production and exploration opportunities in the U.S. Mid-Continent and Rocky Mountain regions to add to the Company's asset portfolio. Asset acquisitions with the following key criteria are being targeted and considered:

- Under-developed conventional assets with long-lived reserves
- Divestitures from large companies due to ESG pressures
- Proved Undeveloped (PUD) drilling opportunities

Natural Hydrogen Exploration

The Company continues its natural hydrogen exploration efforts and to that end has extended its binding memorandum of understanding with Pristine Energy, Inc., providing the Company with additional time, until December 31, 2022, to consummate the transaction with respect to participating in the White Lightning natural hydrogen prospect in Canada.

On June 24, 2022, the Company through its indirect subsidiary Dragonfly Energy Inc., entered into a confidential agreement with a Canadian mining company with extensive exploration permits in certain Canadian provinces, which allows the Company to perform unmanned aerial surveys and to conduct surface and geologic testing for natural hydrogen on said acreage.

Drone Joint Venture – HHe Exploration Technologies, Ltd.

The Company's indirect subsidiary, New Energy Ventures, LLC, created a joint venture with Perspectum Drone Inspection Services, Ltd. (PDIS) to develop and commercialize drone-based natural hydrogen detection technology. Through our joint venture, HHe Exploration Technologies, Ltd. ("HHe"), a hydrogen sensor has been mounted on a drone and test flown to evaluate the navigational and stability performance of the platform. HHe believes the combination of optical gas imaging and ambient air analysis provides a novel solution for identifying hydrogen in the most minute volumes and concentrations.

Additionally, a collaboration with a research and technology industry partner is allowing the joint venture to evaluate next generation UAVs, which will have heavier payload capacity, extended flight times and fully autonomous navigation capabilities. These evolved platforms will allow multi-sensor array capabilities of existing and futuristic technologies resulting in the acquisition of the most advanced data possible.

About Hydrogen

Hydrogen, the most abundant element on Earth, has become a key component of the global energy transition to zero-carbon energy and provides numerous opportunities for attractive financial returns. Hydrogen is also gaining unprecedented economic and political momentum globally as an alternative net-zero energy vector and a complement to the 'electrify everything' movement. Bank of America forecasts that the hydrogen industry is at a tipping point and headed to $11 trillion, with hydrogen production projected to see a 5,000% increase by 2026. Global demand for clean and green energy continues to increase rapidly, coupled with the need to optimize production, and minimize greenhouse gas emissions. Energy companies will increasingly need to embrace the concept of clean tech by focusing on both the tools and processes to solve such challenges.

The field of natural (or native) hydrogen exploration has recently emerged on the international stage as a potentially viable alternative production method with costs projected to be significantly lower than steam methane reforming ("grey hydrogen") and electrolysis using renewable energy ("green hydrogen"). Natural hydrogen is clean and carbon-free with production costs estimated to be about $0.75 per kilogram, which is about 1/8th the current cost of producing green hydrogen.

Current Market Outlook

The Company is an oil and gas exploration and development company focused on delivering the energy needs of today and tomorrow. The Company's key initiative is to generate high-impact exploration projects focused on oil and natural gas and acquiring assets with long lived reserves, low operating costs, and behind-pipe upside. Over the near-term, the Company believes that it is well positioned to capitalize on the short- and long-term demand for oil and natural gas.

For oil, the Energy Information Agency ("EIA") estimated in their November 8, 2022 Short-Term Energy Outlook stated Brent crude oil spot price averaged $93 per barrel in October 2022. The EIA expects the Brent price will average near that price through the first half of 2023. Weakening global economic conditions, which could limit oil demand growth, create the potential for oil prices to end up lower than their forecast. Higher-than-forecast oil prices could stem from supply disruptions resulting from the EU's impending bans on the seaborne import of crude oil and petroleum products from Russia. Despite increasing concerns around weakening global economic conditions, the EIA forecasts that global oil consumption will outpace global oil production in 2023, which will contribute to increasing oil prices in the second half of 2023. The EIA expects that the price of Brent crude oil will rise from an average of $94/b in the first half of 2023 to an average of $98/b by the end of 2023, averaging $95/b for all of 2023.

For natural gas, the EIA estimated in their November 8, 2022 Short-Term Energy Outlook that the benchmark Henry Hub natural gas spot price to average nearly $5.50/MMBtu in November 2022, before rising to more than $6/MMBtu in December 2022 and the first quarter of 2023. Natural gas prices typically increase in winter months as colder weather increases the demand for natural gas due to space heating. Based on the current weather forecast from the National Oceanic and Atmospheric Administration, EIA's forecast assumes colder weather, with 2% more heating degree days (HDD) from November 2022 to March 2023 compared with the 10-year (2011–2021) average.

Principal Office

The Company's principal office is located at 2660 Townsgate Road, Suite 800, Westlake Village, CA 91361. Its telephone number is (800) 204-5510, and the website address is www.foothillspetro.com.

B. Please list any subsidiaries, parents, or affiliated companies.

Subsidiaries of Foothills Exploration, Inc.:

Foothills Petroleum, Inc., a Nevada corporation*
Energy Transition Holdings, LLC, a Wyoming limited liability company*
Anaconda Energy, LLC, a Wyoming limited liability company

Subsidiaries of Foothills Petroleum, Inc.:

Foothills Petroleum Operating, Inc., a Nevada corporation
Foothills Exploration Operating, Inc., a Nevada corporation*
Foothills Exploration LLC, a Wyoming limited liability company*

Subsidiaries of Energy Transition Holdings, LLC:

New Energy Ventures, LLC, a Wyoming limited liability company
Dragonfly Energy, Inc., a Wyoming corporation

Subsidiaries of Anaconda Energy, LLC:

WHZ Oil & Gas, LLC, an Illinois limited liability company
DDC Oil Company, an Illinois corporation
Dedica Energy Corporation, an Illinois corporation

Subsidiaries of Foothills Exploration Operating, Inc.:

Clear Elite Holdings Limited, a British Virgin Islands limited liability company*

Prominent Sino Holdings Limited, a British Virgin Islands limited liability company
Value Train Investments Limited, a British Virgin Islands limited liability company
Tiger Energy Partners International, LLC, a Nevada limited liability company – 25% total equity ownership

Subsidiaries of Foothills Exploration, LLC:

Foothills Production I, LLC, a Wyoming limited liability company
Foothills Production II, LLC, a Wyoming limited liability company

Subsidiaries of Clear Elite Holdings Limited:

Golden Giants Limited, a British Virgin Islands limited liability company*

Subsidiaries of Golden Giants Limited:

NTE-Utah, LLC, a Delaware limited liability company*
Tiger Energy Partners International, LLC, a Nevada limited liability company – 75% total equity ownership

Subsidiaries of NTE-Utah, LLC:

Tiger Energy Operating, LLC, a Nevada limited liability company*

Subsidiaries of Tiger Energy Operating, LLC:

Tiger Energy Mineral Leasing, LLC, a Nevada limited liability company

**Indicates that it is a parent of one or more entities.*

C. Describe the issuers' principal products or services.

The Company is a development stage company engaged in the acquisition and development of oil and natural gas properties. The Company is focused on delivering the energy needs of today and tomorrow. To meet today's energy needs, the Company is looking to acquire producing and developmental properties in the U.S. Rocky Mountain region. The Company seeks to acquire non-core, dislocated, underdeveloped, and under explored oil and gas assets and maximize those assets to create shareholder value. To meet tomorrow's energy needs, the Company is actively looking at potential transactions related to hydrogen, helium, geothermal and other green energy projects to participate in the global energy transition to net-zero.

The consolidated balance sheets include the accounts of the Company, and its wholly-owned direct and indirect subsidiaries, Foothills Exploration, Inc. ("FTXP"), Foothills Petroleum, Inc. ("FPI"), Foothills Exploration, LLC ("FEL"), Anaconda Energy, LLC ("Anaconda"), WHZ Oil & Gas, LLC ("WHZ"), DDC Oil Company ("DDC"), Dedica Energy Corporation ("Dedica"), Energy Transition Holdings, LLC ("ETH"), New Energy Ventures, LLC ("NEV"), Dragonfly Energy, Inc. ("Dragonfly"), Foothills Petroleum Operating, Inc. ("FPOI"), Foothills Exploration Operating, Inc. ("FEOI"), Tiger Energy Partners International, LLC ("TEPI"), Tiger Energy Operating, LLC ("TEO"), and Tiger Energy Mineral Leasing, LLC ("TEML").

The Company's oil and gas operations are conducted by its wholly owned indirect subsidiaries. FEL is a qualified oil and gas operator in the state of Wyoming, and TEO is a qualified oil and gas operator in the state of Utah. WHZ and DDC are both qualified oil and gas operators in the state of Illinois and WHZ is a qualified oil and gas operator in Oklahoma as well. The Company's operating entities have historically employed, and will continue in the future to employ, on an as-needed basis, the services of drilling contractors, other drilling related vendors, field service companies and professional petroleum engineers, geologists, and landmen as required in connection with future drilling and production operations.

The Company's results of operations and financial condition are significantly affected by oil and natural gas commodity prices, which can fluctuate dramatically. Commodity prices are beyond our control and are difficult to predict. Many factors enter into the price of oil, both domestic and foreign.

6) Issuer's Facilities

Leases

The Company leases its Westlake Village, California, corporate office for a total cost of approximately $1,270 per month. The lease, which we initially entered into on April 28, 2020, automatically renews each year for an additional one-year term unless landlord receives the Company's notice of intent to terminate at least ninety (90) days prior to the expiration of the current term.

On November 29, 2021, the Company entered into a new office lease, commencing December 1, 2021, for 370 square feet of office space in Park City, Utah, to serve as a field office for Company operations for a total cost of approximately $950 per month. The rental term expires on November 29, 2022, after which time tenancy shall be on a "month-to-month" basis subject to the terms of the lease agreement, unless the lease agreement is otherwise renewed or extended prior to expiration.

On September 15, 2021, the Company's indirect subsidiary, DDC Oil Company entered into an office lease in Mattoon, Illinois, ending on September 1, 2023, for $400 per month.

Title to Oil and Gas Properties

Foothills owns the interest in its oil and gas properties and at times also relies on contracts with the owner or operator of the property, pursuant to which, among other things, the Company has the right to have its interest placed of record. As is customary in the oil and gas industry, we anticipate that a preliminary title examination will be conducted at the time unproved properties or interests are acquired by us. Prior to commencement of drilling operations on such acreage and prior to the acquisition of proved properties, Foothills will conduct a title examination and attempt to cure materially significant defects before proceeding with operations or the acquisition of proved properties, as it may deem appropriate.

Foothills' properties are subject to royalty, overriding royalty and other interests customary in the industry, liens incident to agreements, current taxes and other burdens, minor encumbrances, easements, and restrictions. Foothills' Utah properties acquired from Total Belief Limited on December 30, 2016, are subject to a certain Bureau of Indian Affairs ("BIA") Administrative Appeal and a Ute Indian Tribe Global Settlement Agreement, each of which does or may affect title to some, all or none of the properties acquired. Foothills is currently attempting to cure title on these properties, subject to the outcome of the BIA Administrative Appeal, which is still ongoing as of the date of this Quarterly Report. To the extent that such defects or disputes exist and cannot be cured, Foothills would suffer title failures, which could result in property valuation impairments and other material adverse consequences to the operations of the Company.

7) Company Insiders (Officers, Directors, and Control Persons)

The table below provides information, as of September 30, 2022, regarding any person or entity owning 5% of more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own.

Name of Officer/Director or Control Person	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	Note
Kevin J. Sylla	Executive Chairman / Director	Woodland Hills, CA	3,405,000	Common	0.028%	Restricted stock for services and in lieu of accrued unpaid salary
Bruno P. Allaire	CEO / Interim CFO / Director	Santa Fe, NM	945,333	Common	0.008%	Restricted stock for services and in lieu of accrued unpaid salary

Christopher C. Jarvis	EVP Finance / Director	Frederick, MD	1,231,667	Common	0.010%	Restricted stock for services and in lieu of accrued unpaid salary
Alex M. Hemb	Director	Kamas, UT	534,111	Common	0.004%	Restricted stock for services and in lieu of accrued unpaid salary
Kevin J. Sylla	Executive Chairman / Director	Woodland Hills, CA	5,000,000	Series A Preferred (1)	50%	Series A preferred stock in lieu of accrued unpaid salary (2)
Beijing Gas Blue Sky Holdings Limited	Owner of more than 5%	Hong Kong	5,000,000	Series A Preferred (1)	50%	Series A preferred stock for cash (3)

*Ownership percentage based on a total of 13,087,576,375 shares of Common Stock outstanding as of September 30, 2022.

Footnotes:

(1) Each share of Series A Preferred Stock is convertible into 200 shares of the Company's common stock. A total of 10,000,000 shares of Series A Preferred Stock convertible into 2,000,000,000 shares of common stock were issued (for more information see Series A Preferred Stock below).

(2) As a condition of the BGBS transaction (see footnote below), the Company's Executive Chairman, Kevin J. Sylla, also agreed to convert $100,000 of outstanding debt owed to him by the Company into 5,000,000 shares of Series A Preferred Stock. For more information, please refer to the Company's Current Report on Form 8-K filed with the SEC on May 28, 2020.

(3) On May 28, 2020, the Company issued 5,000,000 shares of Series A Preferred Stock to a related party, Beijing Gas Blue Sky Holding Limited ("BGBS"), pursuant to an agreement dated April 6, 2020, yielding total cash proceeds of $50,000, net to the Company. BGBS is publicly traded on the Hong Kong exchange under the symbol 6828.HK. Mr. Li Weiqi is BGBS' CEO/Executive Director and BGBS' website is www.bgbluesky.com. Mr. Li Weiqi is believed to have the power to vote, or to direct the voting of, such shares. For more information, please refer to the Company's Current Report on Form 8-K filed with the SEC on May 28, 2020.

Series A Preferred Stock

On May 26, 2020, the Company's Board of Directors duly adopted a corporate resolution creating a series of preferred stock designated as the Series A Preferred Stock, comprised initially of 10,000,000 shares. On May 28, 2020, the Company filed a Certificate of Designation designating the rights and restrictions of its Series A Preferred Stock with the Delaware Secretary of State. Of the 25,000,000 preferred shares authorized at a par value of $0.0001 per share, 10,000,000 were designated as Series A Preferred Stock.

The Series A Preferred Stock is convertible at the option of the holder into 200 common shares per one share of Series A Preferred Stock. The Series A Preferred Stock provides for liquidation and dividend rights on an as-if-converted basis into equivalent common shares. The Series A Preferred Stockholders have voting rights with the common shareholders on an as-if-converted basis. *The holders of Series A Preferred Stock have the right, voting as a separate class, following a "Change of Control" (as defined), to elect a majority of the members of the Company's Board of Directors and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors.*

On May 28, 2020, the Company issued 5,000,000 shares of Series A Preferred Stock to a related party, Beijing Gas Blue Sky Holding Limited, pursuant to an agreement dated April 6, 2020, yielding total cash proceeds of $50,000, net to the Company. As a condition of this transaction, the Company's Executive Chairman, Kevin J. Sylla, also agreed to convert $100,000 of outstanding debt owed to him by the Company into 5,000,000 shares of Series A Preferred Stock. Each share of Series A Preferred Stock is convertible into 200 shares of the Company's common stock. A total of 10,000,000 shares of Series A Preferred Stock convertible into 2,000,000,000 shares of common stock were issued.

8) Legal/Disciplinary History

A. Please 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);

Not Applicable

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;

Not Applicable

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

Not Applicable

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.

Not Applicable

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.

Legal Proceedings

The Company has determined that judgments rendered in the second quarter of 2018 in connection with all but four of the following legal proceedings against the Company are Type 1 subsequent events that provide additional evidence with respect to conditions that existed at the date of the balance sheet. Therefore, the financial statements reflect the effects of prejudgment judgments awards to plaintiffs through the date of this Quarterly Report, noted below in accordance with Auditing Standard 2801.03.

UTAH WELLS

Conquest Well Servicing, LLC vs. Foothills Exploration Operating, Inc. (Case No. 179800421 8th Judicial District Court in and for Uintah County, State of Utah)

Conquest Well Servicing, LLC ("Conquest") filed this action on September 11, 2017, for collection of unpaid services and materials in the amount of $49,689 in connection with a workover of wells in Uintah County, Utah. A Settlement Agreement and Stipulation to Entry of Judgment was agreed to by the parties and filed with the court on October 10, 2017. Judgment in the amount of $54,937.10 including $5,248.10 in pre-judgement interest was filed on December 18, 2017. An order requesting company asset inquiry was issued on February 20, 2018. A hearing on contempt by FEOI for failure to appear and an answer as to assets was set for September 13, 2018. A stipulation was filed with the court to continue the hearing to October 22, 2018. FEOI inadvertently failed to appear at this hearing, resulting in a contempt of court citation being issued. Currently, FEOI is seeking to reschedule this hearing and intends to purge any contempt by compliance with the court's order. There has been no change in the status of this matter as of this Quarterly Report.

BIA Administrative Appeal – Tiger Energy Partners International, LLC

Notice of Appeal:	Dated May 8, 2013
Appellant:	Tiger Energy Partners International, LLC
Appellee:	Superintendent Uintah and Ouray Agency
Decision	April 12, 2013
Concerning:	Notice of Expiration of Oil and Gas Leases

This Administrative appeal concerns the ownership and validity of Northern Ute (the "Tribe") Tribal leases acquired by Tiger Energy Partners International, LLC ("TEPI") in a transaction with Mountain Oil and Gas and its affiliated companies. Pursuant to the Global Settlement Agreement ("GSA") negotiated between the Tribe and TEPI, the Company proposes to resolve any issues regarding the ownership of the subject leases and other lands thus acquired. The status of the appeal by TEPI remained unchanged as of the Reporting Period awaiting decision by the Regional Director of the BIA on the merits of the appeal. The decision of the Regional Director is stayed by the parties having entered into the GSA. The Tribe and Tiger remain in discussion regarding approval of the Global Settlement Agreement by the Regional Director. There has been no change in the status of this matter as of this Quarterly Report.

EOG Resources, Inc. vs. Foothills Exploration Inc., f/k/a Foothills Exploration, LLC (Case No. 2021-73673 – 127th Judicial District Court in Harris County, Texas)

Plaintiff in this case is seeking collection of an unpaid debt stemming from the Company's 21.7% non-operated working interest in two Stagecoach Unit horizontal wells in Uintah County, Utah, both operated by EOG Resources. The civil suit filed on November 9, 2021, alleges the sum of $1,775,558.84 due as of September 2021, exclusive of interest remains unpaid on the Company's proportionate costs incurred by EOG in connection with the operation of the Stagecoach Unit. The Company filed its response to Plaintiff's petition on January 21, 2022. On February 17, 2022, Plaintiff filed its First Amended Petition. On February 21, 2022, the Company and Plaintiff both filed their respective initial disclosures with the court. On April 28, 2022, Plaintiff filed its first set of discovery requests to the Company. On May 31, 2022, the Company filed its response to Plaintiff's discovery requests. On June 6, 2022, the Company filed its first set of interrogatories, requests for production, and requests for admissions to Plaintiff. On July 5, 2022, Plaintiff filed its response to the Company's first set of interrogatories, requests for production, and requests for admissions. Litigation on this matter is ongoing as of the date of this Quarterly Report and the case is set for trial on February 6, 2023. The parties will attempt to mediate and settle the matter prior to trial.

As of September 30, 2022, and September 30, 2021, the balance of other liabilities was $1,122,000 and $1,122,000, respectively.

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name:	Jonathan Shechter
Firm:	Foley Shechter Ablovatskiy LLP
Address 1:	1180 Avenue of the Americas, 8th Floor
Address 2:	New York, NY 10036
Phone:	(212) 335-0465
Email:	js@foleyshechter.com

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, <u>B.P. Allaire</u> certify that:

1. I have reviewed this <u>quarterly disclosure statement</u> of <u>Foothills Exploration, Inc.</u>;

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.

<u>November 29, 2022</u>

<u>/s/ B.P. Allaire, CEO</u>

Principal Financial Officer:

I, <u>B.P. Allaire</u> certify that:

1. I have reviewed this <u>quarterly disclosure statement</u> of <u>Foothills Exploration, Inc.</u>

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.

<u>November 29, 2022</u>

<u>/s/ B.P. Allaire, Interim CFO</u>

Financial Statements and Supplementary Data for Foothills Exploration, Inc. (FTXP)

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FOOTHILLS EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 6,000	$ 340,000
Restricted cash	120,000	120,000
Accounts receivable - trade	51,000	43,000
Prepaid expenses	8,000	26,000
Other current assets	51,000	51,000
Total current assets	236,000	580,000
Net oil and gas properties, full cost accounting	804,000	835,000
Property and equipment, net	-	-
Other assets	59,000	36,000
Total assets	$ 1,099,000	$ 1,451,000
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable and accrued liabilities	$ 7,218,000	$ 5,987,000
Accrued interest	6,170,000	4,489,000
Notes payable	12,576,000	12,576,000
Convertible note payable, net	6,189,000	3,866,000
PPP loan	92,000	92,000
Derivative liabilities	21,678,000	6,672,000
Other liabilities	1,130,000	1,133,000
Total current liabilities	55,053,000	34,815,000
Long-term liabilities		
Asset retirement obligation	222,000	209,000
Total liabilities	55,275,000	35,024,000
Commitment and Contingencies	–	–
Stockholders' Deficit		
Preferred stock, $0.0001 par value; 25,000,000 shares authorized; 10,0000,000 shares issued and outstanding	2,000	2,000
Common stock, $0.0001 par value; 19,975,000,000 shares authorized; 13,087,576,375 and 9,687,625,597 shares issued and outstanding, respectively	1,308,000	968,000
Stock to be issued	16,000	16,000
Additional paid in capital	35,810,000	34,652,000
Accumulated deficit	(91,312,000)	(69,211,000)
Total stockholders' deficit	(54,176,000)	(33,573,000)
Total Liabilities and Stockholders' Deficit	$ 1,099,000	$ 1,451,000

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

FOOTHILLS EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Revenue	$ 294,000	$ 215,000	$ 910,000	$ 477,000
Operating expenses				
Lease operating expense	81,000	150,000	272,000	304,000
Selling, general and administrative expense	371,000	438,000	1,543,000	969,000
Depreciation, depletion, and amortization	132,000	23,000	222,000	59,000
Total operating expenses	584,000	611,000	2,037,000	1,332,000
Loss from operations	(290,000)	(396,000)	(1,127,000)	(855,000)
Other income (expenses):				
Financing expense	(4,696,000)	(889,000)	(7,949,000)	(5,614,000)
Impairment loss	-	(78,000)	-	(78,000)
Change in fair value of derivative instruments	(14,281,000)	-	(12,483,000)	(6,511,000)
Gain on settlement of debt and contingent liabilities	(687,000)	-	(610,000)	6,987,000
Gain on sale of property	-	-	-	279,000
Other income	67,000	-	68,000	-
Total other expenses	(19,597,000)	(967,000)	(20,974,000)	(4,937,000)
Loss from operations before income taxes	(19,887,000)	(1,363,000)	(22,101,000)	(5,792,000)
Provision for taxes	-	-	-	-
Net loss	$ (19,887,000)	$ (1,363,000)	$ (22,101,000)	$ (5,792,000)
Net income (loss) per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average common shares – basic and diluted	12,348,893,291	6,180,505,379	11,442,252,265	3,857,614,871

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

FOOTHILLS EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	Preferred stock		Common stock		Additional Paid in	Stocks	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	to be Issued	Deficit	Equity
Balance as of December 31, 2021	**10,000,000**	**$ 2,000**	**9,687,625,597**	**$ 968,000**	**$ 34,652,000**	**$ 16,000**	**$ (69,211,000)**	**$ (33,573,000)**
Common stock issued for conversion of notes	–	–	969,321,778	97,000	389,000	–	–	486,000
Common stock issued for conversion of accrued interest on notes payable	–	–	162,678,222	16,000	66,000	–	–	82,000
Fair value of warrants issued with note payable	–	–	–	–	196,000	–	–	196,000
Net loss	–	–	–	–	–	–	(523,000)	(523,000)
Balance as of March 31, 2022	**10,000,000**	**$ 2,000**	**10,819,625,597**	**$ 1,081,000**	**$ 35,303,000**	**$ 16,000**	**$ (69,734,000)**	**$ (33,332,000)**
Common stock issued for conversion of notes	–	–	1,192,108,667	119,000	178,000	–	–	297,000
Common stock issued for conversion of accrued interest on notes payable	–	–	69,891,333	7,000	10,000	–	–	17,000
Fair value of warrants issued with note payable	–	–	–	–	185,000	–	–	185,000
Net loss	–	–	–	–	–	–	(1,691,000)	(1,691,000)
Balance as of June 30, 2022	**10,000,000**	**$ 2,000**	**12,081,625,597**	**$ 1,207,000**	**$ 35,676,000**	**$ 16,000**	**$ (71,425,000)**	**$ (34,524,000**
Common stock issued for conversion of notes	–	–	325,183,556	33,000	65,000	–	–	98,000
Common stock issued for conversion of accrued interest on notes payable	–	–	25,816,444	3,000	5,000	–	–	8,000
Cancellation of shares	–	–	(95,049,222)	(10,000)	10,000	–	–	–
Fair value of common stock issued with note payable	–	–	750,000	75,000	54,000	–	–	129,000
Net loss	–	–	–	–	–	–	(19,887,000)	(19,887,000)
Balance as of September 30, 2022	**10,000,000**	**$ 2,000**	**13,087,576,375**	**$ 1,308,000**	**$ 35,810,000**	**$ 16,000**	**$ (91,312,000)**	**$ (54,176,000)**

	Preferred stock		Common stock		Additional Paid in	Stocks	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	to be Issued	Deficit	Equity
Balance as of December 31, 2020	**10,000,000**	**$ 1,000**	**1,414,219,113**	**$ 141,000**	**$ 18,152,000**	**$ 16,000**	**$ (34,503,000)**	**$ (16,193,000)**
Common stock issued for conversion of notes	–	–	131,911,045	13,000	194,000	–	–	207,000
Warrant exercises	–	–	590,146,953	59,000	(59,000)	–	–	–
Net loss	–	–	–	–	–	–	(27,537,000)	(27,537,000)
Balance as of March 31, 2021	**10,000,000**	**$ 1,000**	**2,136,277,111**	**$ 213,000**	**$ 18,287,000**	**$ 16,000**	**$ (62,040,000)**	**$ (43,523,000)**
Common stock issued for conversion of notes and accrued interest	–	–	1,005,485,825	101,000	220,000	–	–	321,000
Warrant exercises	–	–	1,849,274,398	185,000	(185,000)	–	–	–
Net income	–	–	–	–	–	–	23,107,000	23,107,000
Balance as of June 30, 2021	**10,000,000**	**$ 1,000**	**4,991,037,334**	**$ 499,000**	**18,322,000**	**$ 16,000**	**$ (38,933,000)**	**$ (20,095,000)**
Common stock issued for conversion of notes and accrued interest	–	–	2,315,000,000	232,000	(66,000)	–	–	166,000
Common stock issued for services	–	–	12,588,263	1,000	35,000	–	–	36,000
Net loss	–	–	–	–	–	–	(1,363,000)	(1,363,000)
Balance as of September 30, 2021	**10,000,000**	**$ 1,000**	**7,318,625,597**	**$ 732,000**	**18,291,000**	**$ 16,000**	**$ (40,357,000)**	**$ (21,251,000)**

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

FOOTHILLS EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30,

	2022	2021
Cash Flows from Operating Activities		
Net income (loss)	$ (22,101,000)	$ (5,792,000)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation, depletion, amortization, and accretion	222,000	59,000
Amortization of debt discount	1,994,000	161,000
Interest expense	5,955,000	5,453,000
Change in derivative liabilities	12,483,000	6,511,000
Gain on extinguishment of debt	610,000	(6,986,000)
Common stock issued for financing charges	–	1,000
Loss (gain) on sale of property	–	(279,000)
Equity instruments issued for services	–	36,000
Common stock issued for default interest	–	372,000
Accretion of asset retirement obligation	13,000	–
Net change in right of use asset and liability	(1,000)	
Changes in operating assets and liabilities:		
Accounts receivable	(8,000)	(314,000)
Prepaid expenses	18,000	97,000
Surety and performance bonds	(25,000)	120,000
Accounts payable and accrued liabilities	(242,000)	(1,341,000
Net cash used in operating activities	(1,082,000)	(1,902,000)
Cash Flows from Investing Activities		
Payments for acquisition of oil and gas property	(193,000)	(131,000)
Net cash used investing activities	(193,000)	(131,000)
Cash Flows from Financing Activities		
Repayment to notes payable and interest	(10,000)	(5,000)
Proceeds from PPP loan	–	–
Repayment to convertible note payable	–	(1,449,000)
Proceeds from convertible note payable	951,000	4,718,000
Net cash provided by financing activities	941,000	3,264,000
Net increase (decrease) in cash and cash equivalents	(334,000)	1,231,000
Cash and Cash Equivalents, beginning of period	340,000	130,000
Cash and Cash Equivalents, end of period	$ 6,000	$ 1,361,000
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ –	$ –
Cash paid for income taxes	$ –	$ –
Non-Cash investing and financing activities:		
Fair value of warrants issued with note payable	$ 381,000	$ –
Cancellation of shares	$ 10,000	$ –
Fair value of common stock issued with notes payable	$ 129,000	$ –
Conversion of notes payable and accrued interest	$ 125,000	$ 312,000

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

FOOTHILLS EXPLORATION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 – Organization

Business

Foothills Exploration, Inc., ("Company," "Foothills Exploration," or "Foothills") was incorporated in the state of Delaware on May 13, 2010, under the name Key Link Assets Corp.

The consolidated balance sheets include the accounts of the Company, and its wholly owned direct and indirect subsidiaries, Foothills Exploration, Inc. ("FTXP"), Foothills Petroleum, Inc. ("FPI"), Foothills Exploration, LLC ("FEL"), Foothills Petroleum Operating, Inc. ("FPOI"), Foothills Exploration Operating, Inc. ("FEOI"), Tiger Energy Partners International, LLC ("TEPI"), Clear Elite Holdings Limited ("CEH"), Prominent Sino Holdings Limited ("PSH"), Value Train Investments Limited ("VTI"), Foothills Production I, LLC ("FP I"), (Foothills Production II, LLC ("FP II"), Golden Giants Limited ("GG"), NTE-Utah, LLC ("NTE"), Tiger Energy Operating, LLC ("TEO"), Tiger Energy Mineral Leasing, LLC ("TEML"), Energy Transition Holdings, LLC ("ETH"), New Energy Ventures, LLC ("NEV"), Dragonfly Energy, Inc. ("DEI"), Anaconda Energy, LLC ("AE"), WHZ Oil & Gas, LLC ("WHZ"), DDC Oil Co. ("DDC") and Dedica Energy Corporation ("DEC").

The Company's oil and gas operations are conducted by its wholly owned indirect subsidiaries. FEL is a qualified oil and gas operator in the states of Wyoming and Colorado, and TEO is a qualified oil and gas operator in the state of Utah. WHZ is a qualified oil and gas operator in the states of Illinois and Oklahoma.

The Company's operating entities have historically employed, and will continue in the future to employ, on an as-needed basis, the services of drilling contractors, other drilling related vendors, field service companies and professional petroleum engineers, geologists, and landmen as required in connection with future drilling and production operations.

Going Concern

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has a working capital deficit at September 30, 2022, of $54,817,000 and has limited sources of revenue. These conditions have raised substantial doubt as to the Company's ability to continue as a going concern for one year from the issuance of the financial statements. These financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

To address these matters, the Company is actively meeting with investors for possible equity investments, including business combinations; investigating other possible sources to refinance our existing debt; and in continuing discussions with various individuals and groups that could be willing to provide capital to fund operations and growth of the Company.

Note 2 – Significant Accounting Policies

Principles of Consolidation

The financial statements include the accounts of Foothills Exploration, Inc., and all of its direct and indirect wholly owned subsidiaries including Foothills Petroleum, Inc., Foothills Exploration, LLC, Foothills Petroleum Operating, Inc., Foothills Exploration Operating, Inc., Tiger Energy Partners International, LLC, Clear Elite Holdings Limited, Prominent Sino Holdings Limited, Value Train Investments Limited, Foothills Production I, LLC, (Foothills Production II, LLC, Golden Giants Limited, NTE-Utah, LLC, Tiger Energy Operating, LLC, Tiger Energy Mineral Leasing, LLC, Energy Transition Holdings, LLC, New Energy Ventures, LLC, Dragonfly Energy, Inc., Anaconda Energy, LLC, WHZ Oil & Gas, LLC, DDC Oil Co. and Dedica Energy Corporation. Intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation and Functional Currency

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are expressed in United States dollars (USD).

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP and 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents are recorded at cost, which approximates its fair value. As of September 30, 2022 and December 31, 2021, the Company held only cash deposits at a financial institution.

Restricted Cash

Cash and cash equivalents that are restricted as to withdrawal or use under the terms of certain contractual agreements are recorded in restricted cash in the current assets section of our consolidated balance sheet. At September 30, 2022 and December 31, 2021, the Company had restricted cash of $120,000 and $120,000, respectively. This amount is being held in escrow for the benefit of the State of Utah for certain properties located in Utah, covered under a certain Modification to Stipulated Order between the Utah Division of Oil, Gas and Mining and TEPI dated August 1, 2014 (Case No. SI/TA-102). These funds will be released to the Company once the Company finishes its reclamation of the various wells in question.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are stated at the historical carrying amount net of an allowance for uncollectible accounts. The carrying amount of the Company's accounts receivable approximates fair value because of the short-term nature of the instruments. The Company routinely assesses the collectability of all material trade and other receivables.

Trade accounts receivable comprise receivables from joint interest owners which are recorded when the Company incurs expenses on behalf of the non-operator interest owners of the properties the Company operates.

The Company's oil and gas revenues receivable comprise receivables from purchasers of the Company's production of oil and gas and other hydrocarbons and from operators of properties in which the Company has a non-operated interest, as well as from joint interest owners of properties the Company operates.

EOG Resources, Inc. ("EOG"), is the operator of two wells in which the Company has a 21.62% working interest. The Company has been informed that EOG will apply to unpaid invoices of the Company's share of costs to drill two wells until EOG has recovered those costs.

The Company's reported balance of accounts receivable, net of allowance for doubtful accounts, represents management's estimate of the amount that ultimately will be realized in cash or used in the future to offset an operator's joint interest billings.

The Company reviews the adequacy of the allowance for doubtful accounts on an ongoing basis, using historical payment trends, the age of the receivables and knowledge of the individual customers or joint interest owners. When the analysis indicates, management increases or decreases the allowance accordingly. However, if the financial condition of our customers were to deteriorate, additional allowances might be required.

Prepaid Expense

Prepaid expenses are assets held by the Company, which are expected to be realized and consumed within twelve months after the reporting period.

Oil and Gas Properties

The Company follows the full cost method of accounting for its investments in oil and gas properties. Under the full cost method, all costs associated with the exploration of properties are capitalized into appropriate cost centers within the full cost pool. Internal costs that are capitalized are limited to those costs that can be directly identified with acquisition, exploration, and development activities undertaken and do not include any costs related to production, general corporate overhead, or similar activities. Cost centers are established on a country-by-country basis.

Capitalized costs within the cost centers are amortized on the unit-of-production basis using proved oil and gas reserves. The cost of investments in unevaluated properties and major development projects are excluded from capitalized costs to be amortized until it is determined whether or not proved reserves can be assigned to the properties. Until such a determination is made, the properties are assessed annually to ascertain whether impairment has occurred. The costs of drilling exploratory dry holes are included in the amortization base immediately upon determination that the well is dry.

For each cost center, capitalized costs are subject to an annual ceiling test, in which the costs shall not exceed the cost center ceiling. The cost center ceiling is equal to: (i) the present value of estimated future net revenues computed by applying current prices of oil and gas reserves (with consideration of price changes only to the extent provided by contractual arrangements) to estimated future production of proved oil and gas reserves as of the date of the latest balance sheet presented, less estimated future expenditures (based on current costs) to be incurred in developing and producing the proved reserves computed using a discount factor of ten percent and assuming continuation of existing economic conditions; plus (ii) the cost of properties not being amortized; plus (iii) the lower of cost or estimated fair value of unproved properties included in the costs being amortized; and less (iv) income tax effects related to differences between the book and tax basis of the properties. If unamortized costs capitalized within a cost center, less related deferred income taxes, exceed the cost center ceiling, the excess is charged to expense and separately disclosed during the period in which the excess occurs.

Support Facilities and Equipment

Our support facilities and equipment are generally located in proximity to certain of our principal fields. Depreciation of these support facilities is calculated on a units-of-production basis.

Maintenance and repair costs that do not extend the useful lives of property and equipment are charged to expense as incurred.

Proved Reserves

Estimates of the Company's proved reserves included in this report are prepared in accordance with US GAAP and guidelines from the United States Securities and Exchange Commission ("SEC"). The Company's engineering estimates of proved oil and natural gas reserves directly impact financial accounting estimates, including depreciation, depletion, and amortization expense and impairment. Proved oil and natural gas reserves are the estimated quantities of oil and natural gas reserves that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under period-end economic and operating conditions. The process of estimating quantities of proved reserves is very complex, requiring significant subjective decisions in the evaluation of all geological, engineering and economic data for each reservoir. The accuracy of a reserves estimate is a function of: (i) the quality and quantity of available data; (ii) the interpretation of that data; (iii) the accuracy of various mandated economic assumptions, and (iv) the judgment of the persons preparing the estimate. The data for a given reservoir may change substantially over time as a result of numerous factors, including additional development activity, evolving production history and continual reassessment of the viability of production under varying economic conditions. Changes in oil and natural gas prices, operating costs, and expected performance from a given reservoir also will result in revisions to the amount of the Company's estimated proved reserves. The Company engages independent reserve engineers to estimate its proved reserves.

Fixed Assets

The Company capitalizes expenditures related to property and equipment not directly associated with our production of oil and gas, subject to a minimum rule, that have a useful life greater than one year for: (1) assets purchased; (2) existing assets that are replaced, improved or the useful lives have been extended; or (3) all land, regardless of cost, acquisitions of new assets, additions, replacements and improvements (other than land) costing less than the minimum rule in addition to maintenance and repair costs, including any planned major maintenance activities, are expensed as incurred.

Asset Retirement Obligations

The Company follows the provisions of the Accounting Standards Codification ASC 410 – Asset Retirement and Environmental Obligations. The fair value of an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The present value of the estimated asset retirement costs is capitalized as part of the carrying amount of the long-lived asset. The Company's asset retirement obligations relate to the abandonment of oil and gas producing facilities and facilities that support the production of oil and gas. The amounts recognized are based upon numerous estimates and assumptions, including future retirement costs, future inflation rates and the credit-adjusted risk-free interest rate. After recording these amounts, the ARO will be accreted to its future estimated value using the same assumed cost of funds, and the capitalized costs are depreciated on a unit-of-production basis. Both the accretion and the depreciation will be included in depreciation, depletion and amortization expense on our consolidated statements of operations.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities and short-term debt, the carrying amounts approximate their fair values due to their short maturities. ASC Topic 820, "Fair Value Measurements and Disclosures," requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 825, "Financial Instruments," defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Company considers active markets as those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability. This category includes those derivative instruments that the Company values using observable market data. Substantially all of these inputs are observable in the marketplace throughout the term of the derivative instruments, can be derived from observable data, or supported by observable levels at which transactions are executed in the marketplace.

- Level 3: Measured based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources (i.e., supported by little or no market activity). Level 3 instruments include derivative warrant instruments. The Company does not have sufficient corroborating evidence to support classifying these assets and liabilities as Level 1 or Level 2.

The Company analyzes all financial instruments with features of both liabilities and equity under ASC 480, "Distinguishing Liabilities from Equity," and ASC 815. The carrying amounts of the Company's financial assets and liabilities, including cash, prepaid expenses, accounts payable, accrued expenses, and other current liabilities, approximate their fair values because of the short maturity of these instruments. The fair value of notes payable and convertible notes approximates their fair values since the current interest rates and terms on these obligations are the same as prevailing market rates.

Certain of the Company's debt and equity instruments include embedded derivatives that require bifurcation from the host contract under the provisions of ASC 815-40, Derivatives and Hedging. The estimated fair value of the derivative warrant instruments was calculated using a Black Scholes valuation model. During the fiscal year ended 2020, all derivative liability was written off.

The Company did not identify any other assets and liabilities that are required to be presented on the consolidated balance sheet at fair value.

Revenue Recognition

The Company recognizes revenue in accordance with the requirements of ASC 606, which directs that it should recognize revenue when a customer obtains control of promised goods or services for an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. All of our revenue is attributable to sales of oil, gas, and other hydrocarbons which are sold daily, with sales aggregated on a monthly basis. In the case of revenue received for a non-operated working interest, we are paid by the operator, which is a joint interest partner and not the purchaser of the product. In the case of revenue received for an operated working interest, we are paid by the marketer to whom we sell the commodities directly pursuant to contractual arrangements.

Debt Issuance Costs, Debt Discount and Detachable Debt-Related Warrants

Costs incurred to issue debt are deferred and recorded as a reduction to the debt balance in our consolidated balance sheets. We amortize debt issuance costs over the expected term of the related debt using the effective interest method. Debt discounts relate to the relative fair value of warrants issued in conjunction with the debt and are also recorded as a reduction to the debt balance and accreted over the expected term of the debt to interest expense using the effective interest method.

Net Earnings (Loss) Per Common Share

We use ASC 260, "*Earnings Per Share*" for calculating the basic and diluted earnings (loss) per share. We compute basic earnings (loss) per share by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted earnings (loss) per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options and warrants and stock awards. For periods with a net loss, basic and diluted loss per share are the same, in that any potential common stock equivalents would have the effect of being anti-dilutive in the computation of net loss per share.

Income Taxes

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

Stock-Based Compensation

All share-based payments, including grants of stock to employees, directors and consultants, are recognized in the consolidated financial statements based upon their estimated fair values.

The Company accounts for stock, stock options, and stock warrants issued for services and compensation by employees under the fair value method. For non-employees, the fair market value of the Company's stock is measured on the date of stock issuance or the date an option/warrant is granted as appropriate under ASC 718 "Compensation – Stock Compensation." The Company determined the fair market value of the warrants/options issued under the Black-Scholes Pricing Model. Under the provisions ASC 718, share-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant).

The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows ASC Topic 718. As such, the value of the applicable stock-based compensation is periodically re-measured and income or expense is recognized during their vesting terms. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is primarily recognized over the term of the consulting agreement. In accordance with FASB guidance, an asset acquired in exchange for the issuance of fully vested, non-forfeitable equity instruments should not be presented or classified as an offset to equity on the grantor's balance sheet once the equity instrument is granted for accounting purposes.

Recent Accounting Pronouncements

Changes to accounting principles are established by the FASB in the form of ASUs to the FASB's Codification. We consider the applicability and impact of all ASUs on our financial position, results of operations, cash flows, or presentation thereof. Described below are ASUs that are not yet effective, but may be applicable to our financial position, results of operations, cash flows, or presentation thereof. ASUs not listed below were assessed and determined to not be applicable to our financial position, results of operations, cash flows, or presentation thereof.

In August 2020, the FASB issued ASU 2020-06, “Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity”, to reduce complexity in applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 is effective for interim and annual periods beginning after December 15, 2023, with early adoption permitted. We are currently evaluating the impact of this guidance.

Note 3 – Property and Equipment

Oil and Gas Properties

The Company’s oil and gas properties as of September 30, 2022 and December 31, 2021 are located in the United States of America.

The following table provides the details of oil and gas properties, net of depletion, depreciation, amortization, and impairment as of September 30, 2022 and December 31, 2021:

Oil and gas properties, full cost accounting	**September 30, 2022**	**December 31, 2021**
Unproved leasehold (1)	$ 156,000	$ 97,000
Proved leasehold and Properties subject to depletion, net of depletion	601,000	673,000
Total	757,000	770,000
Support facilities and equipment, net	47,000	65,000
Net oil and gas properties	$ 804,000	$ 835,000

(1) Not subject to depletion.

Year Incurred	**Acquisition Costs**	**Exploration and Development Costs**	**Disposition of Assets**	**Depreciation, Depletion, Amortization, and Impairment**	**Total**
2016 and prior	$ 10,253,000	$ 1,181,000	$ –	$ –	$ 11,434,000
2017	–	3,224,000	–	(1,526,000)	1,698,000
2018	–	1,898,000	–	(2,887,000)	(989,000)
2019	657,000	537,000	–	(12,421,000)	(11,227,000)
2020	–	24,000	–	(520,000)	(496,000)
2021	311,000	217,000	–	(178,000)	350,000
2022	–	193,000	–	(206,000)	(13,000)
Total	$ 11,221,000	$ 7,274,000	$ –	$ (17,738,000)	$ 757,000

Note 4 – Asset Retirement Obligation

The following table provides a reconciliation of the changes in the estimated present value of asset retirement obligations as of September 30, 2022 and December 31, 2021:

	September 30, 2022	**December 31, 2021**
Beginning asset retirement obligations	$ 209,000	$ 30,000
Liabilities incurred during the period	-	177,000
Accretion expense	13,000	2,000
Ending asset retirement obligations	$ 222,000	$ 209,000

Accretion expense for the three months ended September 30, 2022 and year ended December 31, 2021 were $4,000 and $2,000, respectively.

Note 5 – Notes Payable

The following table summarizes the outstanding amounts of our notes payable as of September 30, 2022 and December 31, 2021:

	2022	2021
Balance, beginning	$ 12,576,000	$ 12,591,000
Additions	–	–
Payment	–	(15,000)
Novation	–	–
Balance, end	$ 12,576,000	$ 12,576,000
Less: current portion	12,576,000	12,576,000
Notes payable, net of current portion	$ –	$ –

(1) On December 30, 2016, the Company issued a promissory note in the principal amount of USD $6,000,000 to Total Belief Limited (TBL), a wholly owned subsidiary of New Time Energy Corporation, in connection with certain oil and gas assets acquired on December 30, 2016. These assets include certain oil and gas wells throughout the Uinta Basin in Utah on acreage with over 30 proved undeveloped drilling locations, additional non-operating interest in other leases, and access to approximately 6,000 acres in the Uinta Basin with proven and probable reserves and existing infrastructure in place. This note bears no interest during its term. The Company recorded $342,804 of imputed interest as debt discount. Starting from July 1, 2018 the note bears 10% annual interest. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $6,000,000.

(2) On September 29, 2017, the Company issued to an unaffiliated investor a promissory note and three tranches of warrants for an aggregate consideration of $250,000. The Note recites that it accrues no interest if paid when due and is due and payable on January 2, 2018. If principal is not paid on or before maturity, interest will accrue at the rate of 15% per year until paid. On November 6, 2017, the Company agreed to compensate the investor with 75,000 shares of the Company's restricted common stock in connection with a more favorable term of a note entered into with FirstFire Global Opportunities Fund, LLC ("FirstFire"). On December 30, 2017, the Company and the investor agreed to extend the maturity date of this Note to January 23, 2018, in return for a payment at maturity of the principal, accrued interest as provided in the Note, plus 30,000 shares of the Company's restricted common stock. Because the fair value of the shares was greater than 10% of the present value of the remaining cash flows under the Note, the issuance of the shares in connection with a more favorable term of a note entered with FirstFire was treated as a debt extinguishment and reissuance of a new debt instrument pursuant to the guidance of ASC 470-50.

Since January 23, 2018, the Company and the investor have been in ongoing discussions to extend the term of this Note. On March 28, 2018, the investor acknowledged that the Company is not in default regarding this Note and reaffirmed its belief that the Company will either extend the Note's due date or repay its obligation on terms that are mutually satisfactory. The warrants have the following terms:

- 375,000 warrants to purchase 375,000 shares of common stock of the Company at a strike price of $0.665 per share expiring on September 29, 2019;
- 375,000 warrants to purchase 375,000 shares of common stock of the Company at a strike price of $1.25 per share expiring on September 29, 2020; and
- 185,000 warrants to purchase 185,000 shares of common stock of the Company at a strike price of $2.00 per share expiring on September 29, 2020.

The aggregate relative fair value of three tranches of warrants was determined to be $105,000 on September 29, 2017, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 94%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 2-3 years. $2,536 imputed interest was recorded as debt discount. $2,536 was determined using the present value method based on the following assumptions: (i) adjusted interest rate 4% (ii) expected life of 0.26 year. The aggregate value of the warrants and imputed interest of $107,536 was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note.

Each tranche of warrants is subject to down round adjustment provisions if the Company during the term of that tranche issues additional securities for consideration per share, after giving effect to fees, commission and expenses, that is less, or which on conversion or exercise of the underlying security is less, than $0.665 per share (as adjusted for any change resulting from forward or reverse splits, stock dividends and similar events).

To satisfy most favored nation provisions in previously entered securities purchase agreements that are triggered by the transaction described above, the Company issued 136,015 shares of common stock and warrants to purchase 136,015 shares of common stock, in the aggregate, to certain investors who purchased units from the Company, at a $1.00 per unit, with each unit consisting of one share and one warrant. See the Company's Current Report on the Form 8-K filed with the SEC on June 5, 2017. Of this amount, 100,752 shares and warrants to purchase 100,752 shares of common stock will be issued to Wilshire Energy Partners LLC, an entity controlled by Kevin J. Sylla, our Executive Chairman and Chief Executive Officer of FPI. The exercise price of these investor warrants was adjusted to $0.665 per share. We measured the value of the effect of the down round feature as the difference between the fair value of the financial instrument at an original exercise price of $1.50 and an adjusted exercise price of $0.665 and, as a result, $59,801 was recorded as down round feature as interest expense under ASC 260-10-30-1. The Company determined the amount of $59,801 using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 94%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 3 years. As of the Reporting Period, this note is past due, but not in default has an outstanding balance of $250,000.

(3) On November 1, 2017, a promissory note in the principal amount of $120,629 was issued for services rendered, bearing an interest rate of 12% per annum, which matured on June 30, 2018. On August 22, 2018, the Note Holder agreed to defer repayment of this note to a later date and acknowledged that the Company is not in default regarding this Debenture. As partial consideration for the deferment, the Company agreed to issue the Note Holder 60,000 shares of its restricted common stock. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $110,629.

(4) On July 19, 2018, the Company issued a promissory note in the principal amount of $38,000 from an unaffiliated investor with an original discount of $3,207 (the "Note"). The Note bears interest at 10% per year and matured on August 6, 2018. In connection with the issuance of this note, the Company issued 300,000 shares for late SEC filing, valued at $36,000. $74 imputed interest was recorded as debt discount. $74 was determined using the present value method based on the following assumptions: (i) adjusted interest rate 4% (ii) expected life of 0.05 year. The relative aggregate value of the shares and imputed interest was determined to be $32,793 using the allocation of proceed, $32,793 was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note. Pursuant to this Note, the investor shall be assigned an undivided two percent (2%) overriding royalty of all oil, gas, and other minerals and hydrocarbons produced, saved, and sold from each well now or hereinafter located on certain leases and wells owned by the Company.

On August 23, 2018, the lender agreed to defer repayment of this note to a later date and acknowledged that the Company is not in default regarding this Debenture, and as consideration for the extension, the Company agreed to compensate the lender with 15,000 shares of restricted common stock valued at $1,950. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50. As of the Reporting Period, this note is past due, but not in default has an outstanding balance of $38,000.

(5) On September 14, 2018, the Company issued a promissory note in the principal amount of $100,000 from an unaffiliated investor, bearing an interest rate of 9% per annum, which matured on December 15, 2018. In connection with the issuance of this note, the Company issued 250,000 shares of its common stock, valued at $22,500, which was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note. As of the Reporting Period, this note is past due, but not in default has an outstanding balance of $100,000.

(6) On October 22, 2018, the Company issued a promissory note in the principal amount of $50,000 (the "Note") with a Volumetric Production Payment ("VPP") equal to 1,250 barrels of oil equivalent ("BOE"). The Note matured on October 22, 2019, with the principal and accrued unpaid interest due in full at Maturity. VPP will be made after deduction of 20% royalties due to mineral owners, paid within the term on the Note and at the discretion of the Company as to amount and volume; provided, however, that the VPP for any month shall not be less than 5% of the month's total crude oil sales. Payment may be made "in-kind" at the election of the Investor. If election is made by Investor to be paid "in-kind," then Investor shall bear responsibility for paying mineral owner royalties due on said "in-kind" payments. All VPP's to be made from the production of the Company's operating subsidiaries, Foothills Exploration Operating, Inc. and Tiger Energy Operating, LLC, from the well bores of the Company's Duck Creek wells, subject to the terms of the Leases covering such wells. Such VPP will continue until paid in full, regardless of payment in full of the Note and shall be secured by the assets. In the event that the West Texas Intermediate (WTI) crude oil market price closes below

USD $40.00 per barrel for 10 consecutive trading days, the Investor shall be allocated a revised VPP equal to 2 times the remaining VPP barrels left over at that time.

Pursuant to this Note, the investor shall be assigned an un undivided one-half percent (0.5%) overriding royalty interest ("ORRI") in all oil, gas and other minerals produced, saved, and marketed from each well now or hereinafter located on wells owned by the Company, subject to the terms of the Leases covering such wells. Upon any default in payment of principal hereunder, the Company shall pay interest on the principal balance of this Note then outstanding and on the accrued but unpaid interest from the date of such default until such default is cured and the Note paid in full at the rate of Fifteen Percent (15%). The Company agreed to issue the investor 200,000 shares of the Company's restricted common stock as additional consideration for entering into the Note with the Company, valued at $16,000, which was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note.

Pursuant to this Note, Investor has the right to participate in any future offering by the Company for a period of twelve (12) months for an amount equal to the principal amount detailed in this Term Sheet. So long as the Note is outstanding, if the Company enters into a subsequent financing with another individual or entity (a third party) on terms that are more favorable to that third party, the agreements between the Company and the investor shall be amended to include such better terms. As of the Reporting Period, this note is past due, but not in default has an outstanding balance of $40,000.

(7) On February 5, 2019, the Company issued a discounted debenture in the principal amount of $209,525 from an unaffiliated investor with an original issue discount of $33,524 (the "Note"). The Note matured on February 5, 2020 and bears 10% interest. The Company failed to pay $71,000 principal payment, which was due on March 15, 2019. As the result, we incurred $100,000 penalty and interest was increased to 15%. As of the Reporting Period, this note is past due, but not in default has an outstanding balance of $209,225.

(8) On January 17, 2020, the Company borrowed $220,000 from an unaffiliated investor with an original discount of $20,000. The Note has a maturity date of April 17, 2020 and bears 12.5% interest. As of December 31, 2021, unamortized debt discount was $0 and $220,000 of principal was outstanding under the Note. As of the Reporting Period, this note is past due, but not in default has an outstanding balance of $220,000.

(9) On August 4, 2020, the Company closed on a bridge note transaction with an unaffiliated third party for a 0% interest short-term bridge note (the "Bridge Note") in the principal amount of $130,405, bearing a 10% original issue discount, netting the Company proceeds of $118,550. Terms of the agreement include a personal guaranty signed by the Company's Executive Chairman. As of the Reporting Period, this note is past due, but not in default has an outstanding balance of $130,405.

(10) On January 18, 2020, the Company entered into a Deed of Novation and Assignment (Novation) with Beijing Gas Blue Sky Holdings Limited (BGBS) in the amount of $5,476,505 (Novation Amount), wherein BGBS assumed the Company's debenture with Berwin Trading Limited (Berwin) in the principal amount of $1,250,000 and the Company's bridge note with Profit Well Limited (Profit Well) in the principal amount of $1,050,000, plus all accrued unpaid interest and default interest due and payable under both agreements. As part of the Novation, Berwin and Profit Well assigned their respective debenture and bridge note and transferred all their respective rights, title, and interests pursuant thereto to BGBS. In November and December 2019, BGBS also provided two bridge loans to an indirect subsidiary of the Company for the combined total of $140,000, which sum was also included in the Novation Amount. The new maturity date pursuant to the Novation for the combined total balance of $5,476,505 is December 31, 2023, and the new note created therein bears interest at 13.5% per annum accruing from the date of the Novation. Pursuant to the Novation, the Company agreed to make quarterly interest payments in the approximate amount of $184,832 with the first such interest payment due on January 20, 2022. All sums due pursuant to the Novation are secured and collateralized by a security interest in the Company's Ute Tribal North properties. As of reporting period, this note has an outstanding balance of $5,476,505.

During the nine months ended September 30, 2022 and 2021, the Company incurred $1,071,000 and $366,000 of interest expense, respectively.

Note 6 – Convertible Notes Payable

The following table summarizes the outstanding amounts of our Convertible notes payable as of September 30, 2022 and December 31, 2021:

	2022	2021
Principal		
Balance, beginning of the year	$ 5,502,000	$ 1,950,000
Additions	1,083,000	5,275,000
Payments	–	(1,356,000)
Conversions	(112,000)	(367,000)
Balance, end of the year	$ 6,473,000	$ 5,502,000
Less: current portion	6,473,000	5,502,000
Convertible notes payable – net of current portion	$ –	$ –
Discount		
Balance, beginning of the year	1,636,000	–
Additions	642,000	2,972,000
Amortizations	(1,994,000)	(1,336,000)
Balance, end of year	284,000	1,636,000
Net carrying amount	$ 6,189,000	$ 3,866,000

(1) On May 10, 2017, we entered into a convertible note agreement with an unrelated party, pursuant to which we borrowed $50,000 at an annual percentage rate of 10% with a term of 12 months, which is due on May 10, 2018. This note may, at the option of the lender, be converted at any time prior to May 10, 2018, into fully paid, restricted and non-assessable shares of common stock of the Company at a price equal to 100% of the selling price of such common stock in a private placement to institutional and/or accredited investors initiated by the Company during the term of this convertible note until May 10, 2018. On November 7, 2017, the Company issued 50,000 warrants to purchase 50,000 shares of common stock of the Company at a strike price of $1.00 per share expiring on May 7, 2019. If the Company fails to pay the principal and accrued unpaid interest due and payable to Lender on or before the due date of the convertible note, then the Lender shall be provided the right to convert at either $0.665 per share or upon the same terms offered in FirstFire Global Opportunities Fund, LLC Note's conversion options. The relative fair value of warrant was determined to be $3,381 on November 7, 2017, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 77%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 1.5 years. The issuance of the warrants in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50. On September 17, 2018, the note holder agreed to defer repayment of this note to December 15, 2018, the Company agreed to compensate the note holder with 50,000 shares of restricted common stock valued at $4,500. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $50,000.

(2) On August 11, 2018, the Company borrowed $44,000 from an unaffiliated investor, bearing an interest rate of 12.5% per annum and with a maturity date of February 11, 2020. As part of this transaction the Company also issued (i) warrants having a 24-month term, to purchase 100,000 shares of the Company's common stock at an exercise price of $0.665 per share and (ii) 44,000 shares of the Company's restricted common stock. The Note agreements give the lender the right to convert the loan amounts due into common stock at a fixed conversion price of $0.20. The aggregate relative fair value of the warrant was determined to be $9,035 on August 11, 2018, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 221%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 2 year. Fair value of 44,000 shares of common stock was determined to be $5,280 using market price. The aggregate value of the warrant and 44,000 shares of common stock of $14,315 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $44,000.

(4) On March 6, 2019, the Company closed on a loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated March 6, 2019, in the principal amount of $380,000, with an original issue discount of 10% and received proceeds of $338,000, with original discount of $42,000 including legal fees

(the “Labrys Note”). The Company utilized proceeds in part to pay (i) $110,000 to Labrys as partial repayment of a convertible promissory note issued on November 1, 2018 and (ii) $40,000 to the Company’s auditor. As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 608,000 shares of the Company’s restricted common stock, at an exercise price of $0.50 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price. As the result, the exercise price of the warrants was reset to the lesser of (i) 50% multiplied by the lowest trading price during the previous twenty (20) trading days prior to the issuance date or (ii) 50% multiplied by the lowest trading price during the previous twenty (20) trading days prior to the conversion date.

The Labrys Note accrues interest at 12% per year and was due and payable on September 6, 2019. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities.

Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at the conversion price which equal the lesser of (i) 50% multiplied by the lowest trading price during the previous twenty (20) trading days prior to the issuance date. (ii) 50% multiplied by the lowest trading price during the previous twenty (20) trading days prior to the conversion date.

The aggregate relative fair value of the warrant was determined to be $2,306,364 on March 6, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5 years. The fair value of the warrant of $158,860 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note. The conversion feature was recorded as a derivative valued at $2,599,866, of which $179,140 was expensed immediately to interest expense. $2,599,866 was determined using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 0.50 year. The fair value of the conversion feature of $179,140 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Labrys Note or in full upon the conversion of the Labrys Note. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $20,703.

(5) On March 18, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, (“Labrys”), pursuant to which, the Company issued a convertible promissory note dated March 18, 2021, in the principal amount of $535,000, with an original issue discount of 10% and received proceeds of $481,500, with original discount of $53,500 including legal fees (the “Labrys Note”). The Company utilized proceeds of $275,000 to retire and settle its two (2) outstanding convertible promissory notes with Power Up Lending Group, Ltd.: (i) a 12% convertible promissory note dated June 17, 2019 in the principal amount of $113,000 and (ii) a 12% convertible promissory note dated July 17, 2019 in the principal amount of $78,000. The Company also paid $75,000 to Firstfire Global Opportunities Fund, LLC (“Firstfire”), as the first of six installment payments pursuant to a settlement and release agreement executed with Firstfire on March 15, 2021. The Company also paid approximately $33,000 for the delay rental payments on the Company’s Wind River Basin leases. Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0055 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 116,304,347 shares of the Company’s restricted common stock, at a fixed exercise price of $0.0046 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrued interest at 12% per year and matured on March 18, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys

Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $535,000.

(6) On April 5, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated April 5, 2021, in the principal amount of $355,000, with an original issue discount of 10% and received proceeds of $319,500, with original discount of $35,500 including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0055 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 42,771,084 shares of the Company's restricted common stock, at a fixed exercise price of $0.0083 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrued interest at 12% per year and matured on April 5, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $355,000.

(7) On April 16, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated April 16, 2021, in the principal amount of $700,000, with an original issue discount of 10% and received proceeds of $630,000, with original discount of $70,000 including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.004 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 175,000,000 shares of the Company's restricted common stock, at a fixed exercise price of $0.004 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrued interest at 12% per year and matured on April 16, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $700,000.

(8) On May 18, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated May 18, 2021, in the principal amount of $555,000, with an original issue discount of 10% and received proceeds of $499,500, with original discount of $55,500 including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal

amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0017 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 296,791,443 shares of the Company's restricted common stock, at a fixed exercise price of $0.00187 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrued interest at 12% per year and matured on May 18, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $555,000.

(9) On May 28, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated May 28, 2021, in the principal amount of $485,000, with an original issue discount of 10% and received proceeds of $436,500, with original discount of $48,500 including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0012 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 367,424,242 shares of the Company's restricted common stock, at a fixed exercise price of $0.00132 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrued interest at 12% per year and matured on May 28, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $485,000

(10) On June 25, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated June 25, 2021, in the principal amount of $700,000, with an original issue discount of 10% and received proceeds of $630,000, with original discount of $70,000 including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0021 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 303,030,303 shares of the Company's restricted common stock, at a fixed exercise price of $0.00231 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrued interest at 12% per year and matured on June 25, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $700,000.

(11) On July 16, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated July 16, 2021, in the principal amount of $885,000, with an original issue discount of 10% and received proceeds of $796,500, with original discount of $88,500 including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.002 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 421,428,571 shares of the Company's restricted common stock, at a fixed exercise price of $0.0022 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on July 16, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of reporting period, this note has an outstanding balance of $885,000.

(12) On August 27, 2021, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated August 27, 2021, in the principal amount of $1,060,000, with an original issue discount of 10% and received proceeds of $955,000, with original discount of $105,000, including legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0018 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 530,000,000 shares of the Company's restricted common stock, at a fixed exercise price of $0.002 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on August 27, 2022. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $1,060,000.

(13) On February 22, 2022, the Company closed on a fixed-rate convertible loan transaction with Mast Hill Fund, L.P., a Delaware limited partnership, ("Mast Hill"), pursuant to which, the Company issued a convertible promissory note dated February 22, 2022,

in the principal amount of $390,000, with an original issue discount of 10% and received net proceeds of $325,900, after original issue discount of $39,000, broker-dealer fees and legal fees (the "Mast Hill Note"). Mast Hill has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Mast Hill Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0004 per share.

As part of this transaction the Company also issued Mast Hill warrants having a five-year term to purchase 975,000,000 shares of the Company's restricted common stock, at a fixed exercise price of $0.0004 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Mast Hill Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Mast Hill Note accrues interest at 12% per year and is due and payable on February 22, 2023. The Company may prepay the Mast Hill Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Mast Hill Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of reporting period, this note has an outstanding balance of $390,000.

(14) On May 2, 2022, the Company closed on a fixed-rate convertible loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated May 2, 2022, in the principal amount of $333,333.33, with an original issue discount of 10% and received net proceeds of $295,000, after original issue discount of $33,333.33, broker-dealer fees and legal fees (the "Labrys Note"). Labrys has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Labrys Note due into fully paid and non-assessable shares of common stock at a fixed conversion price equal to $0.0002 per share.

As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 1,666,666,650 shares of the Company's restricted common stock, at a fixed exercise price of $0.0002 per share, with a cashless exercise feature. The exercise price is subject to adjustment if the Company at any time while this warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any common stock or securities entitling any person or entity to acquire shares of common stock (upon conversion, exercise or otherwise) (including but not limited to under the Labrys Note), at an effective price per share less than the then exercise price. The exercise price shall be reduced to equal the effective price, and the number of warrant shares issuable hereunder shall be calculated by the original total number of warrant shares multiplied by the initial exercise price divided by the effective price.

The Labrys Note accrues interest at 12% per year and is due and payable on May 2, 2023. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. The default interest rate on the Labrys Note is 16% per year. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities. As of reporting period, this note has an outstanding balance of $333,333.33

(15) On June 30, 2022, the Company issued a short-term secured bridge note to an unaffiliated investor in the principal amount of $120,000 with an original issue discount of $20,000 and a purchase price of $100,000, which matured on August 30, 2022 (the "Note"). In connection with the issuance of the Note, the Company issued 250,000,000 shares of its common stock, valued at $63,000, which was considered as a debt discount upon issuance of the Note. The Note is secured by the Company's Illinois basin assets. As of the Reporting Period, this note is past due, but not in default and has an outstanding balance of $120,000.

(16) On August 3, 2022, the Company issued a short-term secured bridge note to an unaffiliated investor in the principal amount of $240,000 with an original issue discount of $40,000 and a purchase price of $200,000, which matured on August 30, 2022 (the "Note"). In connection with the issuance of the Note, the Company issued 500,000,000 shares of its common stock, valued at $126,000, which was considered as a debt discount upon issuance of the Note. As of the Reporting Period, the Note is past due, but not in default. The Note is secured by the Company's interest in the Illinois basin properties, Oklahoma leases and wells, and Wyoming state leases. As of the Reporting Period, the Note is past due, but not in default and has an outstanding balance of $240,000.

During the nine months ended September 30, 2022 and 2021, the Company incurred $2,587,000 and $139,000 of interest expense, respectively, including amortization of discount of $1,994,000 and $47,000, respectively. As of September 30, 2022 and December 31, 2021, the unamortized discount was $284,000 and $1,558,000, respectively.

Note 7 – Common Stock

During the nine months ended September 30, 2022, the Company issued 2,745,000,000 shares of common stock for the conversion of notes and accrued interest.

On August 22, 2022, the Company canceled 95,049,222 shares of common stock pursuant to the Final Judgement in SECURITIES AND EXCHANGE COMMISSION, v. CROWN BRIDGE PARTNERS, LLC, SOHEIL AHDOOT, and SEPAS AHDOOT, dated August 8, 2022.

During the nine months ended September 30, 2022, we had a total of 750,000,000 shares issuable pursuant to debt instruments executed during the reporting period. These shares were not issued until November 2022 (*see Note 9 – Subsequent Events below*).

As of September 30, 2022, the Company had 13,087,576,375 shares of common stock issued and outstanding, including the above 750,000,000 issuable shares, which were issued in November 2022.

During the year ended December 31, 2021, the Company issued 5,765,654,198 shares of common stock for the conversion of notes, accrued interest, and default payments.

During the year ended December 31, 2021, the Company issued 12,588,263 shares of common stock for services rendered.

During year ended December 31, 2021, the Company issued 2,439,421,351 shares of common stock pursuant to a cashless warrant exercise.

As of December 31, 2021, the Company had 9,687,625,597 shares issued and outstanding.

<u>Series A Preferred Stock</u>

On May 26, 2020, the Company's Board of Directors duly adopted a corporate resolution creating a series of preferred stock designated as the Series A Preferred Stock, comprised initially of 10,000,000 shares. On May 28, 2020, the Company filed a Certificate of Designation designating the rights and restrictions of its Series A Preferred Stock with the Delaware Secretary of State. Of the 25,000,000 preferred shares authorized at a par value of $0.0001 per share, 10,000,000 were designated as Series A Preferred Stock. The Series A Preferred Stock is convertible at the option of the holder into 200 common shares per one share of Series A Preferred Stock. The Series A Preferred Stock provides for liquidation and dividend rights on an as-if-converted basis into equivalent common shares. The Series A Preferred Stockholders have voting rights with the common shareholders on an as-if-converted basis. The holders of Series A Preferred Stock have the right, voting as a separate class, following a "Change of Control" (as defined), to elect a majority of the members of the Company's Board of Directors and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors.

On May 28, 2020, the Company issued 5,000,000 shares of Series A Preferred Stock to a related party, Beijing Gas Blue Sky Holding Limited, pursuant to an agreement dated April 6, 2020, yielding total cash proceeds of $50,000, net to the Company. As a condition of this transaction, the Company's Executive Chairman, Kevin J. Sylla, also agreed to convert $100,000 of outstanding debt owed to him by the Company into 5,000,000 shares of Series A Preferred Stock. Each share of Series A Preferred Stock is convertible into 200 shares of the Company's common stock. A total of 10,000,000 shares of Series A Preferred Stock convertible into 2,000,000,000 shares of common stock were issued.

Following closing of the Transaction, an Assignment of Overriding Royalty Interest ("ORRI") shall be recorded with the Fremont County recorder's office in the amount of two percent (2%) ORRI in 16,387 acres of oil and gas leases located in Fremont County, Wyoming known as the Wind River Project.

As an additional consideration, Beijing Gas Blue Sky Holdings Limited ("BGBS") will have a 15% initial stake in the joint venture vehicle or other designated vehicle to promote, market and develop the Company's Wind River basin project; whereby Foothills will contribute the leases, oil and gas expertise and the Investor will contribute global oil and gas expertise, advisory, business and capital partner introductions.

Note 8 – Commitments and Contingencies

Leases

Effective April 28, 2022, the Company entered a one-year lease, expiring April 30, 2023, for its Westlake Village, California, corporate office for a total cost of approximately $1,270 per month. The lease automatically renews each year for an additional one-year term unless landlord receives the Company's notice of intent to terminate at least ninety (90) days prior to the expiration of the current term. The Company records the $1,270 monthly office rental as rent expense.

On November 29, 2021, the Company entered into a new office lease, commencing December 1, 2021, for 370 square feet of office space in Park City, Utah, to serve as a field office for Company operations for a total cost of approximately $950 per month. The rental term expires on November 29, 2022, after which time tenancy shall be on a "month-to-month" basis subject to the terms of the lease agreement, unless the lease agreement is otherwise renewed or extended prior to expiration.

On September 15, 2021, the Company's indirect subsidiary, DDC Oil Company entered into an office lease in Mattoon, Illinois, ending on September 1, 2023, for $400 per month.

Total rent expense for the nine months ended September 30, 2022 and 2021 amounted to $13,320 and $7,620 respectively.

Title to Oil and Gas Properties

The Company owns the interest in its oil and gas properties and at times also relies on contracts with the owner or operator of the property, pursuant to which, among other things, the Company has the right to have its interest placed of record. As is customary in the oil and gas industry, we anticipate that a preliminary title examination will be conducted at the time unproved properties or interests are acquired by us. Prior to commencement of drilling operations on such acreage and prior to the acquisition of proved properties, Foothills will conduct a title examination and attempt to cure materially significant defects before proceeding with operations or the acquisition of proved properties, as it may deem appropriate.

The Company's properties are subject to royalty, overriding royalty and other interests customary in the industry, liens incident to agreements, current taxes and other burdens, minor encumbrances, easements, and restrictions. Foothills' Utah properties acquired from Total Belief Limited on December 30, 2016, are subject to a certain Bureau of Indian Affairs ("BIA") Administrative Appeal and a Ute Indian Tribe Global Settlement Agreement, each of which does or may affect title to some, all or none of the properties acquired. Foothills is currently attempting to cure title on these properties, subject to the outcome of the BIA Administrative Appeal, which is still ongoing as of the date of this Quarterly Report. To the extent that such defects or disputes exist and cannot be cured, the Company would suffer title failures, which could result in property valuation impairments and other material adverse consequences to its operations of the Company.

Legal Proceedings

The Company has determined that judgments rendered in the second quarter of 2018 in connection with all but four of the following legal proceedings against the Company are Type 1 subsequent events that provide additional evidence with respect to conditions that existed at the date of the balance sheet. Therefore, the financial statements reflect the effects of prejudgment judgments awards to plaintiffs through September 30, 2022, noted below in accordance with Auditing Standard 2801.03.

UTAH WELLS

Conquest Well Servicing, LLC vs. Foothills Exploration Operating, Inc. (Case No. 179800421 8th Judicial District Court in and for Uintah County, State of Utah)

Conquest Well Servicing, LLC ("Conquest") filed this action on September 11, 2017, for collection of unpaid services and materials in the amount of $49,689 in connection with a workover of wells in Uintah County, Utah. A Settlement Agreement and Stipulation to Entry of Judgment was agreed to by the parties and filed with the court on October 10, 2017. Judgment in the amount of $54,937.10 including $5,248.10 in pre-judgement interest was filed on December 18, 2017. An order requesting company asset inquiry was issued on February 20, 2018. A hearing on contempt by FEOI for failure to appear and an answer as to assets was set for September 13, 2018. A stipulation was filed with the court to continue the hearing to October 22, 2018. FEOI inadvertently failed to appear at this hearing, resulting in a contempt of court citation being issued. Currently, FEOI is seeking to reschedule this hearing and intends to purge any contempt by compliance with the court's order. There has been no change in the status of this matter as of the date of this Quarterly Report.

BIA Administrative Appeal – Tiger Energy Partners International, LLC

Notice of Appeal:	Dated May 8, 2013
Appellant:	Tiger Energy Partners International, LLC
Appellee:	Superintendent Uintah and Ouray Agency
Decision	April 12, 2013
Concerning:	Notice of Expiration of Oil and Gas Leases

This Administrative appeal concerns the ownership and validity of Northern Ute (the "Tribe") Tribal leases acquired by Tiger Energy Partners International, LLC ("TEPI") in a transaction with Mountain Oil and Gas and its affiliated companies. Pursuant to the Global Settlement Agreement ("GSA") negotiated between the Tribe and TEPI, the Company proposes to resolve any issues regarding the ownership of the subject leases and other lands thus acquired. The status of the appeal by TEPI remained unchanged as of the Reporting Period awaiting decision by the Regional Director of the BIA on the merits of the appeal. The decision of the Regional Director is stayed by the parties having entered into the GSA. The Tribe and Tiger remain in discussion regarding approval of the Global Settlement Agreement by the Regional Director. There has been no change in the status of this matter as of the date of this Quarterly Report.

EOG Resources, Inc. vs. Foothills Exploration Inc., f/k/a Foothills Exploration, LLC (Case No. 2021-73673 – 127th Judicial District Court in Harris County, Texas)

Plaintiff in this case is seeking collection of an unpaid debt stemming from the Company's 21.7% non-operated working interest in two Stagecoach Unit horizontal wells in Uintah County, Utah, both operated by EOG Resources. The civil suit filed on November 9, 2021, alleges the sum of $1,775,558.84 due as of September 2021, exclusive of interest remains unpaid on the Company's proportionate costs incurred by EOG in connection with the operation of the Stagecoach Unit. The Company filed its response to Plaintiff's petition on January 21, 2022. On February 17, 2022, Plaintiff filed its First Amended Petition. On February 21, 2022, the Company and Plaintiff both filed their respective initial disclosures with the court. On April 28, 2022, Plaintiff filed its first set of discovery requests to the Company. On May 31, 2022, the Company filed its response to Plaintiff's discovery requests. On June 6, 2022, the Company filed its first set of interrogatories, requests for production, and requests for admissions to Plaintiff. On July 5, 2022, Plaintiff filed its response to the Company's first set of interrogatories, requests for production, and requests for admissions. Litigation on this matter is ongoing as of the date of this quarterly report and the case is set for trial on February 6, 2023. The parties will attempt to mediate and settle the matter prior to trial.

As of September 30, 2022, and December 31, 2021, the balance of other liabilities was $1,122,000 and $1,122,000, respectively.

Note 9 – Subsequent Events

In November 2022, the Company issued a total of 750,000,000 shares of common stock to an unaffiliated investor pursuant to two bridge note agreements executed during the nine months ended September 30, 2022.

In November 2022, the Company reached a settlement agreement with Jefferson Street Capital, LLC, which retired and extinguished all of their remaining common stock purchase warrants issued in 2019, and cancelled their 498,086,349 irrevocable share reservation held by the Company's stock transfer agent.

In November 2022, the Company also reached a global settlement agreement with Labrys Fund, L.P. ("Labrys"), which retired and extinguished a total of eleven (11) variable-rate and fixed-rate convertible notes issued on various dates from November 1, 2018 to May 2, 2022, with a combined total principal face value of $6,368,333. This global settlement agreement also extinguished a total of twelve (12) common stock purchase warrants (all with cashless exercise provisions) and eleven (11) securities purchase agreements issued of same dates, for up to 3.9 billion shares of the Company's common stock and cancelling their corresponding irrevocable share reservation held by the Company's stock transfer agent. Labrys' sale of the Company's common stock for the following six (6) months will also be limited to twenty percent (20%) of the average daily volume traded on each respective trading day.