

TORCHLIGHT ENERGY RESOURCES INC  
Form 10-Q  
November 09, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the Quarter Ended September 30, 2018

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 001-36247

TORCHLIGHT ENERGY RESOURCES, INC.

(Name of registrant in its charter)

Nevada 74-3237581  
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

5700 West Plano Pkwy, Suite 3600  
Plano, Texas 75093

(Address of Principal Executive Offices)

(214) 432-8002

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. Large accelerated filer Accelerated filer  
Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  
No

As of November 9, 2018, there were 70,112,376 shares of the registrant's common stock outstanding (the only class of voting common stock).



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## NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements regarding plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements, which are other than statements of historical facts. Forward-looking statements may appear throughout this report, including without limitation, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements generally can be identified by words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “will be,” “will continue,” “will likely result,” and similar expressions. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this report and in our Annual Report on Form 10-K for the year ended December 31, 2017 and in particular, the risks discussed in our Form 10-K under the caption “Risk Factors” in Item 1A therein, and those discussed in other documents we file with the Securities and Exchange Commission (“SEC”). Important factors that in our view could cause material adverse effects on our financial condition and results of operations include, but are not limited to, risks associated with our future operating or financial results, our financial condition and liquidity, including our ability to pay amounts that we owe, obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities, our ability to continue as a going concern, our development of successful operations, the speculative nature of oil and gas exploration, the volatile price of oil and natural gas, the risk of incurring liability or damages as we conduct business operations due to the inherent dangers involved in oil and gas operations, our ability to rely on strategic relationships which are subject to change, the competitive nature of the oil and gas market, changes in governmental rules and regulations, and other factors that may cause actual results to be materially different from those described herein as anticipated, believed, estimated or expected. We undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

As used herein, the “Company,” “Torchlight,” “we,” “our,” and similar terms include Torchlight Energy Resources, Inc. and its subsidiaries, unless the context indicates otherwise.







## PART I FINANCIAL INFORMATION

## ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

TORCHLIGHT ENERGY RESOURCES, INC.  
CONSOLIDATED BALANCE SHEETS (Unaudited)

	September 30,	December 31,
	2018	2017
<b>ASSETS</b>		
Current assets:		
Cash	\$878,433	\$1,051,720
Accounts receivable	229,853	596,141
Production revenue receivable	4,464	142,932
Prepayments - development costs	177,064	1,335,652
Prepaid expenses	86,988	39,506
Total current assets	1,376,802	3,165,951
Oil and gas properties, net	34,400,093	25,579,279
Office equipment, net	6,986	15,716
Other assets	6,362	6,362
<b>TOTAL ASSETS</b>	<b>\$35,790,243</b>	<b>\$28,767,308</b>

## LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$488,428	\$762,502
Funds received pending settlement	-	520,400
Accrued payroll	771,176	695,176
Related party payables	45,000	45,000
Due to working interest owners	54,320	54,320
Accrued interest payable	285,133	202,050
Total current liabilities	1,644,057	2,279,448
Unsecured promissory notes, net of discount and financing costs of \$831,155	11,733,142	7,269,281

at September 30, 2018 and \$795,017 at December 31, 2017

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Note payable	3,000,000	3,250,000
Asset retirement obligations	9,554	9,274
Total liabilities	16,386,753	12,808,003
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.001, 10,000,000 shares authorized;		
-0- issued and outstanding at September 30, 2018 and December 31, 2017	-	-
Common stock, par value \$0.001 per share; 150,000,000 shares authorized;	70,116	63,344
70,112,376 issued and outstanding at September 30, 2018		
63,340,034 issued and outstanding at December 31, 2017		
Additional paid-in capital	107,142,465	99,403,654
Accumulated deficit	(87,809,091)	(83,507,693)
Total stockholders' equity	19,403,490	15,959,305
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$35,790,243</b>	<b>\$28,767,308</b>

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



TORCHLIGHT  
ENERGY  
RESOURCES,  
INC.  
CONSOLIDATED  
STATEMENTS OF  
OPERATIONS  
(Unaudited)