

**WESTERN SIERRA RESOURCE CORPORATION**

**AUDITED FINANCIAL STATEMENTS  
For the Years Ended December 31, 2020 and 2019**

**WESTERN SIERRA RESOURCE CORPORATION**

**AUDITED FINANCIAL STATEMENTS  
For the Years Ended December 31, 2020 and 2019**

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## **Report of Independent Registered Public Accounting Firm**

To the shareholders and the board of directors of Western Sierra Resource Corporation

### **Opinion on the Financial Statements**

We have audited the accompanying balance sheets of Western Sierra Resource Corporation as of December 31, 2020 and 2019, the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

### **Substantial Doubt about the Company's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and has a significant accumulated deficit. In addition, the Company continues to experience negative cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/S/ BF Borgers CPA PC  
**BF Borgers CPA PC**

We have served as the Company's auditor since 2021  
Lakewood, CO  
September 14, 2021

# WESTERN SIERRA RESOURCE CORPORATION

## Balance Sheets

### ASSETS

	December 31, <u>2020</u>	December 31, <u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 44	\$ 12,314
Prepaid expenses	<u>312,884</u>	<u>-</u>
Total Current Assets	312,928	12,314
<b>WATER RIGHTS</b>	46,720,846	45,284,812
<b>MINING PROPERTY AND ORE RESOURCES</b>	406,500	400,000
<b>OTHER ASSETS</b>	<u>-</u>	<u>7,000</u>
Total Assets	<u><u>\$ 47,440,274</u></u>	<u><u>\$ 45,704,126</u></u>

### STOCKHOLDERS' EQUITY

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 23,962	\$ -
Current maturities of notes payable	<u>5,856,786</u>	<u>5,021,253</u>
Total Current Liabilities	5,880,748	5,021,253
<b>LONG-TERM NOTES PAYABLE</b>	<u>943,957</u>	<u>2,574,671</u>
Total Liabilities	6,824,705	7,595,924

### STOCKHOLDERS' EQUITY

Common stock - par value \$.001		
500,000,000 shares authorized; 349,089,208 and 348,739,208		
shares issued and outstanding respectively	349,089	348,739
Preferred stock - par value \$.001		
110,000,000 shares authorized; 20,000,000 and 20,000,000		
shares issued and outstanding respectively	20,000	20,000
Stock to be cancelled	(103,182)	-
Stock to be issued	1,447,895	-
Paid-in capital	69,141,987	67,906,904
Retained earnings (deficit)	<u>(30,240,220)</u>	<u>(30,167,441)</u>
Total Stockholders' Equity	40,615,569	38,108,202

Total Liabilities and Stockholders' Equity	<u><u>\$ 47,440,274</u></u>	<u><u>\$ 45,704,126</u></u>
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The accompanying notes are an integral part of these financial statements.

# WESTERN SIERRA RESOURCE CORPORATION

## Statements of Operations

	Year Ended December 31, <u>2020</u>	Year Ended December 31, <u>2019</u>
<b>REVENUES</b>	\$ -	\$ -
<b>OPERATING COSTS AND EXPENSES</b>		
Professional fees	41,000	-
Office expenses	1,137	396
Reporting company expenses	<u>34,642</u>	<u>11,749</u>
Total Expenses	<u>76,779</u>	<u>12,145</u>
Operating Income (Loss)	(76,779)	(12,145)
<b>OTHER INCOME (EXPENSES)</b>		
Interest income (expense)	-	-
Other income	4,000	-
Income before income taxes	(72,779)	(12,145)
Provision for income taxes	<u>-</u>	<u>-</u>
<b>NET INCOME (LOSS)</b>	<u><u>\$ (72,779)</u></u>	<u><u>\$ (12,145)</u></u>
<b>Earnings Per Share (see Note 2):</b>		
Basic weighted average number of common shares outstanding	<u><u>349,089,208</u></u>	<u><u>348,739,208</u></u>
Basic income (loss) per share	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Diluted weighted average number of common shares outstanding	<u><u>349,089,208</u></u>	<u><u>348,739,208</u></u>
Diluted income (loss) per share	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**WESTERN SIERRA RESOURCE CORPORATION**  
**Statement of Stockholders' Equity**

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>Stock To Be Cancelled</u>	<u>Stock To Be Issued</u>	<u>Paid-in Capital</u>	<u>Retained Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>					
Balance, December 31, 2018	339,957,567	\$ 339,957	20,000,000	\$ 20,000	\$ -	\$ -	\$ 67,859,686	\$ (30,155,296)	\$ 38,064,347
Stock issued for acquisition of asset (January 22, 2019)	2,500,000	2,500					7,500		10,000
Stock issued for acquisition of asset (June 7, 2019)	5,000,000	5,000					5,000		10,000
Issuance of stock for conversion of debt (August 2, 2019)	1,281,641	1,282					34,718		36,000
Net loss for period								(12,145)	(12,145)
Balance, December 31, 2019	348,739,208	\$ 348,739	20,000,000	\$ 20,000	\$ -	\$ -	\$ 67,906,904	\$ (30,167,441)	\$ 38,108,202
Issuance of stock for consulting fees (February 11, 2020)	350,000	350					34,650		35,000
103,182,825 common shares to be returned by two officers and cancelled (October 1, 2020)					(103,182)		103,182		-
103,182,825 common shares to be issued to two officers for accrued compensation (October 1, 2020)						1,135,011			1,135,011
28,444,000 common shares to be issued to two officers for prepaid compensation (October 1, 2020)						312,884			312,884
\$1,097,251 in accrued compensation forgiven by an officer (October 1, 2020)							1,097,251		1,097,251
Net loss for period								(72,779)	(72,779)
Balance, December 31, 2020	349,089,208	\$ 349,089	20,000,000	\$ 20,000	\$ (103,182)	\$ 1,447,895	\$ 69,141,987	\$ (30,240,220)	\$ 40,615,569

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

**WESTERN SIERRA RESOURCE CORPORATION**  
**Statements of Cash Flows**

	Year Ended December 31, <u>2020</u>	Year Ended December 31, <u>2019</u>
<b>Operating activities:</b>		
Net income (loss)	\$ (72,779)	\$ (12,145)
Adjustments to reconcile net income/loss to net cash used in operating activities:		
Non-cash fees/compensation	41,000	-
(Increase) decrease in assets:		
Other assets		
Increase (decrease) in liabilities:		
Accounts payable	23,962	-
Accrued expenses	-	-
Total adjustments	<u>64,962</u>	<u>-</u>
Net cash from/(used in) operating activities	<u>(7,817)</u>	<u>(12,145)</u>
<b>Investing activities:</b>		
Purchases of property and equipment	-	-
Accrued compensation	600,000	-
Acquisition of other assets	(5,200)	(25,000)
Capitalized water rights development costs	<u>(1,451,022)</u>	<u>(178,848)</u>
Net cash used in investing activities	<u>(856,222)</u>	<u>(203,848)</u>
<b>Financing activities:</b>		
Issuance of stock for cash	-	-
Capitalized interest	835,333	152,825
Payments on borrowings	(10,000)	(77,937)
Proceeds from borrowings	<u>26,436</u>	<u>153,321</u>
Net cash provided by financing activities	<u>851,769</u>	<u>228,209</u>
Net increase(decrease) in cash and cash equivalents	(12,270)	12,216
Cash and cash equivalents at beginning of period	<u>12,314</u>	<u>98</u>
Cash and cash equivalents at end of period	<u>\$ 44</u>	<u>\$ 12,314</u>
<b><u>Supplemental cash flow information:</u></b>		
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid during the period for income taxes	<u>\$ -</u>	<u>\$ -</u>
<b><u>Noncash investing and financing activities:</u></b>		
Issuance of stock for acquisition of assets	\$ -	\$ 10,000
Accrued compensation forgiven by officer	\$ 1,097,251	\$ -

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

WESTERN SIERRA RESOURCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 and 2020

**Note 1 - Organization and Basis of Presentation**

Western Sierra Resource Corporation ("Western Sierra", "the Company", "we" or "us")(formerly Western Sierra Mining Corp) was originally formed on August 19, 1907 as The Gold Chain Mining Company in the State of Utah to engage in gold and other precious mineral mining. The Company filed Articles of Restatement of its Articles of Incorporation on April 26, 1996 in the State of Utah. On September 24, 2018, the Company changed its name to Western Sierra Resource Corporation.

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

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

**Water Asset Purchase Agreement**

On May 21, 2014, the Company completed the acquisition of various water rights in Northern Colorado with a combined appraised value of \$40,500,000 in exchange for 11,888,560 shares of the Company's Series A Preferred Stock. SFAS 123 specifies that this transaction be recorded on the Company's books at the fair value of the consideration received or the fair value of the common stock issued, whichever is more reliably measured at the date of the transaction. Since the Company's Series A Preferred Stock is not traded and therefore has no market and since the water rights are well documented and have accompanying recent appraisals and valuation reports by certified third party appraisers and engineers, the Company has determined that the acquisition should be valued and recorded on the books based on the appraised value of \$40,500,000 in accordance with SFAS 123. Since the date of acquisition, a total of \$4,784,812 of costs have been capitalized in conjunction with the further development of the water rights. (See Note 3.)



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**Note 2 - Going Concern and Management's Plan**

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business. For the years ended December 31, 2020 and 2019, the Company has incurred net losses of \$72,779 and \$12,145, respectively. As of December 31, 2020 and 2019, the working capital deficits were (\$5,567,820) and (\$5,008,939), respectively, the stockholders' equity was \$40,615,569 and \$38,108,202, respectively and the accumulated deficit was (\$30,244,220) and (\$30,167,441), respectively. It is management's opinion that these matters raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the issuance date of this report. The ability of the Company to continue as a going concern is dependent upon management's ability to implement a new business plan, raise additional capital as needed from the sales of stock or debt. The accompanying consolidated financial statements do not include any adjustments that might be required should the Company be unable to continue as a going concern.

**NOTE 3 - Summary of Significant Accounting Policies**

**Basis of presentation**

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. As of December 31, 2020 and December 31, 2019, the Company had cash and cash equivalents of \$44 and \$12,314, respectively. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash deposits. The Company maintains its cash in institutions insured by the Federal Deposit Insurance Corporation ("FDIC").

**Property and Equipment**

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

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**Capitalized Development Costs**

In accordance with ASC 360, *Property, Plant, and Equipment*, the Company has capitalized certain costs associated with the development of its water rights. Since May 21, 2014, the date of the acquisition of the water rights, all of the Company's efforts have been focused on developing and expanding the current rights and placing them into their intended beneficial use as defined by Colorado Water Law. Likewise, in accordance with ASC 835-20, *Interest, Capitalization of Interest*, the Company has capitalized interest associated with the development of the water rights so as to obtain a measure of cost that more closely reflects the Company's total investment in the water asset and to charge a cost that relates to the acquisition of these water rights that will benefit future periods against the revenues of the future periods they will benefit. Since the date of acquisition through December 31, 2020, a total of \$6,220,846 of costs have been capitalized in conjunction with the development of the water rights.

**Impairment of Long-Lived Assets**

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

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

Based on the Company's change in business direction from mining to the development and expansion of its water rights and other natural resource related projects, a determination was made that the remaining mining properties should be classified as held for resale and their carrying values reduced accordingly. The Company recognized no impairment losses at December 31, 2020 or December 31, 2019.

**Revenue Recognition**

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped to the customer, (iii) the sales price is fixed or determinable, and (iv) its collectability is reasonably assured.

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**Stock-based compensation**

Stock-based compensation is accounted for based on the requirements of ASC 718 – “*Compensation – Stock Compensation*”, which requires recognition in the financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award. The Company utilizes the Black-Sholes option pricing model and uses the simplified method to determine expected term because of lack of sufficient exercise history. Additionally, effective October 1, 2016, the Company adopted the Accounting Standards Update No. 2016-09 (“ASU 2016-09”), *Improvements to Employee Share-Based Payment Accounting*. Among other changes, ASU 2016-09 permits the election of an accounting policy for forfeitures of share-based payment awards, either to recognize forfeitures as they occur or estimate forfeitures over the vesting period of the award. The Company has elected to recognize forfeitures as they occur, and the cumulative impact of this change did not have any effect on the Company’s consolidated financial statements and related disclosures.

**Earnings Per Share**

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

	For the Year Ended <u>December 31, 2020</u>	For the Year Ended <u>December 31, 2019</u>
Income (Loss)	(\$72,779)	(\$12,154)
Basic Average Number of Shares Outstanding	349,089,208	348,739,208
Basic Earnings (Loss) Per Share	\$ (0.00)	\$ (0.00)
Diluted Average Number of Shares Outstanding	349,089,208	348,739,208
Diluted Earnings (Loss) Per Share	\$ (0.00)	\$ (0.00)

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**Income Taxes**

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

**Use of estimates and assumptions**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for bad debt on accounts receivable, reserves on inventory, valuation of goodwill and intangible assets for impairment analysis, valuation of the legal settlement reserve, valuation of stock-based compensation, the valuation of derivative liabilities and the valuation allowance on deferred tax assets.

**Goodwill**

The Company's goodwill is deemed to have indefinite life and, accordingly, is not amortized, but is evaluated for impairment at least annually, but more often whenever changes in facts and circumstances occur which may indicate that the carrying value may not be recoverable.

**Environmental Remediation Costs**

Environmental remediation costs are accrued based on estimates of known environmental remediation exposure. Such accruals are recorded even if significant uncertainties exist over the ultimate cost of the remediation. It is reasonably possible that the Company's estimates of reclamation liabilities, if any, could change as a result of changes in regulations, extent of environmental remediation required, means of reclamation or cost estimates. Ongoing environmental compliance costs, including maintenance and monitoring costs, are expensed as incurred. There were no environmental remediation costs accrued at December 31, 2020 and December 31, 2019.

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**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, Leases. The main provisions of ASU No. 2016-02 require management to recognize lease assets and lease liabilities for all leases. ASU 2016-02 retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous release's guidance. The result of retaining a distinction between finance leases and operating leases is that under the lessee accounting model, the effect of leases in the statement of comprehensive income and the statement of cash flows is largely unchanged from previous U.S. GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, (early adoption is permitted) including interim periods within those fiscal years. The Company is reviewing this pronouncement and believes adoption of this standard will not have a material impact on the Company's consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"). ASU 2016-15 will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017. The new standard will require adoption on a retrospective basis unless it is impracticable to apply, in which case it would be required to apply the amendments prospectively as of the earliest date practicable. The adoption of this principle did not have an effect on the Company's Statement of Cash Flows.

In October 2016, the FASB issued ASU 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory", which eliminates the exception that prohibits the recognition of current and deferred income tax effects for intra-entity transfers of assets other than inventory until the asset has been sold to an outside party. The updated guidance is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption of the update is permitted. The adoption of this standard did not have a material impact on the Company's consolidated financial statements and related disclosures.

In December 2016, the FASB issued ASU 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers". The amendments in this Update affect the guidance in Update 2014-09. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements for Topic 606 (and any other Topic amended by Update 2014-09). Accounting Standards Update No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, defers the effective date of Update 2014-09 by one year. Based on the Company's analysis the Company did not identify a cumulative effect adjustment for initially applying the new revenue standards.

In June 2018, the FASB issued ASU 2018-07, "Compensation — Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting", which expands the scope of Topic 718 to include all share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 specifies that Topic 718 applies to all share-based payment transactions in which the grantor acquires goods and services to be used or consumed in its own operations by issuing share-based payment awards. ASU 2018-07 also clarifies that Topic

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718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under ASC 606. ASU 2018-07 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted, but no earlier than our adoption of ASC 606. The Company chose to early adopt ASU 2018-07 in July 2018. The adoption of this standard had no impact on the Company's consolidated financial statements and related disclosures.

Management does not believe that any recently issued, but not yet effective accounting pronouncements, when adopted, will have a material effect on the accompanying consolidated financial statements.

**NOTE 4 - Stockholders' Equity**

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

**Preferred Stock**

The Company is authorized to issue 110,000,000 shares of preferred stock, \$.001 par value, with such rights, preferences, variations and such other designations for each class or series within a class as determined by the Board of Directors. The preferred stock is not convertible into common stock, does not contain any cumulative voting privileges, and does not have any preemptive rights. 100,000,000 shares of preferred stock have been designated as Series A Preferred Stock and 10,000,000 shares of preferred stock have been designated as Series B Preferred Stock. The following describes the Series A and Series B Preferred Stock designations: Each one (1) share of the Series A Preferred Stock shall have 100 votes per shares.

The Series A Preferred Stock has no dividend rights, no liquidation rights and no redemption rights, and was created primarily to be able to obtain a quorum and conduct business at shareholder meetings. All shares of the Series A Preferred Stock shall rank (i) senior to the Company's common stock and any other class or series of capital stock of the Company hereafter created, (ii) *pari passu* with any class or series of capital stock of the Company hereafter created and specifically ranking, by its terms, on par with the Series A Preferred Stock and (iii) junior to any class or series of capital stock of the Company hereafter created specifically ranking, by its terms, senior to the Series A Preferred Stock, in each case as to distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary. Each one (1) share of the Series A Preferred Stock shall have 100 votes per shares.

The Series B Preferred Stock has no dividend rights, no liquidation rights and no redemption rights.

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On May 21, 2014, the Company completed the acquisition of various water rights in Northern Colorado with a combined appraised value of \$40,500,000 in exchange for 11,888,560 shares of the Company's Series A Preferred Stock.

On October 23, 2018 the Company issued 8,006,440 Series A Preferred Shares to its CEO as compensation for pledging his shares as collateral to secure certain debts of the Company.

**Common Stock**

The Company is authorized to issue 500,000,000 common shares with a par value of \$0.001 per share.

On January 22, 2019, the Company issued 2,500,000 shares to an unrelated party for services valued at \$10,000 resulting in a share value of \$.004.

On June 7, 2019, the Company issued 5,000,000 shares to an unrelated party in partial payment of a debt owed by the Company's CEO of \$10,000 resulting in a share value of \$.002.

On August 2, 2019, the Company converted \$36,000 of debt for 1,281,641 shares resulting in a share value of \$.028.

On February 11, 2020 the Company issued 350,000 shares to an unrelated party for consulting services valued at \$35,000 resulting in a share value of \$.07.

On October 1, 2020 two officers agreed to contribute/return a total of 103,182,825 shares to the Company for cancellation. These shares are reflected in the equity section on the Company's balance sheet as Stock To Be Cancelled. Also on October 1, 2020 the Company agreed to issue a total of 131,626,825 shares to two officers in exchange for prior accumulated accrued compensation totaling \$1,135,011 and prepaid compensation totaling \$312,884. These shares are reflected in the equity section on the Company's balance sheet as Stock To Be Issued.

**NOTE 5 – Water Rights**

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

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accordance with SFAS 123. Since the date of acquisition, a total of \$6,220,846 of costs have been capitalized in conjunction with the further development of the water rights.

**NOTE 6 – Acquisition of MPG, LLC**

On August 26, 2020, the Company entered into an agreement to acquire 100% ownership of Mystere Power Group, LLC (MPG) in exchange for 25,000,000 Series A shares and 5,000,000 Series B shares. The Company also agreed to undertake a Regulation A offering from which will pay an additional \$3,000,000. MPG, LLC has licensed, owns, has filed patents for, and/or controls “green” energy conservation and advanced water generation technologies. The two proprietary technologies vested into WSRC are its HVAC/refrigeration global retrofit kit program and its advanced Air-Water-Generation (AWG-1, and AWG-2) systems. The HVAC/refrigeration global retrofit kit is an integration of components that collectively reduce the power consumed by the chill cycle and air circulation elements of an HVAC system by approximately 40%. The savings also apply to commercial-industrial refrigeration and freezer plants, where the savings will be in the region of 30%. The Air-Water-Generation (AWG-1 and AWG-2) systems are proprietary water generation technologies with worldwide commercial and industrial applications. These technologies have been developed and maintained under confidential Trade Secret I.P. Agreements. Patents on various components of these technologies were filed in October 2020. The patent rights have been assigned to MPG. As of the date of this report, the Company has effectively completed its due diligence. Based in part on that due-diligence as well as progress made on other available technologies, on December 10, 2020 the Company revised the MPG Acquisition Agreement to eliminate the issuance of Series A and B shares to MPG, while at the same time incrementally expanding the scope of its MPG Acquisition Agreement to include additional technologies under the heading of the MPG “Energy Tree.” The Energy Tree represents a combination of technologies with three primary applications, each representing a “branch” of The Energy Tree structure. These 3 primary branches provide a comprehensive approach to multiple consumer market categories for “green” conservation technologies: 1. Facility based electrical power generation for both on-grid and off-grid residential community and commercial complex applications; 2. A mobile application for truck and marine fleet retro-fit which converts diesel vehicles to an electrical power train; and 3. Dramatic reduction in electrical consumption through a revolutionary MPG motor/generator/compressor system in new and retrofit HVAC and Refrigeration systems.

**NOTE 7 - Related Parties**

On October 1, 2020 two officers agreed to contribute/return a total of 103,182,825 shares to the Company for cancellation. These shares are reflected in the equity section on the Company’s balance sheet as Stock To Be Cancelled. Also on October 1, 2020 the Company agreed to issue a total of 131,626,825 shares to two officers in exchange for prior accumulated accrued compensation totaling \$1,135,011 and prepaid compensation totaling \$312,884. These shares are reflected in the equity section on the Company’s balance sheet as Stock To Be Issued.



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<b>NOTE 8 - <u>Notes Payable</u></b>	December 31, <u>2020</u>	December 31, <u>2019</u>
Note payable to one officer/director for funds advanced to the Company, unsecured, due January 2, 2023, bearing no interest	943,957	2,574,671
Note payable, secured by water rights, due May 21, 2015, bearing interest at 21%	2,087,184	1,867,833
Note payable, secured by water rights, due April 1, 2015, bearing interest at 40%	945,025	820,963
Note payable, secured by water rights, due March 23, 2015, bearing interest at 12%	910,586	850,733
Note payable, unsecured, due December 8, 2015, bearing interest at 10%	107,321	96,674
Note payable, secured by water rights, due May 26, 2016, bearing interest at 15%	63,283	56,983
Accrued liability, unsecured, bearing interest at 2.5%	<u>1,743,387</u>	<u>1,328,066</u>
	6,800,743	7,595,923
Less: Current portion	<u>(5,856,786)</u>	<u>(5,021,252)</u>
Long-Term Debt	<u>\$ 943,957</u>	<u>\$2,574,671</u>
Maturities of long-term debt are as follows:		
2021	<u>\$ 943,957</u>	
Total	<u>\$ 943,957</u>	

**Note 9 - Commitments and Contingencies**

**Operating Lease**

During the years ended December 31, 2020 and December 31, 2019, the Company had no operating leases.

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**Litigation**

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance.

Except as disclosed below, the Company is unaware of any action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company or any of our subsidiaries, threatened against or affecting our Company, our common stock, any of our subsidiaries or of our Company's or our Company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

**Note 10 - Income Taxes**

As of December 31, 2020 and December 31, 2019, the Company had net operating loss carry forwards of approximately \$30,240,220 and \$30,167,441 that may be available to reduce future years' taxable income in varying amounts through 2040. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the deferred tax asset relating to these tax loss carryforwards.

The provision for Federal income tax consists of the following:

	December 31, <u>2020</u>	December 31, <u>2019</u>
Federal income tax benefit attributable to:		
Current Operations	\$ 7,741,496	\$ 7,722,865
Less: valuation allowance	<u>(7,741,496)</u>	<u>(7,722,865)</u>
Net provision for Federal income taxes	\$ -	\$ -

The cumulative tax effect at the expected rate of 25.6% of significant items comprising our net deferred tax amount is as follows:

	December 31, <u>2020</u>	December 31, <u>2019</u>
Deferred tax asset attributable to:		
Net operating loss carryover	\$ 7,741,496	\$ 7,722,865
Less: valuation allowance	<u>(7,741,496)</u>	<u>(7,722,865)</u>
Net deferred tax asset	\$ -	\$ -

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of approximately \$30,244,220 for Federal income tax reporting purposes are

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subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in future years.

**Note 11 – Subsequent Events**

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company has evaluated events that occurred subsequent to December 31, 2020 and through the date the financial statements were issued.

**Investment in Mining Project:**

On June 28, 2021, the Company executed an agreement with Silver State Mining Group, Inc. (“SSMG”) to acquire 70% of SSMG’s common stock in exchange for \$10 million which will be used to immediately initiate development of the Sage Hen Mining Claims in Western Nevada. In addition to gold and silver, the enhanced recovery system assays have indicated platinum, palladium and rhodium. WSRC and SSMG plan on building a 100 ton/day plant and then immediately increasing that to 1,100 tons/day. Projected annual net income from the 100 ton/day and 1,100 ton/day operation is \$269 million and \$3.2 billion respectively. Of this \$10 million total required to construct the 100 ton/day plant and commence production and recovery operations, \$1 million is required within 60 days, \$2 million within 90 days and the balance of \$7 million within 150 days.

The Sage Hen Claims encompass 640 acres within the Oreana Trend, a consistent ancient seabed that extends to depths of 1000 feet in an active mining area known to contain significant precious metals and offer a unique low risk development opportunity. Many mining groups, including Newmont, Rye Patch, Pershing, Victoria, and others have cored, mined, and expended significant resources and effort in the area. Principals of the Sage Hen Mining claims, Andy Kay and Lonnie Treadwell, have maintained active mining claims for over 20 years based upon hundreds of assays over 20,000 acres of the trend. The Sage Hen claims are located near the Relief Canyon Mine in the Oreana Trend. In addition to gold and silver, the enhanced recovery system assays have indicated platinum, palladium, and rhodium.

SSMG and WSRC will immediately commence the 90-day permitting process to obtain a five-acre disturbance permit on the 640 acre development site on which to build a \$10 million, 100 ton/day Pilot Processing Plant. This facility is scheduled to be fully operational within 12 months. However, specific testing and limited development of the mining claims will commence immediately. Once the 100 ton/day Pilot Plant is established on site, SSMG and WSRC intend to file for permit approval to expand the Pilot Plant for increased capacity to process up to 1100 tons per day. Permitting for this expansion is estimated to require an additional six months.

Due to the extensive prior geological work having been completed in the area, and including the subject claims, SSMG and WSRC have determined it to be redundant to expend the time and capital to secure an NI 43-101 professional report to summarize the data already shown to be consistent through over 20 engineering and assay reports completed by well-respected firms. It has been determined that rather than invest the time and capital in additional third-party reports, it would be more productive to use that investment directly in proving up the claim’s reserves

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though production. At a future date, and concurrent with the realization of actual production results, an NI 43-101 professional report will likely be commissioned to further refine exploration methodologies and aid in establishing specific areas of focus within the boundaries of the reserve. (Assay reports are posted on the SSMG web site).

Based on a subsequent report dated July 21, 2021, projected annual net income from the 100 ton/day and 1,100 ton/day operation using the Enhanced Recovery System have been increased from \$269 million to \$415 million and from \$3.2 billion to \$4.57 billion, respectively.

Based on a subsequent agreement dated July 22, 2021, the total acreage will be increased from 640 acres to 1,280 acres.

Helium Project LOI:

On July 8, 2021, the Company entered into substantive negotiations with a third party exploration company to develop the 25,000 acre FCHPA Helium Project in the Four Corners Area.