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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 80892 / June 8, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18017

In the Matter of

Can-Cal Resources Ltd.,
China Fruits Corp., and
SkyStar Bio-Pharmaceutical Co.,

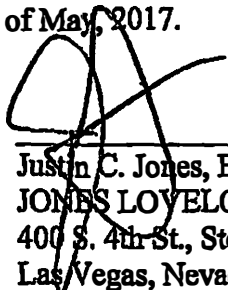
Respondents.

RESPONDENT CAN-CAL
RESOURCES LTD.'S
SUPPLEMENTAL DOCUMENTS IN
SUPPORT OF OPPOSITION TO
DIVISION OF ENFORCEMENT'S
MOTION FOR SUMMARY
DISPOSITION

Respondent Can-Cal Resources Ltd. ("Can-Cal"), by and through its counsel of Justin C. Jones, Esq. of Jones Lovelock, hereby files the following Supplemental Documents in Support of Opposition to Division of Enforcement's ("Division") Motion for Summary Disposition ("Motion"), in accordance with the telephonic hearing conducted before Judge Brenda P. Murray on May 7, 2018. The attached exhibits consist of the following:

- 1) o Can-Cal Form 10-K Report for 2014, 2015, and 2016o
- 2) o Can-Cal Form 10-K Report for 2017o
- 3) o Can-Cal Form 10-Q Report for Q1 2018o
- 4) o Stipulation and Agreement of Settlemento
- 5) o Notice of Entry of Order Preliminarily Approving Settlement Agreemento

Respectfully submitted this 16th day of May, 2017.



Justin C. Jones, Esq.
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*Attorneys for Respondent Can-Cal
Resources, Ltd.*

CERTIFICATE OF SERVICE

I hereby certify that true copies of RESPONDENT CAN-CAL RESOURCES LTD.'S OPPOSITION TO DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION, DECLARATION OF CASEY DOUGLASS, AND DECLARATION OF THOMAS M. "MICKEY" O'NEAL were served on this 17th day of May, 2018, in the manner indicated below:

By U.S. Mail:

The Honorable Brenda P. Murray
Chief Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2557

Kevin P. O'Rourke
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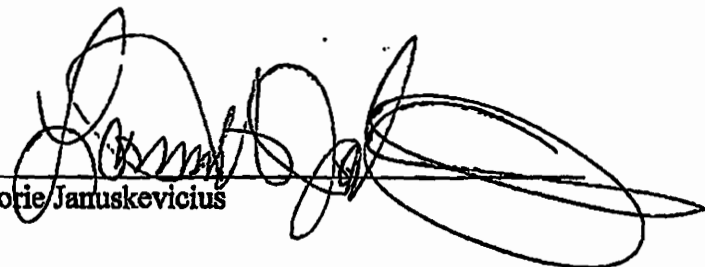

Lorie Januskevicius

EXHIBIT 1

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934S

Commission file number 000-26669

CAN-CAL RESOURCES LTD.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

86-0865852

(I.R.S. Employer Identification No.)

42 Springfield Avenue
Red Deer, Alberta, Canada

(Address of principal executive offices)

T4N 0C7

(Zip Code)

Registrant's telephone number, including area code (403) 342 6221

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act:

Common Stock, \$0.001 par value

Preferred Stock, \$0.001 par value, 5% cumulative

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No S

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes No

Indicate by checkmark 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 checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. S

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Emerging Growth Company

Accelerated filer S

Smaller reporting company S

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). S

Yes No

The aggregate market value of voting stock held by non-affiliates of the registrant was approximately \$957,340 as of computed by reference to the sale price of a share of the registrant's Common Stock on June 30, 2017 reported by OTC Bulletin Board (Ref: Bloomberg). The voting stock held by non-affiliates on that date consisted of 39,443,641 shares of common stock.

The number of shares outstanding of each of the registrant's classes of common stock, as of March 8, 2018, was 43,667,060 shares of common stock, \$0.001 par value held by approximately 180 shareholders.

Documents Incorporated by Reference

None.

**CAN-CAL RESOURCES LTD.
COMPREHENSIVE FORM 10-K
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EXPLANATORY NOTE

This Annual Report on Form 10-K is a comprehensive annual report which includes audited financial statements as of December 31, 2016, 2015 and 2014, and for the years then ended and unaudited financial statements as of March 31, 2016, June 30, 2016, September 30, 2016, March 31, 2017, June 30, 2017 and September 30, 2017, and for the three months ended March 31, 2016 and 2017, the three and six months ended June 30, 2016 and 2017 and the three and nine months ended September 30, 2016 and 2017. The Registrant is filing this comprehensive annual report in lieu of separately filing its Annual Report on Form 10-K for the years ended December 31, 2016 and 2015, and its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016, September 30, 2016, March 31, 2017, June 30, 2017 and September 30, 2017, which reports are delinquent as of the date of this filing (collectively, the "Delinquent Reports"). Also included in this Annual Report on Form 10-K is all material information that would have been included in the Delinquent Reports.

The Registrant was unable to timely file the Delinquent Reports when originally due, as a result of finances. Moving forward, through payments received via the Amended MSA with Candeo, the Registrant believes that it will be able to resume the timely filing of future periodic and other reports due pursuant to the rules of Securities and Exchange Commission (SEC) and intends to timely file such filings.

The Registrant believes that all material information which would have been included in the Delinquent Reports, had they been separately filed with the SEC, is included in this comprehensive annual report. Notwithstanding the above, the focus of this Annual Report is the current state of the Registrant, rather than on the state of the Registrant as of the dates the Delinquent Reports were due.

FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words "may," "could," "estimate," "intend," "continue," "believe," "expect" or "anticipate" or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made. You should, however, consult further disclosures we make in this Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include, but are not limited to:

- the unavailability of funds for capital expenditures;
- inability to efficiently manage our operations;
- inability to achieve future operating results;
- inability to raise additional financing for working capital;
- the inability of management to effectively implement our strategies and business plans;
- our ability to recruit and hire key employees;
- our ability to diversify our operations;
- actions and initiatives taken by both current and potential competitors;
- deterioration in general or regional economic, market and political conditions;
- the fact that our accounting policies and methods are fundamental to how we report our financial condition and results of operations, and they may require management to make estimates about matters that are inherently uncertain;
- adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- changes in U.S. GAAP or in the legal, regulatory and legislative environments in the markets in which we operate; and
- the other risks and uncertainties detailed in this report.

In this Form 10-K references to "Can-Cal", "the Company", "we," "us," "our" and similar terms refer to Can-Cal Resources Ltd.

AVAILABLE INFORMATION

Can-Cal files annual, quarterly, current and special reports and other information with the SEC. You can read these SEC filings and reports over the Internet at the SEC's website at www.sec.gov or on our website at www.canca.com. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Please call the SEC at (800) SEC-0330 for further information on the operations of the public reference facilities. We will provide a copy of our annual report to security holders, including audited financial statements, at no charge upon receipt of a written request to us at Can-Cal Resources Ltd., 42 Springfield Avenue, Red Deer, Alberta, Canada T4N 0C7.

PART I

ITEM 1. BUSINESS (AND INFORMATION FOR ITEM 2 ON PROPERTIES).

Business Development

Can-Cal Resources Ltd. ("Can-Cal" or the "Company") is a Nevada corporation incorporated on March 22, 1995 under the name of British Pubs USA, Inc. as a wholly owned subsidiary of 305856 B.C., Ltd. d/b/a N.W. Electric Carriage Company ("NWE"), a British Columbia, Canada company ("NWE"). On April 12, 1995, NWE exchanged shares of British Pubs USA, Inc. for shares of NWE held by its existing shareholders, on a share for share basis. NWE changed its name to Can-Cal Resources Ltd. on July 2, 1996.

In January 1999, the Company sold its wholly-owned Canadian subsidiary, Scotmar Industries, Inc., which was engaged in the business of buying and salvaging damaged trucks from insurance companies for resale of guaranteed truck part components. The subsidiary was sold for a profit and the proceeds used to acquire and explore mineral properties, as the Company determined that the subsidiary would lose money in the vehicle salvage business unless more capital was obtained at that time specifically for that business.

Business of Issuer

The Company is an exploration company. Since 1996, we have examined various mineral properties prospective for precious metals and minerals and acquired those deemed promising. We own, lease or have mining interest in two mineral properties in the southwestern United States (California and Arizona, as follows: Cerbat, Arizona; and Pisgah, California. The Company formerly had an interest in a property in Owl Canyon, California, and Wikeup, Arizona but these were abandoned.

Prior to 2003, the Company performed numerous "in-house" assays on mineral samples from our properties in the United States. An assay is a test performed on a sample of minerals to determine the quantity of one or more elements contained in the sample. The in-house work was conducted with our equipment by persons under Can-Cal contract who are experienced in performing assays, but who were not independent of us. We also sent samples of materials from which we obtained the most promising results to outside independent assayers to confirm in-house results.

In 2003, the Company incorporated a wholly owned subsidiary in Mexico, Sierra Madre Resources S.A. de C.V. ("SMR"), to be an operating entity for mining-related acquisitions and activities in Mexico. In February 2004, SMR acquired a 100% interest in a gold-silver mineral concession, in Durango State, Mexico. In July 2004, SMR applied to the Mexican Government for a gold-silver concession, also in Durango State, Mexico. These were exploration stage properties, referred to in previous Company reports as "Arco Project" and "Arco 2 Project". In November 2004, SMR applied to Mexico's Director of Mines for three grass roots, gold-silver exploration concessions located in the State of Chihuahua, Mexico. These applications were subsequently cancelled in February 2005 due to incomplete application filings. SMR may reapply for one or more of these concessions in the future, but has currently ceased operations in Mexico.

The Company's current focus has changed from Mexico to the United States with present emphasis on the Pisgah Mountain property ("Pisgah Property").

All the United States properties are considered "grass roots" because they are not known to contain reserves of precious metals or other minerals (a reserve is that portion of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination). None of these properties is in production.

Can-Cal is currently an exploration stage company. An entity remains in the exploration stage until such time as proven or probable reserves have been established for its deposits. Upon the location of commercially mineable reserves, in the event that we are successful in locating commercially mineable reserves, the Company plans to prepare for mineral extraction and enter the development stage. To date, the exploration stage of the Company's operations consists of contracting with geologists who sample and assess the mining viability of the Company's claims.

To the extent that financing is available, we intend to explore, develop, and, if producible and warranted, bring into production precious metals properties for either on our own account or in conjunction with joint venture partners (in those instances where we acquire less than a 100% interest in a property). However, either due to a combination of a lack of available financing, the number of properties which merit development, and/or the scope of the exploration and development work of a particular property being beyond the Company's financial and administrative capabilities, the Company may contract out one or more of its properties to other mining companies.

Executive offices are located at 42 Springfield Avenue, Red Deer, Alberta, Canada T4N 0C7 (tel. (403) 342 6221).

ITEM 1A. RISK FACTORS.

In the course of conducting our business operations, we are exposed to a variety of risks that are inherent to our industry specifically, and to early stage companies and for investments in securities, generally. The following discusses some of the key inherent risk factors that could affect our business and operations, as well as other risk factors which are particularly relevant to us in the current period of significant economic and market disruption. Other factors besides those discussed below or elsewhere in this report also could adversely affect our business and operations, and these risk factors should not be considered a complete list of potential risks that may affect us.

Risk Factors Related to Our Business

Losses to Date and General Risks Faced by the Company.

We are an exploration stage company engaged in the acquisition and exploration of precious metals mineral properties. To date, we have no producing properties. As a result, we have had minimal sources of operating revenue and we have historically operated and continue to operate at a loss. For the year ended December 31, 2016, the Company recorded a net loss of \$168,105 and had an accumulated deficit of \$11,263,792 at that date. Our ultimate success will depend on our ability to generate profits from our properties.

We lack material operating cash flow and rely on external funding sources. If we are unable to continue to obtain needed capital from outside sources, we will be forced to reduce, curtail or cease our operations. Furthermore the, planned exploration and development of the mineral properties in which we hold interests depends upon our ability to obtain financing through:

- o! Bank or other debt financing,|
- o! Equity financing, or|
- o! Other means.|

As a mineral exploration company, our ability to commence production and generate profits is dependent on our ability to discover viable and economic mineral reserves. Our ability to discover such reserves are subject to numerous factors, many of which are beyond our control and are not predictable.

Exploration for minerals is speculative in nature, involves many risks and is frequently unsuccessful. Any mineral exploration program entails risks relating to:

- o! The location of economic ore bodies,|
- o! Development of appropriate metallurgical processes,|
- o! Receipt of necessary governmental approvals, and|
- o! Construction of mining and processing facilities at any site chosen for mining.|

The commercial viability of a mineral deposit is dependent on a number of factors including:

- o! The price of various minerals,|
- o! Exchange rates,|
- o! The particular attributes of the deposit, such as its size, grade and proximity to infrastructure, financing costs, taxation, royalties, land tenure, land use, water use, power use, and foreign government regulations restricting importing and exporting minerals and environmental protection requirements.|

All of the mineral properties in which we have an interest or right are in the exploration stages only and are without mineral reserves. We cannot assure that current or proposed exploration or development programs on properties in which we have an interest will result in the discovery of any minerals or mineral reserves or will result in a profitable commercial mining operation.

The audit report on the financial statements at December 31, 2016 has a "going concern" qualification, which means we may not be able to continue operations unless we obtain additional funding and are successful with our strategic plan.

We have experienced losses since inception. The extended period over which losses have been experienced is principally attributable to the fact that a lot of money has been spent on exploring grass roots mineral properties to determine if precious metals might be present in economic quantities. In order to fund future activities the Company must identify and verify the presence of precious metals in economic quantities, which is currently ongoing "In House" in addition to independent third party testing. If economic results are identified, the Company then would either seek to raise capital itself, to put the Pisgah Property and the Cerbat properties into production, or sell the properties to another company, or place the properties into a joint venture with another company.

Attaining these objectives will require capital, which the Company will have to obtain principally by selling stock or income generation. However, we have currently have no definitive arrangements in place to raise the necessary capital to continue operations for any extended period of time, and have generally relied upon relatively small, and intermittent infusions to sustain operations.

If we do not obtain additional financing, our business will fail.

Our current operating funds are less than necessary to complete all intended objectives and therefore we will need to obtain additional financing or commencement of income generation in order to continue in business. We currently do not have any operations. Our only source of income at present is from two third parties.

On May 1, 1998, the Company entered into a Mining Lease Agreement for the Pisgah Property with Twin Mountain Rock Venture, a California general partnership ("Twin Mountain,"). The agreement provides that Twin Mountain will pay minimum annual rental payments of \$22,500 for the initial term and \$27,500 per year for the additional term. Twin Mountain is also obligated to pay a monthly production royalty for all material removed from the premises.

On March 3, 2014, the Company entered into an amended material supply agreement with Candeo Lava Products Inc. for the Pisgah Property, pursuant to which Candeo will pay for and acquire 30,000 tons, and then it will pre-purchase a minimum of ten thousand (10,000) tons per year at a purchase price of fifteen dollars (\$15.00 USD) per ton for a total payment of \$150,000 USD per year in each of the first three years of the term.

We do not currently have any additional arrangements for financing and we can provide no assurance to investors that we will be able to find such financing if required. Obtaining additional financing would be subject to a number of factors, including investor acceptance of our business model and general market conditions. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

The most likely source of future funds presently available to us is through the sale of equity capital in one or more negotiated private sale transactions. Any sale of share capital will result in dilution to existing shareholders.

As an exploration company, we are subject to the risks of the minerals business.

The exploration for minerals is highly speculative and involves risks different from and in some instances greater than risks encountered by companies in other industries. Without extensive technical and economic feasibility studies, no one can know if any property can be mined at a profit. Most exploration programs do not result in the discovery of mineralization that leads to commercially viable mining activities and most exploration programs never recover the funds invested in them. Furthermore, even with promising reserve reports and feasibility studies, profits cannot be assured. We have not systematically drilled and sampled any of our properties to confirm the presence of any concentrations of precious metals, and drilling and sampling results to date have been inconclusive.

The British Columbia Securities Commission has required us to obtain a report by an independent consultant qualified under the standards of the BCSC.

The British Columbia Securities Commission ("BCSC") previously required the Company to obtain a report by an independent consultant qualified under the standards of the BCSC. Under British Columbia securities laws, all disclosure of scientific or technical information, including disclosure of a mineral resource or mineral reserve must be based on information prepared by or under the supervision of an independent third party who is "qualified" under the terms of that law. The Company was therefore required under order to supply such verification by a "qualified" third party consultant, and its stock was prohibited from trading in British Columbia until the BCSC accepted such verification. The BCSC also requested documentation regarding all subscribers to the Company stock who were at such time residing in British Columbia. The Company subsequently retained a "qualified" third party consultant who prepared and filed the necessary reports with the BCSC. If the BCSC continues with additional investigatory proceedings, it will require the Company to expend additional funds on legal and accounting fees, which will have a negative impact on our resources available for exploration and general operating activities.

There is substantial risk that such testing on the United States properties would show limited concentrations of precious metals, and such testing may show a lack of precious metals in the properties. Any positive test results will only confirm the presence of precious metals in the samples, and it cannot be assumed that precious metals-bearing materials exist outside of the samples tested.

Policy changes.

Changes in regulatory or political policy could adversely affect our exploration and future production activities. Any changes in government policy, in the United States or other countries where properties are or may be held, could result in changes to laws affecting ownership of assets, land tenure, mining policies, taxation, environmental regulations, and labor relations.

Environmental costs.

Compliance with environmental regulations could adversely affect our exploration and future production activities. There can be no assurance that future changes to environmental legislation and related regulations, if any, will not adversely affect our operations.

Future reserve estimates.

All of the mineral properties in which we have an interest or right are in the exploration stages only and are without reserves of any minerals. Even if and when we can prove such reserves, reserve estimates may not be accurate. There is a degree of uncertainty attributable to any calculation of reserves or resources. Until reserves or resources are actually mined and processed, the quantity of reserves or resources must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on metal prices. Any material change in the quantity of reserves, resource grade or stripping ratio may affect the economic viability of our properties. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in large tests under on-site conditions or during production.

The possibility of a global financial crisis may significantly impact our business and financial condition for the foreseeable future.

The credit crisis and related turmoil in the global financial system may adversely impact our business and our financial condition, and we may face challenges if conditions in the financial markets do not improve. Our ability to access the capital markets may be restricted at a time when we would like, or need, to raise financing, which could have a material negative impact on our flexibility to react to changing economic and business conditions. The economic situation could have a material negative impact on our lenders or customers, causing them to fail to meet their obligations to us. We will need additional capital and financing to fund our fiscal 2014 operating forecast. There is no assurance that additional capital or financing will be available to us on terms that are acceptable to us or at all.

Risks Related to Our Securities

Because our common stock is deemed a low-priced "Penny" stock, an investment in our common stock should be considered high risk and subject to marketability restrictions.

Since our common stock is a penny stock, as defined in Rule 3a51-1 under the Securities Exchange Act, it will be more difficult for investors to liquidate their investment even if and when a market develops for the common stock. Until the trading price of the common stock rises above \$5.00 per share, if ever, trading in the common stock is subject to the penny stock rules of the Securities Exchange Act specified in rules 15g-1 through 15g-10. Those rules require broker-dealers, before effecting transactions in any penny stock, to

- Deliver to the customer, and obtain a written receipt for, a disclosure document;
- Disclose certain price information about the stock;
- Disclose the amount of compensation received by the broker-dealer or any associated person of the broker-dealer;
- Send monthly statements to customers with market and price information about the penny stock; and
- In some circumstances, approve the purchaser's account under certain standards and deliver written statements to the customer with information specified in the rules.

Consequently, the penny stock rules may restrict the ability or willingness of broker-dealers to sell the common stock and may affect the ability of holders to sell their common stock in the secondary market and the price at which such holders can sell any such securities. These additional procedures could also limit our ability to raise additional capital in the future.

The market price of our Common Stock is, and is likely to continue to be, highly volatile and subject to wide fluctuations.

The market price of our Common Stock is likely to continue to be highly volatile and could be subject to wide fluctuations in response to a number of factors, some of which are beyond our control, including but not limited to:

- dilution caused by our issuance of additional shares of Common Stock and other forms of equity securities;
- announcements of new acquisitions, expansions or other business initiatives by us or our potential competitors;
- our ability to take advantage of new acquisitions, expansions or other business initiatives;
- quarterly variations in our revenues and operating expenses;
- changes in the valuation of similarly situated companies, both in our industry and in other industries;
- challenges associated with timely SEC filings;
- illiquidity and lack of marketability by being an OTC quoted stock;
- changes in analysts' estimates affecting our company, our competitors and/or our industry;
- changes in the accounting methods used in or otherwise affecting our industry;
- additions and departures of key personnel;
- announcements of technological innovations or new products;
- fluctuations in interest rates and the availability of capital in the capital markets; and
- significant sales of our Common Stock, including sales by selling shareholders following the registration of shares under a prospectus.

These and other factors are largely beyond our control, and the impact of these risks, singly or in the aggregate, may result in material adverse changes to the market price of our Common Stock and our results of operations and financial condition.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Shareholders will experience dilution upon the exercise of options and issuance of common stock under our incentive plans.

Outside of the plan, by Board resolutions, the following Stock Options were issued in the fourth quarter of 2017 with an exercise price of \$0.06 per share, to each of the following for director and/or consultant services rendered to Can-Cal Resources:

<u>Recipient Name</u>	<u>Stock Options Granted</u>
Sandra Rogoza	100,000
Red To Black Inc.	250,000
Gary Oosterhoff, Director	100,000
Revrok Farm, a company owned by Cornelus Korver	100,000
For Life Financial Ltd., a company owned by Casey Douglass	100,000
Total	650,000

The following shares were issued in the fourth quarter of 2017 for director and/or consultant services rendered as follows:

<u>Recipient Name</u>	<u>Shares Issued</u>
William J. Hogan	240,000
Michael Hogan	600,000
Thompson MacDonald	250,000
Ronald Schimmour	250,000
Gary Oosterhoff	100,000
Revrok Farm Ltd., a corporation owned by Cornelus Korver	100,000
For Life Financial Ltd., a corporation owned by Casey Douglass	100,000
Total	1,640,000

As at December 31, 2015, and December 31, 2016, we had no options outstanding under our 2003 Non-Qualified Option Plan. Our 2003 Non-Qualified Option Plan permitted us to issue up to 1,500,000 shares of our common stock either upon exercise of stock options granted under such plan or through restricted stock awards under such plan.

In addition, the Company no longer has any outstanding warrants as all warrants have expired.

We do not expect to pay dividends in the foreseeable future.

We do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest any future earnings in the development and growth of our business. In addition, debt arrangements we may enter into in the future may preclude us from paying dividends. Therefore, investors will not receive any funds unless they sell their common stock, and shareholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in our common stock.

We may issue additional stock without shareholder consent.

Our board of directors has authority, without action or vote of the shareholders, to issue all or part of our authorized but unissued shares. Additional shares may be issued in connection with future financing, acquisitions, employee stock plans, or otherwise. Any such issuance will dilute the percentage ownership of existing shareholders. We are also currently authorized to issue up to 10,000,000 shares of preferred stock and 100,000,000 of common stock. The board of directors can issue preferred stock in one or more series and fix the terms of such stock without shareholder approval. Preferred stock may include the right to vote as a series on particular matters, preferences as to dividends and liquidation, conversion and redemption rights and sinking fund provisions. The issuance of preferred stock could adversely affect the rights of the holders of common stock and reduce the value of the common stock. In addition, specific rights granted to holders of preferred stock could discourage, delay or prevent a transaction involving a change in control of our company, even if doing so would benefit our shareholders. Such issuance could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

There is currently a limited trading market for our common stock and we cannot ensure that one will ever develop or be sustained.

To date there has not been a significant liquid trading market for our common stock. We cannot predict how liquid the market for our common stock might become. We currently do not satisfy the initial listing standards for any major securities exchange. Currently our common stock is traded on the OTCQB. Should we fail to remain traded on the OTCQB or not be able to be traded on the OTCQB, the trading price of our common stock could suffer, the trading market for our common stock may be less liquid and our common stock price may be subject to increased volatility. Furthermore, for companies whose securities are quoted on the OTCQB, it may be more difficult (i) to obtain accurate quotations, (ii) to obtain coverage for significant news events because major wire services generally do not publish press releases about such companies and (iii) to obtain needed capital.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, or upon the expiration of any statutory holding period under Rule 144, or issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could hinder our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

Our internal controls may be inadequate, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

We have a limited number of personnel that are required to perform various roles and duties as well as be responsible for monitoring and ensuring compliance with our internal control procedures. As a result, our internal controls may be inadequate or ineffective, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public. Investors relying upon this misinformation may make an uninformed investment decision.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

GENERAL

We own or have interests in two United States properties. They are:

- Pisgah, San Bernadino County, California
- Cerbat, Arizona

A summary of important features about each of these properties is set forth in Exhibit 99.1 to our Form 10-KSB/A filed on March 11, 2009, and investors should take care to review this summary.

Adits (a type of entrance to underground mine shafts), tunnels and open pit locations following what may be a trend (direction that an ore body may follow) or vein structure (faults and cracks caused by shifts in the earth that had filled in with silica fluids and other magma volcanics which solidified leaving minerals behind) over a large region have been found on the property. The legacy of previous mining activity including: abandoned equipment, stone built homes, a cement water reservoir and numerous tailings piles, or piles of dirt left over from previous mining operations, can be seen from various locations.

In the United States, one property is owned (patented mining claims on a volcanic cinders property at Pisgah, California), one is leased with an option to purchase (the Cerbat property in Mohave County, Arizona).

The evaluation and acquisition of precious metals, mining properties and mineral properties is competitive; as there are numerous companies involved in the mining and minerals business. The Company has processed and tested mineralized materials and produced very small amounts of precious metals on a testing basis. These have come primarily from testing material from the Pisgah Mountain and Cerbat properties.

Exploration for and production of minerals is highly speculative and involves greater risks than exist in many other industries. Many exploration programs do not result in the discovery of mineralization and any mineralization discovered may not be of a sufficient quantity or quality to be profitably mined. Also, because of the uncertainties in determining metallurgical amenability of any minerals discovered, the mere discovery of mineralization may not warrant the mining of the minerals on the basis of available technology.

The Company's decision as to whether any of the mineral properties it now holds, or which it may acquire in the future, contain commercially mineable deposits, and whether such properties should be brought into production, will depend upon the results of the exploration programs and independent feasibility analysis and the recommendation of engineers and geologists. The decision will involve the consideration and evaluation of a number of significant factors, including, but not limited to: 1. The ability to obtain all required permits; 2. Costs of bringing the property into production, including exploration and development or preparation of feasibility studies and construction of production facilities; 3. Availability and costs of financing; 4. Ongoing costs of production; 5. Market prices for the metals to be produced; and 6. The existence of reserves or mineralization with economic grades of metals or minerals. No assurance can be given that any of the properties the Company owns, leases or acquires contain (or will contain) commercially mineable mineral deposits, and no assurance can be given that the Company will ever generate a positive cash flow from production operations on such properties.

Exploration and mining operations in the United States are subject to statutory and agency requirements which address various issues, including: (i) environmental permitting and ongoing compliance, including plans of operations which are supervised by the Bureau of Land Management ("BLM"), the Environmental Protection Agency ("EPA") and state and county regulatory authorities and agencies (e.g., state departments of environmental quality) for water and air quality, hazardous waste, etc.; (ii) mine safety and OSHA generally; and (iii) wildlife (Department of Interior for migratory fowl, if attractive standing water is involved in operations). See (b) (11) below. The Company has been added by San Bernardino County as a party to the Approved Mining/ Reclamation Plan and related permits, which have been issued for the Pisgah Property. See Item 2, Description of Properties - Pisgah, California - Pisgah Property Mining Lease.

Because any exploration (and future mining) operations of the Company would be subject to the permitting requirements of one or more agencies, the commencement of any such operations could be delayed, pending agency approval (or a determination that approval is not required because of size, etc.), or the project might even be abandoned due to prohibitive costs.

The Company has historically expended a significant amount of funds on consulting, geochemical analytical testing, metallurgical processing and extracting, and precious metal assaying of material, however, the Company does not consider those activities as research and development activities. All those expenses are borne by the Company.

Federal, state and local provisions regulating the discharge of material into the environment, or otherwise relating to the protection of the environment, such as the Clean Air Act, Clean Water Act, the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response Liability Act ("Superfund") affect mineral operations. For exploration and mining operations, applicable environmental regulation includes a permitting process for mining operations, an abandoned mine reclamation program and a permitting program for industrial development. Other nonenvironmental regulations can impact exploration and mining operations and indirectly affect compliance with environmental regulations. For example, a state highway department may have to approve a new access road to make a project accessible at lower costs, but the new road itself may raise environmental issues. Compliance with these laws, and any regulations adopted there under, can make the development of mining claims prohibitively expensive, thereby frustrating the sale or lease of properties, or curtailing profits or royalties which might have been received there from.

The Company presently has no full-time employees and relies on outside subcontractors, consultants and agents, to perform various administrative, legal and technical functions, as required.

PISGAH, CALIFORNIA PROPERTY

In 1997 we acquired fee title to the Pisgah Property, a "volcanic cinders" property at Pisgah, San Bernardino County, California, for \$567,000. The cinders material resulted from a geologically recent volcanic eruption.

The property is privately owned and is comprised of approximately 120 acres located 10 miles southwest of Ludlow, California, with a very large hill of volcanic cinders, accessible by paved road from Interstate 40. An independent survey service hired by the Company reported that there are approximately 13,500,000 tons of volcanic cinders above the surface. Approximately 3,500,000 tons of the cinders have been screened and stockpiled, the result of prior operations by Burlington Northern Railroad Co. It processed the cinders from the hill for railroad track ballast, taking all cinders above about one-inch diameter and leaving the rest on the ground surface within one-quarter mile of the hill. The remaining material in the hill and the material left over from Burlington's operations can easily be removed by front end loaders and loaded into dump trucks for hauling. The Cinder and Cinder #2 patented mining claims contain morphologically young alkali basalt and hawaiite lava flows and cinder (rock types created by volcanic activity). The cinder and spatter cone is about 100 meters high and has a basal diameter (circumference area at the base of the volcanic material) of about 500 meters, and was formed by the splattering of lava into a cone shape during volcanic activity. The volcanic cone and crater consists of unsorted basaltic tephra (volcanic material), ranging from finest ash, through scoriaceous cinders and blocks, or slag like structures born from igneous rock, to dense and broken bombs up to two meters in dimension.

The Pisgah Property consists of patented claims we own; no fees have to be paid to the BLM or work performed on the claims to retain title to the property.

From the year 2000 through 2002, the Company ran numerous tests on the volcanic cinders property to determine if the material contains precious metals. Although the program indicated precious metals might exist in material taken from the Pisgah Property, overall the program results were inconclusive.

Pisgah Property - Mining Lease

In May, 1998, we signed a Mining Lease Agreement for the Pisgah Property with Twin Mountain Rock Venture, a California general partnership ("Twin Mountain,"). The Agreement is for an initial term of 10 years, with an option to renew for an additional ten-year term. Twin Mountain has the right to take 600,000 tons of volcanic cinders during the initial term, and 600,000 more tons during the additional term, for processing and sale as decorative rock. The material would be removed from the original cinder deposit, not the stockpiled material. Twin Mountain has not removed any material to date.

The agreement provides that Twin Mountain will pay minimum annual rental payments of \$22,500 for the initial term and \$27,500 per year for the additional term. Twin Mountain is also obligated to pay us a monthly production royalty for all material removed from the premises: The greater of 5% of gross sales f.o.b. Pisgah, or \$0.80 per ton for material used for block material; plus 10% of gross sales f.o.b. Pisgah for all other material. Twin Mountain will be credited against these payments for minimum royalty payments previously made.

Twin Mountain is current in payments. Twin Mountain has not yet removed any material from the property and has not indicated when it would do so. Twin Mountain does not have the right to remove or extract any precious metals from the property. It does have the right to remove cinder material, which could contain precious metals (and Twin Mountain would have title to the removed cinder material), but it cannot process the materials for precious metals either on or off site.

Mining and reclamation permits, and an air quality permit have been issued by the California regulatory agencies in the names of both Twin Mountain and the Company. We posted a cash bond in the amount of \$1,379 (1% of the total bond amount) and Twin Mountain has posted the remainder of the \$137,886 bond. If Twin Mountain defaults, we would be responsible for reclamation of the property, but reclamation costs incurred in that event would be paid in whole or part by the bond posted by us and Twin Mountain. Reclamation costs are not presently determinable.

In addition to our historic exploration activities, we are currently under taking alternative revenue producing opportunities at our Pisgah Property. On January 23, 2012 we entered into a mineral lease agreement with a partner who will purchase up to 100,000 tons of resources derived from the property to produce commercial products for resale. The agreement is for an initial period of ten (10) years, with an additional five (5) year extension at the option of the lessee. We will receive fees for the removal of minerals at diminishing prices in \$0.50 increments between \$12 per ton and \$10 per ton for each 20,000 tons of material removed.

Pisgah Property – Material Supply Agreements

On January 23, 2012, the Company entered into a mineral lease agreement with a GoodCorp Inc. to purchase material from the Pisgah Property. This mineral lease agreement is for an initial period of ten (10) years, with an additional five (5) year extension at the option of the lessee. Sale prices of minerals are set at diminishing prices in \$0.50 increments between \$12 per ton and \$10 per ton for each 20,000 tons of material removed. As of the date hereof, no material has been sold and no revenue has been received by the Company under this agreement.

On April 9, 2013, the Company entered into a Material Supply Agreement (the "Original MSA") with Candeco Lava Products, Inc., ("Candeco"), an Alberta, Canada company controlled by a former director of the Company and brother of our then CEO. This Agreement was amended on March 3, 2014 (the "Amended MSA"). Pursuant to the Amended MSA, Candeco is entitled to purchase volcanic lava or cinders from Pisgah Property that is not currently stockpiled on the Pisgah Property (the "Material") at a price equal to the greater of \$15 per ton and the net sales margin per ton removed from the Pisgah Property realized as follows: (i) 35% of the net sales margins during the first year of mining; and (ii) 50% of the net sales margins for the subsequent years during the term of the Amended MSA (the "Production Payment"). Under the Amended MSA, Candeco has the right to remove an initial amount of up to 1,000,000 tons (the "Initial Amount") of Material from the Property and additional incremental amounts (the "Additional Amounts") of 1,000,000 tons each, upon the successful removal of the Initial Amount from the Property. Candeco's right to remove the Additional Amounts from the Property is on the basis that once Candeco has removed the first Additional Amount of the Material from the Property, it shall have the right to remove subsequent Additional Amounts of Material from the Property, so long as it removes its then current Additional Amount. As such, Candeco's right to extend the term of the Amended MSA is entirely based on Candeco's successful performance of its Material removal commitments under the terms of the Amended MSA.

Under the Amended MSA, Candeco is required to purchase a minimum of ten thousand (10,000) tons of Material during each of the first three years of the term of the agreement, all at a purchase price of \$15.00 per ton, for a total payment of \$150,000 per year in each of the first three years of the Term (the "Pre-Purchased Payments"), with credit being given by the Company to Candeco for all pre-paid tons of Material that have already been purchased and paid for under the Original MSA. The Pre-Purchased Material will remain on the Pisgah Property until Candeco commences its production operations or engages the Company to mine and remove Material on Candeco's behalf. In the event that Candeco engages the Company to mine and remove any of the Material, Candeco shall pay all of the Company's reasonable costs and expenses in conducting such mining and removal operations plus a fee of 15%. All mining and removal operations on the Pisgah Property will be subject to all necessary regulatory and other third party approvals being obtained. The Pre-Purchased Payments will not be refundable to Candeco but shall be credited against the first Production Payments.

The term of the Amended MSA has been extended from an initial term of ten (10) years to twenty (20) years (the "Primary Term") and Candeco has the option to extend the term for an additional thirty (30) years exercisable at any time with no less than three (3) months written notice prior to the expiration of the Primary Term, provided that Candeco is not in default under any of the provisions of the Amended MSA and that the whole of the Initial Amount has been removed from the Property.

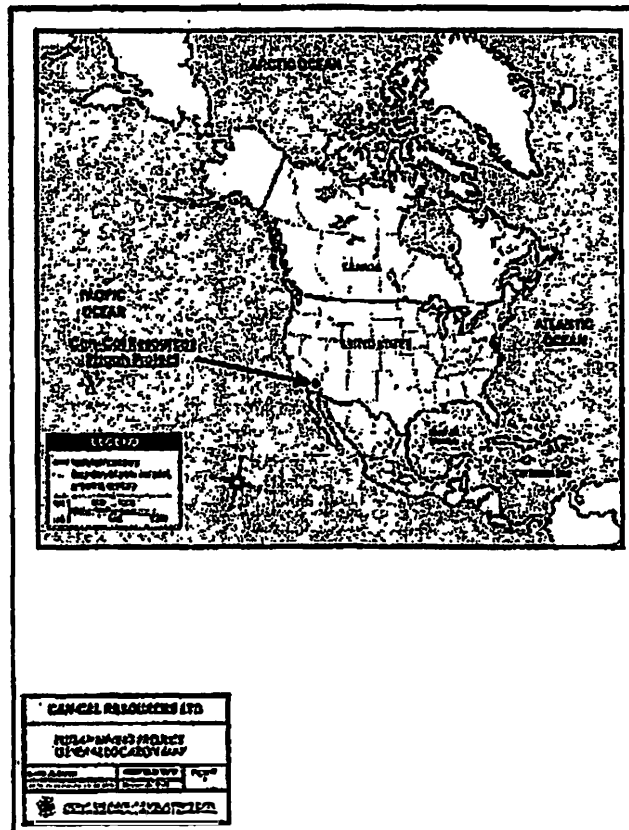
Location and Access

The Pisgah Project is located in San Bernardino County, 72 kilometers (45 miles) east of the city of Barstow, California, and 307 kilometers (192 miles) south-southeast of Las Vegas, Nevada, United States. Barstow lies near the southwest border of California, east of the junction of Interstate 15, Interstate 40 and U.S. Route 66. The Project is centered at Latitude 34° 44' 47" North, Longitude 116° 22' 29" West (See Figures 1, 2 and 3), or UTM (metric) coordinates 55700 E/384500 N in Zone 11, datum point NAD 27. It lies within the NW ¼ of Section 32, Township 8 North, Range 6 East from San Bernardino Meridian and has an area of 48.4 hectares (120.2 acres).

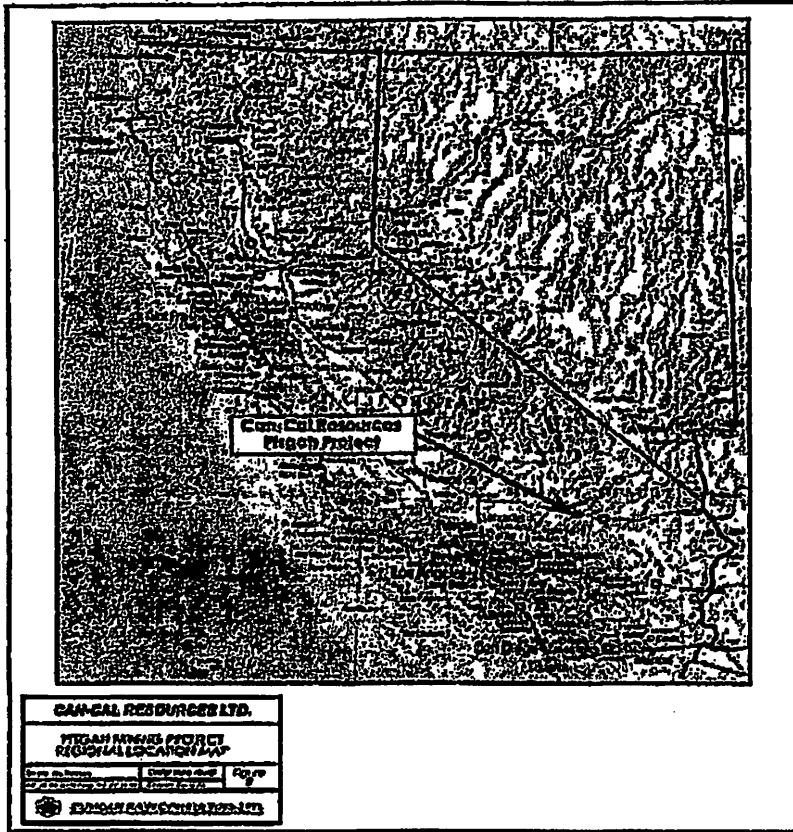
Access to the Pisgah Project is by the paved 2-lane paved road. From the junction of Interstate 15 and Interstate 40 just east of Barstow, California travel east along Interstate 40 for 52 kilometers (32.5 miles). Take the Hector Rd. Exit and turn right onto Hector Rd. From here turn left onto Historic Route 66 for 7.4 kilometers (4.6 miles), and then turn right (south) onto the Pisgah Crater road. Follow this road for 3.2 kilometers (2.0 miles) to the Pisgah Crater workings.

Pisgah Project

General Location Map

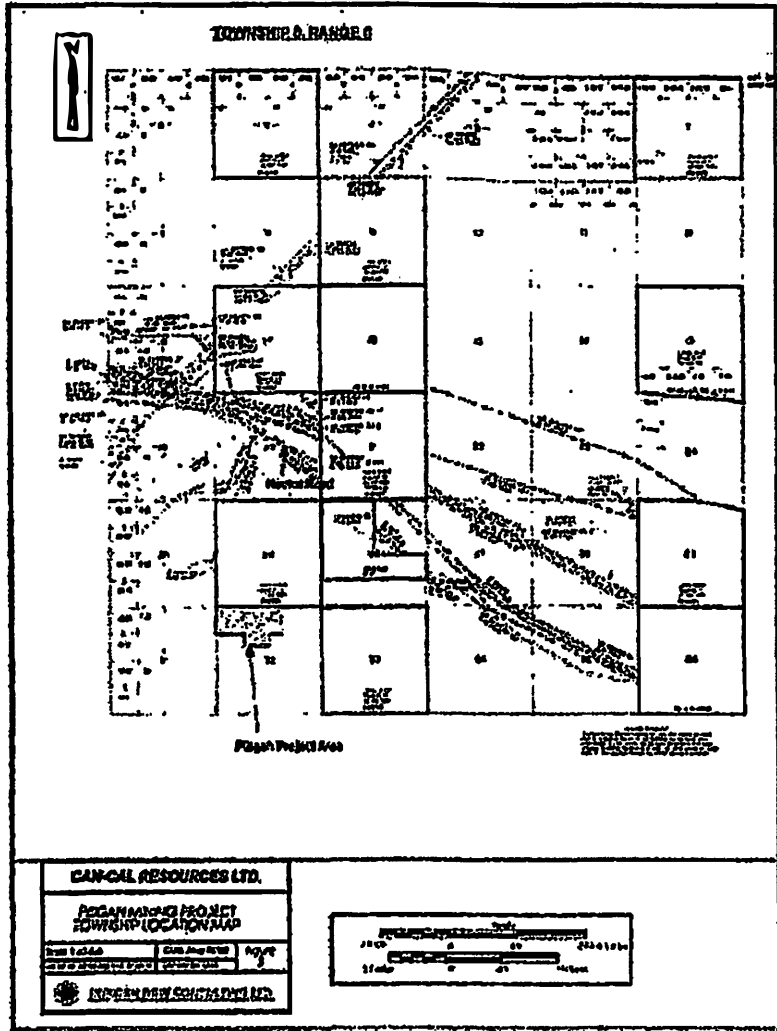


Pisgah Project
Regional Location Map

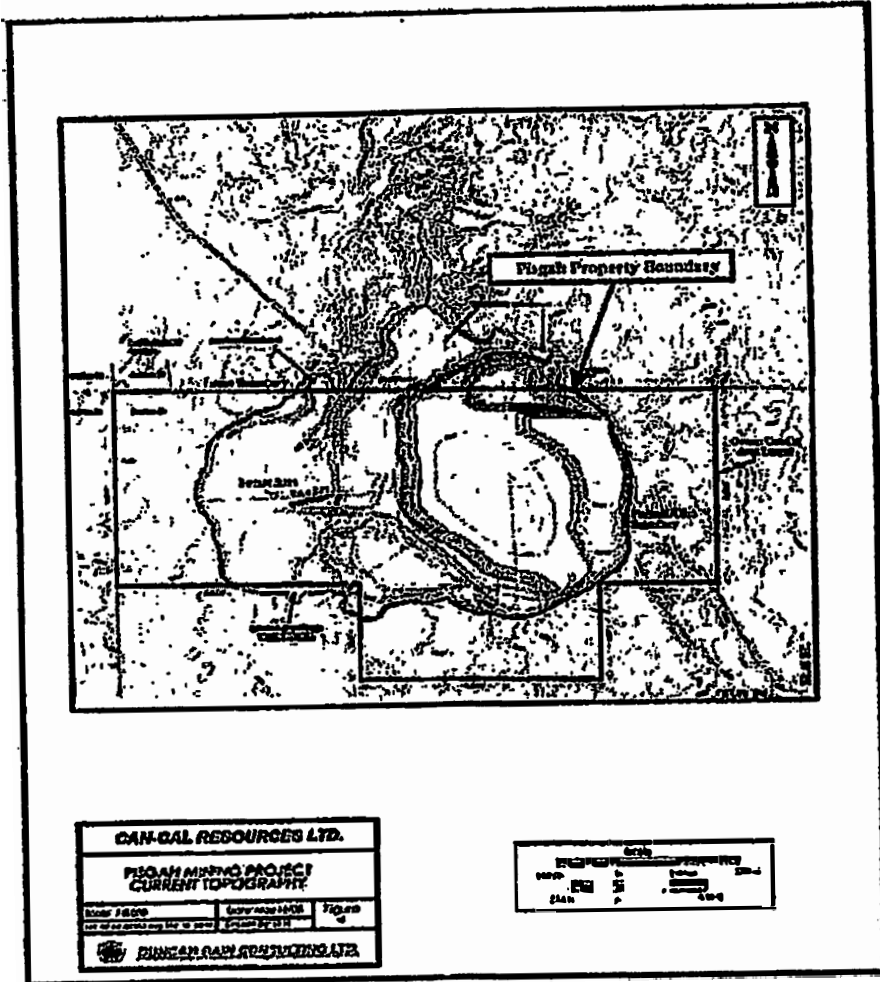


Pisgah Project

Township Location Map



Pisgah Project
 Topography Map



OWL CANYON - S & S JOINT VENTURE

The Company has abandoned the Owl Canyon – S & S Joint Venture entered into in 1996 with the Schwarz family choosing to use its resources on the Pisgah Project.

CERBAT PROPERTY

On March 12, 1998, we signed a Lease and Purchase Option Agreement covering six patented mining claims in the Cerbat Mountains, Hualapai Mining District, and Mohave County, Arizona. The patented claims cover approximately 120 acres. We paid \$10,000 as the initial lease payment and are obligated to pay \$1,500 per quarter as minimum advance royalties, which payments have been made to date. The Company has the option to purchase the property for \$250,000, less payments already made. In the event of production before purchase, we will pay the lessor a production royalty of 5% of the gross returns received from the sale or other disposition of metals produced. Except for limited testing and evaluation work performed in mid-2002, no work has been performed on this property since 1999. Access is north 15 miles from Kingman, Arizona on Highway 93, east from the historical marker to Mill Ranch, then left three miles to a locked gate.

The country rock is pre-Cambrian granite, gneiss and schist complex. It is intruded by dikes of minette, granite porphyry, diabase, rhyolite, basalt and other rocks, some of which are associated with workable veins and are too greatly sericitized (altered small particles within the material) for determination. The complex is also flanked on the west by masses of the tertiary volcanic rocks, principally rhyolite. The mineralized body contains principally gold, silver and lead. They occur in fissure veins, which generally have a north-easterly trend and a steep north-easterly or south-westerly dip. Those situated north of Cerbat wash are chiefly gold bearing while those to the south principally contain silver and lead. The gangue (material that is considered to have base metals that are not precious or worth recovering for market value) is mainly quartz and the values usually favor the hanging wall. The Company has been informed by the owner that the property contains several mine shafts of up to several hundred feet in depth and tailings piles containing thousands of tons of tailings. The property has not produced since the late 1800's.

We conducted (in late June and July 2002) a limited number of preliminary tests and assays on material taken from mine dumps (material left on the property from mining by others many years ago). It was anticipated that this material could be economically processed. However, the dump material tonnage will not support a small-scale operation without being supplemented with additional underground ore. We are considering selling or farming out the property, as there have been expressions of interest in the property from time to time. We have had no significant activity on Cerbat as of the date of this annual report.

Location and Access

The Cerbat Group of claims is located in the Hualapai Mining District about 15 miles north from Kingman which is the nearest railroad and supply point. The state highway from Kingman to Boulder Dam and Las Vegas passes within 4 miles of the property and a good County road connects the highway with the mining site. The County road passes through the Rolling Wave and Red Dog claims making transportation available to the lower workings. An old road connects the New Discovery shaft with the Cerbat workings near the crest of the hill. This group of claims is favorably situated for trucking and transportation purposes.

WIKIEUP PROPERTY

During 2012 and 2013, we conducted a comprehensive research and development program to ascertain the potential for any rare earth elements on the Wikieup property with the assistance of an independent geologist working together with students from the University of Nevada Las Vegas' geology department (UNLV). The study has been completed and the results have been presented to the Company. Based on those results, the Company has decided to abandon any development of the Wikieup Property.

ITEM 3. LEGAL PROCEEDINGS.

On June 3, 2014, a group of Company shareholders under the direction of Ronald D. Sloan (a former Chief Executive Officer and director of the Company) (collectively the "Plaintiffs") filed a shareholder derivative complaint in Nevada State Court against the Company, as well as its then current directors (Thompson MacDonald, G. Michael Hogan, and Ron Schinnour), William Hogan, FutureWorth Capital Corp. and Candeo (collectively the "Defendants"). The Plaintiffs are alleging, among other things, that the Defendants caused the Company to enter into a transaction with Candeo involving the Pisgah Property that was not in the best interests of the Company. However, the transaction with Candeo is in the best interests of the Company (see above in "Note 3 – Related Party Transactions - Material Supply Agreement").

There are many other allegations made by the Plaintiffs, all of which are considered by the Defendants to be frivolous with no basis in fact. In fact, due to the actions of the prior management of the Company, the Company would not have been able to continue operations and would have failed without the intervention of new management, including certain of the Defendants, and without entering into the transaction with Candeo. Accordingly, no provision has been recorded in the financial statements of the Company for any payment to the Plaintiffs pursuant to the claim or otherwise. Legal counsel for the Company is Justin Jones, Esq. of Wolf, Rifkin, Shapiro, Schulman, and Rabkin, LLP of Las Vegas, Nevada.

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our Board of Directors, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES.

The Company does not currently operate any mines related to its claims. As a result, mine safety disclosures are not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

(a) Market Information

Our Common Stock trades sporadically on the over-the-counter bulletin board market (OTC: QB) under the symbol CCRE. Our common stock has traded infrequently on the OTC: QB, which limits our ability to locate accurate high and low bid prices for each quarter within the last two fiscal years. Therefore, the following table lists the quotations for the high and low bid prices as reported by a Quarterly Trade and Quote Summary Report of the OTC Bulletin Board for the calendar years 2012 and 2011. The quotations from the OTC Bulletin Board reflect inter-dealer prices without retail mark-up, markdown, or commissions and may not represent actual transactions.

	2014				2015			
	High	Low	High	Low	High	Low	High	Low
1 st Quarter	\$ 0.04	\$ 0.02	\$ 0.05	\$ 0.05e	\$ 0.05	\$ 0.05e	\$ 0.05	\$ 0.05e
2 nd Quarter	\$ 0.06	\$ 0.03	\$ 0.05	\$ 0.05e	\$ 0.05	\$ 0.05e	\$ 0.05	\$ 0.05e
3 rd Quarter	\$ 0.06	\$ 0.04	\$ 0.05	\$ 0.03e	\$ 0.05	\$ 0.03e	\$ 0.05	\$ 0.03e
4 th Quarter	\$ 0.06	\$ 0.04	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03

	2016				2017			
	High	Low	High	Low	High	Low	High	Low
1 st Quarter	\$ 0.07	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03
2 nd Quarter	\$ 0.07	\$ 0.05	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03
3 rd Quarter	\$ 0.07	\$ 0.05	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03
4 th Quarter	\$ 0.05	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03

(b) Holders of Common Stock

As of December 31, 2016, there were approximately 42,867,060 shares outstanding held by approximately 180 shareholders.

As at	Number of shareholders	Number of shares outstanding
December 31, 2015	180	42,867,060
March 31, 2016	180	42,867,060
June 30, 2016e	180	42,867,060
September 30, 2016	180	42,867,060
December 31, 2016	180	42,867,060
March 31, 2017	180	42,867,060
June 30, 2017e	180	42,867,060
September 30, 2017e	180	42,867,060

Upon the resignation of G. Michael Hogan as an officer and director of the Company on August 19, 2015, all accrued and unpaid salaries as of that date of \$676,333 (\$600,000 as at December 31, 2014) were settled with an agreement to issue 600,000 common shares (worth approximately \$18,000 based on August 19, 2015 share prices). This transaction had been recorded during the quarter ended September 30, 2015, although the shares had yet to be issued. The shares were issued on December 31, 2017.

Mr. William Hogan resigned from the Board of Directors on February 27, 2013, and his compensation via his FutureWorth Capital Corp. consulting agreement terminated as of December 31, 2012. On August 19, 2015, FutureWorth Capital Corp. settled all accrued and unpaid compensation of \$180,000 to that date (\$180,000 as at December 31, 2015) with an agreement to issue 240,000 common shares (worth approximately \$7,200 based on August 19, 2015 share prices). This transaction had been recorded during the quarter ended September 30, 2015 although the shares had yet to be issued. The shares were issued on December 31, 2017.

The above table includes the issuance owed to Michael Hogan and Bill Hogan in 2015. The shares were not officially issued until December 31, 2017.

(c) Dividendse

In the future we intend to follow a policy of retaining earnings, if any, to finance the growth of the business and do not anticipate paying any cash dividends in the foreseeable future. The declaration and payment of future dividends on the Common Stock will be the sole discretion of board of directors and will depend on our profitability and financial condition, capital requirements, statutory and contractual restrictions, future prospects and other factors deemed relevant.

(d) Securities Authorized for Issuance under Equity Compensation Planse

STOCK OPTION PLANS

There are no Stock Options open as of December 31, 2014, 2015, or 2016. On December 31, 2017, 650,000 Stook Options were granted to members of the Board of Directors and consultants of the Company in lieu of cash compensation.

WARRANTS

Can-Cal has no warrants outstanding as of the fiscal year ending 2014, 2015, 2016, or 2017.

Recent Sales of Unregistered Securities

There were no sales of equity securities by the Company during the fiscal year ended December 31, 2014, 2015, 2016, or the nine months ended September 30, 2017.

Outside of the plan, by Board resolutions, the following Stock Options were issued in the fourth quarter of 2017 with an exercise price of \$0.06 per share, to each to each of the following for director and/or consultant services rendered to Can-Cal Resources:

Recipient Name	Stock Options Granted
Sandra Rogoza	100,000e
Red To Black Inc.	250,000
Gary Oosterhoff, Director	100,000e
Revrok Farm, a company owned by Cornelus Korver	100,000
For Life Financial Ltd., a company owned by Casey Douglass	100,000.
Total	650,000

The following shares were issued in the fourth quarter of 2017 for director and/or consultant services rendered as follows:

Recipient Name	Shares Issued
William J. Hogan	240,000e
Michael Hogan	600,000
Thompson MacDonald	250,000
Ronald Schinnour	250,000e
Gary Oosterhoff	100,000e
Revrok Farm Ltd., a corporation owned by Cornelus Korver	100,000e
For Life Financial Ltd., a corporation owned by Casey Douglass	100,000
Total	1,640,000e

Upon the resignation of G. Michael Hogan as an officer and director of the Company on August 19, 2015, all accrued and unpaid salaries as of that date of \$676,333 (\$600,000 as at December 31, 2014) were settled with an agreement to issue 600,000 common shares (worth approximately \$18,000 based on August 19, 2015 share prices). This transaction had been recorded during the quarter ended September 30, 2015, although the shares had yet to be issued. The shares were issued on December 31, 2017.

Mr. William Hogan resigned from the Board of Directors on February 27, 2013, and his compensation via his FutureWorth Capital Corp. consulting agreement terminated as of December 31, 2012. On August 19, 2015, FutureWorth Capital Corp. settled all accrued and unpaid compensation of \$180,000 to that date (\$180,000 as at December 31, 2015) with an agreement to issue 240,000 common shares (worth approximately \$7,200 based on August 19, 2015 share prices). This transaction had been recorded during the quarter ended September 30, 2015 although the shares had yet to be issued. The shares were issued on December 31, 2017.

We claim an exemption from registration for the issuances described above pursuant to Section 4(a)(2) and/or Rule 506 of Regulation D of the Securities Act, since the foregoing issuances did not involve a public offering, the recipients were (a) "accredited investors"; and/or (b) had access to similar documentation and information as would be required in a Registration Statement under the Securities Act, the recipients acquired the securities for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof. The securities were offered without any general solicitation by us or our representatives. No underwriters or agents were involved in the foregoing issuances and grant and we paid no underwriting discounts or commissions. The securities sold are subject to transfer restrictions, and the certificates evidencing the securities contain an appropriate legend stating that such securities have not been registered under the Securities Act and may not be offered or sold absent registration or pursuant to an exemption therefrom. The securities were not registered under the Securities Act and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act and any applicable state securities laws.

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the year ended December 31, 2014, 2015, 2016, or 2017.

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of the business, financial condition and results of operation of the Company should be read in conjunction with the financial statements of the Company for the years ended December 31, 2016, 2015 and 2014 and the notes to those statements that are included elsewhere in this Annual Report on Form 10-K. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the section titled "Risk Factors."

Overview

Can-Cal Resources Ltd. is a publicly traded exploration stage company engaged in seeking the acquisition and exploration of metals mineral properties. As part of its growth strategy, the Company will focus its future activities in the USA, with an emphasis on the Pisgah Mountain, California property and the Cerbat, Arizona property.

At December 31, 2016, we had cash on hand of approximately \$Nil available to sustain operations. At December 31, 2015, cash on hand was \$1,905. Accordingly, we are uncertain as to whether the Company may continue as a going concern. While we may seek additional investment capital, or possible funding or joint venture arrangements with other mining companies, we have no assurance that such investment capital or additional funding and joint venture arrangements will be available to the Company.

We expect in the near term to continue to rely on outside financing activities to finance our operations. We used investment proceeds realized during 2012 for (i) completion of work-up of two potential extraction processes to determine which process we will employ to potentially prove up any precious metals, platinum group elements and/or other base metals on the Pisgah, California property and the Cerbat, Arizona property, if any; (ii) the development of a drill program to potentially prove up any tonnages and precious metals and/or other base metals on the Cerbat, Arizona property, if any; (iii) the continued development a comprehensive research and development program to ascertain the potential for any rare earth elements on the Owl Canyon, California property (subsequently abandoned); (iv) strategic working capital reserve and (v) to finance our operations.

In addition to our historic exploration activities, we are currently under taking alternative revenue producing opportunities at our Pisgah Property. On January 23, 2012, the Company entered into a mineral lease agreement with a GoodCorp Inc. to purchase material from the property. This mineral lease agreement is for an initial period of ten (10) years, with an additional five (5) year extension at the option of the lessee. Sale prices of minerals are set at diminishing prices in \$0.50 increments between \$12 per ton and \$10 per ton for each 20,000 tons of material removed. As of the date hereof, no material has been sold under this agreement and no revenue has been received by the Company.

On April 9, 2013, the Company entered into the Original MSA with Candeco and the Amended MSA on March 3, 2014. Pursuant to the Amended MSA, Candeco is entitled to purchase Material from the Pisgah Property at a price equal to the greater of \$15 per ton and the net sales margin per ton removed from the Pisgah Property realized as follows: (i) 35% of the net sales margins during the first year of mining; and (ii) 50% of the net sales margins for the subsequent years during the term of the Amended MSA. Under the Amended MSA, Candeco has the right to remove an Initial Amount of up to 1,000,000 tons of Material from the Pisgah Property and Additional Amounts of 1,000,000 tons each, upon the successful removal of the Initial Amount from the Pisgah Property. Candeco's right to remove the Additional Amounts from the Pisgah Property is on the basis that once Candeco has removed the first Additional Amount of the Material from the Pisgah Property, it shall have the right to remove subsequent Additional Amounts of Material from the Property, so long as it removes its then current Additional Amount. As such, Candeco's right to extend the term of the Amended MSA is entirely based on Candeco's successful performance of its Material removal commitments under the terms of the Amended MSA.

Under the Amended MSA, Candeco is required to purchase a minimum of ten thousand (10,000) tons of Material during each of the first three years of the term of the agreement, all at a purchase price of \$15.00 per ton, for a total payment of \$150,000 per year in each of the first three years of the Term, with credit being given by the Company to Candeco for all pre-paid tons of Material that have already been purchased and paid for under the Original MSA. The Pre-Purchased Material will remain on the Pisgah Property until Candeco commences its production operations or engages the Company to mine and remove Material on Candeco's behalf. In the event that Candeco engages the Company to mine and remove any of the Material, Candeco shall pay all of the Company's reasonable costs and expenses in conducting such mining and removal operations plus a fee of 15%. All mining and removal operations on the Pisgah Property will be subject to all necessary regulatory and other third-party approvals being obtained. The Pre-Purchased Payments will not be refundable to Candeco but shall be credited against the first Production Payments.

The term of the Amended MSA has been extended from an initial term of ten (10) years to twenty (20) years (the "Primary Term") and Candeco has the option to extend the term for an additional thirty (30) years exercisable at any time with no less than three (3) months written notice prior to the expiration of the Primary Term, provided that Candeco is not in default under any of the provisions of the Amended MSA and that the whole of the Initial Amount has been removed from the Property.

Results of Operations for the Years Ended December 31, 2016, 2015, and 2014:

(\$ dollars)	Year Ended December 31,		
	2016	2015	2014
Rental income	9,167	33,100	27,500
Operating expenses:			
Exploration costs	17,096	10,929	010,161
General and administrative	147,346	115,359	129,453
Depreciation	-	282	370
Officer salary	0	76,333	120,000
Total operating expenses	164,442	202,903	259,984
Net operating loss	(155,275)	(169,803)	(232,484)
Other income (expense):			
Interest expense	(13,243)	(13,399)	(9,706)
Foreign exchange gain (loss)	145	396	-
Non-recurring income	2,680	2,626	19,224
Total other income (expense)	(12,830)	(10,377)	9,518
Loss before provision for income taxes	(168,105)	(180,180)	(222,966)
Provision for income taxes	-	-	-
Net loss	(168,105)	(180,180)	(222,966)

Revenues:

Rental revenue was \$9,167 for the year ended December 31, 2016, \$33,100 for 2015, and \$27,500 for 2014. Rental revenue relates to income derived from the rental of the Company's land for the purposes of mineral extraction, filming movies or conducting photo shoots. The decrease in rental revenue in 2016 was due to the rental contracts not being renewed.

No rental revenues have been realized in any interim period in 2017.

Exploration Costs:

For the year ended December 31, 2016, exploration costs were \$17,096, \$10,929 in 2015, and \$10,161 for the year ended December 31, 2014. The increase in exploration costs is due to higher property taxes paid on our locations in 2016.

We incurred about \$5,000 in exploration costs in the 2017 interim period ended June 30, 2017 and none in the other periods.

General and Administrative:

General and administrative expenses were \$147,346 for the year ended December 31, 2016, \$115,359 for 2015 and \$129,453 for the year ended December 31, 2014. This increase in general and administrative expense in 2016 was primarily due to legal expenses incurred as a result of the lawsuit brought forward by our shareholders. The decrease in costs in 2015 was largely due to the resignation of the Controller whose position has not been filled.

In the interim periods in 2017 we incurred about \$7,000 in G&A each quarter except the three month period ended June of 2017 when G&A totalled about \$60,000 primarily in professional fees. Subsequent to September 30, 2017, a Board resolution was passed, made effective as of January 1, 2017, that For Life Financial Ltd., which is owned by Casey Douglass, and provides management services to the Company, would have an increase in remuneration to \$75,000 per annum. This increase in remuneration will be recognized in the fourth quarter of 2017.

Officer Salary:

Officer Salaries was \$Nil for the year ended December 31, 2016, \$76,333 for 2015, and \$120,000 for 2014. The CEO's compensation was fixed at \$10,000 per month. All salaries payable in 2015 and 2014 were accrued, but not paid, and remain an outstanding obligation of the Company as at December 31, 2016. The CEO had resigned in mid-2015 and has not been replaced during this reporting timeframe.

Net Operating Gain or Loss:

Net operating loss for the year ended December 31, 2016 was \$155,275 or \$0.00 per share, there was a net operating loss of \$169,803 or \$0.00 per share for 2015, and \$232,484 for the year ended December 31, 2014, or \$0.01 per share. This operating loss decrease is primarily due to decrease in Exploration Costs and General and Administrative expense as explained above.

Other Income:

There was other non-recurring revenue for the year ended December 31, 2016 of \$268, \$2,626 in 2015 and \$19,224 for the year ended December 31, 2014. The other income in 2016 was due to the write-off of charges incurred, the other income in 2015 and 2014 was due to the write-off of accounts payable for stale-dated payables confirmed as no longer owed.

In the interim periods in 2017 other income consisted of gain on sale of assets of \$9,000 in the three months ended June 30, 2017.

Interest Expense:

Interest expense for the year ended December 31, 2016 was \$13,243, \$13,399 in 2015, and \$9,706 for the year ended December 31, 2014. The increase in interest expense is due to the higher average carrying amounts on the notes payable throughout the year.

In the interim periods in 2017 interest expense remained steady at about \$3,000 per quarter.

Net Loss:

See the explanation of Net Operating Loss above.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes total assets, accumulated deficit, stockholders' equity (deficit) and working capital at December 31, 2016, 2015, and 2014.

(\$ dollars)	December 31,		
	2016	2015	2014
Total Assets	1,290	3,195	867
Accumulated (Deficit)	(11,263,792)	(11,095,687)	(10,915,507)
Stockholders' Equity (Deficit)	(654,928)	(486,823)	(1,162,976)
Working Capital (Deficit)	(654,928)	(486,823)	(1,163,258)

At December 31, 2016, we had total assets of \$1,290, consisting of prepaid expenses, compared to assets of \$3,195 in 2015, and \$867 in 2014. We have implemented financial controls in the business to ensure each expense is warranted and needed. Our cash on hand at December 31, 2016 was \$Nil.

No significant changes have taken place in the three quarters of 2017 as Noted below:

(\$ thousands of dollars)	December 31,		
	9/30/2017	6/30/2017	3/31/2017
Total Assets	3	2	1
Accumulated (Deficit)	(11,345)	(11,333)	(10,566)
Stockholders' Equity (Deficit)	(736)	(725)	(665)
Working Capital (Deficit)	(736)	(725)	(665)

Off Balance Sheet Arrangements

We do not have any off-balance sheet arrangements of any kind.

Contractual Obligations

We have no significant changes in contractual obligations as of December 31, 2016 and there were no significant changes in contractual obligations as at December 31, 2015.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, allowance for sales returns and doubtful accounts, inventory valuation, business combination purchase price allocations, our review for impairment of long-lived assets, intangible assets and goodwill, income taxes and stock-based compensation expense. Actual results may differ from these judgments and estimates, and they may be adjusted as more information becomes available. Any adjustment may be significant.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably may have been used, or if changes in the estimate that are reasonably likely to occur may materially impact the financial statements. We refer readers to Note 1 to our audited financial statements for the years ended December 31, 2016 and 2015 filed with this Annual Report.

Recent Accounting Pronouncements

See Note 1 contained in the "Notes to the Financial Statements" for a discussion of new and recently adopted accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Index to Financial Statements

<u>Reports of Independent Registered Public Accounting Firm</u>	F-1
<u>Balance Sheets as of December 31, 2016, 2015 and 2014</u>	F-2
<u>Statements of Operations for the years ended December 31, 2016, 2015 and 2014</u>	F-3
<u>Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014</u>	F-4
<u>Statements of Stockholders' (Deficit) for Years Ended December 31, 2016, 2015 and 2014</u>	F-5
<u>Notes to Financial Statements</u>	F-6

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

ITEM 9A. CONTROLS AND PROCEDURES.

We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We conducted an evaluation (the "Evaluation"), under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures ("Disclosure Controls") as of the end of the period covered by this report pursuant to Rule 13a-15 of the Exchange Act. Based on this Evaluation, our Chief Executive Officer has concluded that the Company's disclosure controls and procedures were not effective because of the identification of a material weakness in our internal control over financial reporting which is identified below in Management's Annual Report on Internal Control over Financial Reporting, which we view as an integral part of our disclosure controls and procedures.

Changes in Internal Control

We have also evaluated our internal control over financial reporting, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls as of December 31, 2016.

Limitations on the Effectiveness of Controls

Our management, including our CEO, does not expect that our Disclosure Controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management or board override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CEO Certification

Appearing immediately following the Signatures section of this report there are Certifications of the CEO. The Company currently has no CFO. The Certification are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the Section 302 Certifications). This Item of this report, which you are currently reading is the information concerning the Evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) under the Exchange Act.

The management of the Company assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on this assessment, management determined that, during the year ended December 31, 2016, our internal controls and procedures were not effective to detect the inappropriate application of US GAAP rules, as more fully described below. This was due to deficiencies in the design or operation of the Company's internal control that adversely affected the Company's internal controls and that may be considered to be material weaknesses.

Management identified the following material weaknesses in internal control over financial reporting:

1. The Company has limited segregation of duties, which is not consistent with good internal control procedures.

2. The Company does not have a written internal control procedural manual which outlines the duties and reporting requirements of the Directors and any staff to be hired in the future. This lack of a written internal control procedural manual does not meet the requirements of the SEC or good internal controls.

Management believes that the material weaknesses set forth in items 1 and 2 above did not have an effect on the Company's financial results.

The Company and its management will endeavor to correct the above noted weaknesses in internal control once it has adequate funds to do so.

Management will continue to monitor and evaluate the effectiveness of the Company's internal controls and procedures and its internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only the management's report in this annual report.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Subsequent to December 31, 2014, all previous officers and directors of the Company resigned.

On August 19, 2015, Jonathan Legg and Tim J. Nakaska were elected to the Board of Directors of the Company. Michael Hogan resigned from the Board of Directors.

On September 10, 2015, Thompson MacDonald (Chairman of the Board of Directors) and Ronald Schimmour resigned from the Board of Directors to pursue other interests.

On September 10, 2015, Richard Singleton was elected to the Board of Directors, such that the ongoing directors of the Company are Jonathan Legg, Tim J. Nakaska and Richard Singleton. Also, on that date, Jonathan Legg was elected Chairman of the Board, Tim J. Nakaska was elected Chairman of the Audit Committee and Richard Singleton was elected Chairman of the Compensation Committee.

On May 1, 2016, Richard Singleton resigned from the Board of Directors.

On June 10, 2016, Casey Douglass was elected to the Board of Directors.

On September 10, 2016, Tim J. Nakaska and Jonathan Legg resigned from the Board of Directors. Gary Oosterhoff and Cornelius (Case) Korver were elected to the Board of directors. Casey Douglass was elected as Chairman of the Board.

The new Officers and directors of the Company are listed below. Directors are elected to hold offices until the next annual meeting of shareholders or until their successors are elected or appointed and qualified. Officers are appointed by the board of directors until a successor is elected and qualified or until resignation, removal or death.

Name	Age	Position and Tenure
Casey Douglass	57	Director and Chairman of the Board
Gary Oosterhoff	60	Director
Cornelius (Case) Korver	72	Director

Mr. Casey Douglass of Red Deer, Alberta, was elected as a Director as of June 10, 2016. Mr. Douglass has owned and managed farming and agribusinesses for over 15 years in Canada and Russia. Mr. Douglass' expertise in Russia involved: market analysis; business design; finance; importing and staff training on new equipment. His expertise also included corporate structuring and strong management skills. During the past 10 years, Mr. Douglass has specialized in providing insurance and finance solutions to the exempt corporate marketplace of Western Canada, the majority of which occurred in Alberta. Mr. Douglass has studied Agricultural Economics and Rural Sociology at University of Alberta and is a strong community player in Red Deer, Alberta as well as other global communities. Mr. Douglass looks forward to assisting Can-Cal Resources from its previous difficult times to upcoming positive and new business activities within North America.

Mr. Gary Oosterhoff of Red Deer, Alberta, was appointed as a Director as of September 10, 2016. During the majority of his working career, Mr. Oosterhoff has been in the general insurance industry where he achieved the "Chartered Insurance Broker" designation, which at the time was the highest level attainable for general insurance brokers. He was the senior leader and majority shareholder of a thriving general insurance brokerage in Red Deer, Alberta which was sold in 2001. Afterward, Gary continued in a teaching capacity throughout Alberta until 2009. Additionally, from 2001, to date, Gary has used his outstanding entrepreneurial experience and background talents in ground floor opportunities and went on to pursue the real estate business, which also has become very successful. Today, Mr. Oosterhoff leads a syndication of high wealth investors for acquisition, development, construction, management and marketing of both residential and commercial holdings in central Alberta. Mr. Oosterhoff has also been a Board member providing regional governance under Alberta Housing Act.

Mr. Cornelius (Case) Korver of Rocky Mountain House, Alberta, was appointed as a director as of September 10, 2016. Since 1962, Mr. Korver has been involved in thriving agricultural businesses near Rocky Mountain House, Alberta, initially with a prosperous family owned dairy operations. In 1972, he expanded and diversified into several other successful business operations, including beef cattle, hay, grains, and oilseeds. In 2008, Mr. Korver further transitioned into specialized custom grazing and hay for the Alberta equine market. Mr. Korver has used his successful business savvy in various capital markets investments. The majority of which are private companies. He has continuously provided active service on various boards at both the Alberta Provincial and County levels including the Alberta Government Loan Appeal Board; County Police Advisory Committee; County Agriculture Service Board; Rocky Mountain Agriculture Society; Chair of Grey Wooded Forage Association; Counsel Member with Clearwater County; Chair of Central Alberta Milk Producers Association and Director, Rocky Natural Gas Co-op.

(a) Director Compensation

The Company has not compensated outside (non-employee) directors for service but has reimbursed them for travel costs to attend Board meetings. Our former director, Mr. G. Michael Hogan, who served as CEO and President during 2015, was entitled to receive compensation for his services as CEO and President in the amount of \$120,000 annually. His salaries for 2015 and 2014 were accrued, but not paid.

Subsequent to September 30, 2017, passed by Board resolution, the three directors of the Company were each issued 100,000 shares and 100,000 stock options.

(b) Identification of Certain Significant Employees and Consultants

None.

(c) Family Relationships

Not applicable.

(d) Involvement in Certain Legal Proceedings

During the past five years, no director, person nominated to become a director, or executive officer of the Company:

(1) has filed or had filed against him, a petition under the federal bankruptcy law or any state insolvency law, nor has any court appointed a receiver, fiscal agent or similar officer by or against any business of which such person was a general partner, or any corporation or business association of which he was an executive officer within two years before the time of such filing;

(2) was convicted in a criminal proceeding or is the named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) was the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring or suspending him from, or otherwise limiting his involvement in, any type of business, securities or banking activities, or

(4) was found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated any federal or state securities or commodities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended or vacated.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based upon a review of Forms 3 and 4 furnished to the company pursuant to Rule 16a-3(a) and written representations referred to in Item 405(b) (2)(i) of Regulation S-K, no directors, officers, beneficial owners of more than 10% of the company's common stock, or any other person subject to Section 16 of the Exchange Act failed for the period from January 1, 2015 through December 31, 2015 to file on a timely basis the reports required by Section 16(a) of the Exchange Act.

CODE OF ETHICS

The Company has adopted a Code of Ethics. A copy of the Code of Ethics will be provided to any person, without charge, upon written request sent by email to Casey Donglass, President (casey@forlifefinancial.com).

ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth summary compensation information for the years ended December 31, 2016, 2015, 2014 and 2013 for our chief executive officers and directors.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Casey Douglass Director	2016	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
G Michael Hogan Former President, CEO, Director	2016	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
	2015	\$ 76,333	\$ -0-	\$ -0-	\$ -0-	\$ 76,333
	2014	\$ 120,000	\$ -0-	\$ -0-	\$ -0-	\$ 120,000
	2013	\$ 120,000	\$ -0-	\$ -0-	\$ -0-	\$ 120,000
Officers as a Group	2016	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
	2015	\$ 76,333	\$ -0-	\$ -0-	\$ -0-	\$ 76,333
	2014	\$ 120,000	\$ -0-	\$ -0-	\$ -0-	\$ 120,000
	2013	\$ 120,000	\$ -0-	\$ -0-	\$ -0-	\$ 120,000

The Company has no executives or employees, however, beginning September 2016, For Life Financial Ltd., a company owned by Casey Douglass, was engaged for management services. Please refer to Item 13 for additional details.

On July 1, 2010, the Company entered into a twelve-month employment agreement, subject to automatic monthly renewals, with the Company's CEO, G. Michael Hogan. The terms of the agreement included a fixed annual salary of \$120,000. The Company may elect to satisfy payment in shares of common stock in lieu of cash at a market value equal to \$0.10 above the average closing trading price of the common stock for the preceding five (5) days from the date of such election. No payments have been made in cash or stock to date.

We owed accrued salaries to our CEO of \$Nil, \$Nil, and \$600,000 at December 31, 2016, 2015, and 2014, respectively. The salaries owing amount was settled with an agreement to issue 600,000 shares in lieu of cash as described above.

Grants of Plan-Based Awards

We did not grant any plan-based awards to our named executive officer during the fiscal year ended December 31, 2016, or 2015.

Outstanding Equity Awards

There were no unexercised stock options, stock that has not vested, and equity incentive plan awards held by our executive officers at December 31, 2016, or 2015.

Option Exercises

There were no options issued or exercised by our executive officers during fiscal 2016, or 2015.

Equity Compensation Plan Information

There are no outstanding Options and Warrants as of the year ended December 31, 2016, or 2015.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following tables presents information, to the best of Can-Cal's knowledge, about the ownership of Can-Cal's common stock on December 31, 2016 and 2015, relating to those persons known to beneficially own more than 5% of Can-Cal's capital stock and by Can-Cal's directors and executive officers. The percentage of beneficial ownership for the following tables are based on 42,867,060 shares of common stock outstanding as of December 31, 2016 and 2015 (including the share issuances to Michael Hogan and William J. Hogan for the settlements of their debts). The percentage of beneficial ownership for the following table is based on 42,867,060 shares of common stock outstanding as of December 31, 2016 and 2015.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and does not necessarily indicate beneficial ownership for any other purpose. Under these rules, beneficial ownership includes those shares of common stock over which the shareholder has sole or shared voting or investment power. It also includes shares of common stock that the shareholder has a right to acquire within 60 days after December 31, 2016 pursuant to options, warrants, conversion privileges or other right. The percentage ownership of the outstanding common stock, however, is based on the assumption, expressly required by the rules of the Securities and Exchange Commission, that only the person or entity whose ownership is being reported has converted options or warrants into shares of Can-Cal's common stock.

Name and Address of Beneficial Owner, Officer or Director ^{Notes (1) & (3)}	2016	
	Number of Shares	Percentage of Outstanding Common Stock ^{Note (2)}
Beneficial Owners, Officers and Directors:		
G Michael Hogan, Former CEO, President and Director	2,960,419	6.9% ^O
Casey Douglass, Director	263,000	0.6%
Gary Oosterhoff, Director	100,000	0.2%
Cornelius (Case) Korver, Director	0 100,000	0.2%
All Beneficial Owners, Directors and Executives as a Group	3,423,419	7.9%

(1)^O As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security).

(2)^O Figures are rounded to the nearest tenth of a percent.^O

(3) The address of each person is care of Can-Cal: 42 Springfield Avenue, Red Deer, Alberta, Canada T4N 0C7.0

Name and Address of Beneficial Owner, Officer or Director ^{Notes (1) & (3)}	2015	
	Number of Shares	Percentage of Outstanding Common Stock ^{Note (2)}
Beneficial Owners, Officers and Directors:		
G Michael Hogan, Former CEO, President and Director	2,960,419	6.9%
Thompson MacDonald, Chairman	850,579	2.0%
Ron Schinnour, Director	416,650	1.0%
All Beneficial Owners, Current Directors and Executives as a Group	4,227,648	9.9%

(1)^O As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security).^O

(2)^O Figures are rounded to the nearest tenth of a percent.^O

(3) The address of each person is care of Can-Cal: 42 Springfield Avenue, Red Deer, Alberta, Canada T4N 0C7.0

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Starting June 10, 2016, For Life Financial Ltd., a company owned by Casey Douglass, one of the directors, was hired to manage the day-to-day operations of the Company. The agreement was signed for a monthly rate of \$2,100 CAD per month. On September 20, 2016, a second agreement to wholly manage the Company was added at a rate of \$50,000 USD per annum. Effective January 1, 2017, a Board resolution was passed to increase the remuneration of the second agreement to a rate of \$75,000 USD per annum.

Casey Douglass, a director of the Company has a 2% ownership in Candeo Lava Products Inc. The Company has a material supply agreement with Candeo Lava Products Inc. for the Pisgah Property, pursuant to which Candeo will pay for and acquire 30,000 tons, and then it will pre-purchase a minimum of ten thousand (10,000) tons per year at a purchase price of fifteen dollars (\$15.00 USD) per ton for a total payment of \$150,000 USD per year in each of the first three years of the term.

Since August 2012, G. Michael Hogan, the former CEO and former Chairman of the Board, has been providing funds to the Company to pay for ongoing operations. The amount received is a note payable, is unsecured, bears interest at 10%, and is due on demand. At December 31, 2016, the amount outstanding, including interest, is \$122,239.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(5)(i) The Board of Directors has not established an audit committee. However, the Board of Directors, as a group, carries out the responsibilities, which an audit committee would have. In this respect the Board of Directors has the responsibility of reviewing our financial statements, exercising general oversight of the integrity and reliability of our accounting and financial reporting practices, and monitoring the effectiveness of our internal control systems. The Board of Directors also recommends selection of the auditing firm and exercises general oversight of the activities of our independent auditors, principal financial and accounting officers and employees and related matters.

Until his resignation, the Board of Directors delegated management of the Company to Mr. G. Michael Hogan and the Board of Directors. The responsibility was then passed on to the Chairman of the Board to manage the terms of engagement, before we engage independent auditor for audit and non-audit services, except as to engagements for services outside the scope of the original terms, in which instances the services have been provided pursuant to preapproval policies and procedures, established by management. These pre-approval policies and procedures are detailed as to the category of service and the Board of Directors is kept informed of each service provided.

(7) Thayer O'Neal Company, LLC, was retained as our auditing firm by the Board of Directors for the fiscal years ended December 31, 2014, 2015, and 2016. Thayer O'Neal Company, LLC billed us as follows for the years ended December 31, 2016, 2015, and 2014, respectively:

(\$ dollars)	For the Fiscal Years Ended December 31,		
	2016	2015	2014
Audit Fees ^(a)	25,443	22,500	--
Audit-Related Fees ^(b)	--	--	--
Tax Fees ^(c)	--	--	--
All Other Fees ^(d)	--	--	--
Total fees paid or accrued	25,443	22,500	--

- a) Includes fees for audit of the annual financial statements and review of quarterly financial information filed with the Securities and Exchange Commission.
- b) For assurance and related services that were reasonably related to the performance of the audit or review of the financial statements, which are not included in the Audit Fees category. The Company had no Audit-Related Fees for the periods ended December 31, 2016 and 2015.
- c) For tax compliance, tax advice, and tax planning services, relating to any and all federal and state tax returns as necessary for the periods ended December 31, 2016, 2015, and 2014, respectively.
- d) For services in respect of any and all other reports as required by the SEC and other governing agencies.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

The following information required under this item is filed as part of this report:

(a) 1. Financial Statements

<u>Management's Report on Internal Control Over Financial Reporting</u>	<u>Page</u>
<u>Report of Independent Registered Public Accounting Firm</u>	25
<u>Balance Sheets</u>	F-1
<u>Statements of Operations</u>	F-2
<u>Statements of Cash Flow</u>	F-31
<u>Statements of Stockholders' (Deficit)</u>	F-4
<u>Notes to Financial Statements</u>	F-51
	F-61

(b) 2. Financial Statement Schedules

None.

(c) 3. Exhibit Index

<u>Exhibit</u>	<u>Exhibit Description</u>	<u>Filed herewith</u>	<u>Incorporated by reference</u>			
			<u>Form</u>	<u>Period ending</u>	<u>Exhibit</u>	<u>Filing date</u>
3.1	<u>Articles of Incorporation</u>		Form 10-SB	N/A	3.0	7/9/1999
3.2	<u>Amendment to the Articles of Incorporation</u>		Form 10-SB	N/A	3.1	7/9/1999
3.3	<u>By-laws</u>		Form 10-SB	N/A	3.2	7/9/1999
10.11	<u>Form of Mineral Lease Agreement</u>		10-K1	12/31/2014	10.11	1/7/2016
10.21	<u>Form of Promissory Note with FutureWorth Capital</u>		10-K	12/31/2014	10.2	1/7/2016
10.3	<u>Form of Subscription Agreement for Promissory Note with FutureWorth Capital</u>		10-K1	12/31/2014	10.3	1/7/2016
10.4	<u>Form of Warrant Certificate with FutureWorth Capital</u>		10-K1	12/31/2014	10.4	1/7/2016

<u>Exhibit</u>	<u>Exhibit Description</u>	<u>Filed herewith</u>	<u>Form</u>	<u>Period ending</u>	<u>Exhibit</u>	<u>Filing date</u>
31.1	<u>Certification pursuant to Section 302 of the Sarbanes-Oxley Act</u>	X				
32.1	<u>Certification pursuant to Section 906 of the Sarbanes-Oxley Act</u>	X				
99.1	<u>Summary of Significant Details Regarding Pisach, Wikieup, Cerbat and the Owl Canyon Properties</u>		10-KSB/A	12/31/07	99.1	03/11/09
101.	INS XBRL Instance Document	X				
101.	SCH XBRL Schema Document	X				
101.	CAL XBRL Calculation Linkbase Document	X				
101.	DEF XBRL Definition Linkbase Document	X				
101.	LAB XBRL Labels Linkbase Document	X				
101.	PRE XBRL Presentation Linkbase Document	X				

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAN-CAL RESOURCES LTD.

By: /s/ Casey Douglass

Casey Douglass, Chairman of the Board of Directors

Date: March 9, 2018

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, as amended, and Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed by the following persons in the capacities indicated on the dates indicated.

/s/ Gary Oosterhoff, Director

March 9, 2018

Gary Oosterhoff

/s/ Cornelus Korver, Director

March 9, 2018

Cornelus Korver

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Can-Cal Resources Ltd.

We have audited the accompanying consolidated balance sheets of Can-Cal Resources Ltd. (collectively, "the Company") as of December 31, 2016, 2015 and 2014 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Can-Cal Resources Ltd. as of December 31, 2016, 2015 and 2014 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

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

/s/ Thayer O'Neal Company, LLC

Thayer O'Neal Company, LLC
Houston, Texas
February 14, 2018

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
BALANCE SHEETS

ASSETS	December 31, 2016	December 31, 2015	December 31, 2014
Current assets:			
Cash	\$ -	\$ 1,905	\$ 585
Other current assets	1,290	1,290	-
Total current assets	<u>1,290</u>	<u>3,195</u>	<u>585</u>
Property and equipment, net of accumulated depreciation (See Note 5)	-	-	282
Total assets	<u>\$ 1,290</u>	<u>\$ 3,195</u>	<u>\$ 867</u>
LIABILITIES AND STOCKHOLDERS' (DEFICIT)			
Current liabilities:			
Accounts payable	\$ 157,366	\$ 67,650	\$ 56,932
Accounts payable, related parties	506	506	180,506
Accrued expenses	6,880	3,400	7,588
Accrued expenses, related parties	105,462	92,960	680,665
Unearned rental revenues	-	9,167	9,167
Unearned revenues, related party	253,765	199,659	115,650
Notes payable, related parties	132,239	116,676	13,335
Total current liabilities	<u>656,218</u>	<u>490,018</u>	<u>1,163,843</u>
Total liabilities	<u>656,218</u>	<u>490,018</u>	<u>1,163,843</u>
Commitments and contingencies (See Note 8)			
Stockholders' (deficit):			
Preferred stock ⁽¹⁾	-	-	-
Common stock ⁽²⁾	42,867	42,867	42,027
Additional paid-in capital	10,565,997	10,565,997	9,710,504
(Deficit) accumulated during exploration stage	(11,263,792)	(11,095,687)	(10,915,507)
Total stockholders' (deficit)	<u>(654,928)</u>	<u>(486,823)</u>	<u>(1,162,976)</u>
Total liabilities and stockholders' (deficit)	<u>\$ 1,290</u>	<u>\$ 3,195</u>	<u>\$ 867</u>

(1) Preferred stock, \$0.001 par value, 10,000,000 shares authorized, no shares issued and outstanding

(2) Common stock, \$0.001 par value, 100,000,000 shares authorized, 42,867,060 issued and outstanding as of December 31, 2016 and 2015, 42,027,060 issued and outstanding as of December 31, 2014

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

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
STATEMENT OF OPERATIONS
For the years ended December 31, 2016, 2015, and 2014

	2016	2015	2014
Rental income	\$ 9,167	\$ 33,100	\$ 27,500
Operating expenses:			
Exploration costs	17,096	10,929	10,161
General and administrative	147,346	115,359	129,453
Depreciation	-	282	370
Officer salary	-	76,333	120,000
Total operating expenses	<u>\$ 164,442</u>	<u>\$ 202,903</u>	<u>\$ 259,984</u>
Net operating loss	<u>\$ (155,275)</u>	<u>\$ (169,803)</u>	<u>\$ (22,484)</u>
Other income (expense):			
Interest expense	(13,243)	(13,399)	(9,706)
Foreign exchange gain (loss)	145	396	-
Non-recurring income	268	2,626	19,224
Total other income (expense)	<u>\$ (12,830)</u>	<u>\$ (10,377)</u>	<u>\$ 9,518</u>
Loss before provision for income taxes	(168,105)	(180,180)	(22,966)
Provision for income taxes	-	-	-
Net loss	<u>\$ (168,105)</u>	<u>\$ (180,180)</u>	<u>\$ (22,966)</u>
Weighted average number of common shares outstanding – basic and fully diluted	<u>42,867,060</u>	<u>42,867,060</u>	<u>42,027,060</u>
Net loss per share – basic and fully diluted	<u>(0.00)⁽¹⁾</u>	<u>(0.00)⁽¹⁾</u>	<u>\$ (0.00)</u>

(1) Value is a negative amount less than 0.01.0

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

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CASH FLOW

	Year ended		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (168,105)	\$ (180,180)	\$ (222,966)A
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	-	282	370
Decrease (increase) in assets:			
Prepaid expenses	-	(1,290)	8,122
Increase (decrease) in liabilities:			
Accounts payable	89,716	10,717	(5,075)
Accrued expenses	3,480	(4,188)	(10,015)
Accrued expenses, related parties	12,502	88,628	138,965
Unearned revenues	(9,167)	-	-
Unearned revenues, related party	54,106	84,009	52,190
Net cash used in operating activities	<u>\$ (17,468)</u>	<u>\$ (2,022)</u>	<u>\$ (38,409)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable, related parties	15,563	3,342	37,606
Net cash provided by (used in) financing activities	<u>\$ 15,563</u>	<u>\$ 3,342</u>	<u>\$ (38,409)</u>
Net increase (decrease) in cash	(1,905)	1,320	(803)
Cash, beginning of period	1,905	585	1,388
Cash, end of period	<u>\$ -</u>	<u>\$ 1,905</u>	<u>\$ 585</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Issuance of shares for settlement of related party debt	-	856,333	-
Accrued salaries settled from the issuance of shares	-	(676,333)	-
Related party accounts payable settled from the issuance of shares	-	(180,000)	-

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

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
December 31, 2016, 2015, 2014 and 2013

	<u>Common stock</u>		<u>Additional Paid-in Capital</u>	<u>(Deficit)</u> <u>Accumulated during Exploration Stage</u>	<u>Total Stockholders' Deficit</u>
	<u>Number of Shares</u>	<u>Amount</u>			
Balance, December 31, 2013	42,027,060	\$ 42,027	\$ 9,710,504.6	\$ (10,992,541)	\$ (940,010).6
Net loss	-	-	-	(222,966)	(222,966).6
Balance, December 31, 2014	42,027,060	\$ 42,027	\$ 9,710,504	\$ (10,915,507)	\$ (1,162,976)
Issuance of shares in exchange for write-off of debt	840,000	840	855,493	-	856,333
Net loss	-	-	-	(180,180)	(180,180).6
Balance, December 31, 2015	42,867,060	\$ 42,867	\$ 10,565,997	\$ (1,095,687).6	\$ (486,823)
Net loss	-	-	-	(168,105)	(168,105)
Balance, December 31, 2016	42,867,060	\$ 42,867	\$ 10,565,997	\$ (1,263,792)	\$ (654,928)

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

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016, 2015, and 2014

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Can-Cal Resources Ltd. (“Can-Cal” or the “Company”) is a Nevada corporation incorporated on March 22, 1995.

The Company is an exploration company engaged in the exploration for precious metals, specifically focused on mineral exploration projects. We have examined various prospective mineral properties for precious metals and acquired those deemed promising. We currently own, lease or have mining interest in two mineral properties in the southwestern United States (California and Arizona, as follows: Cerbat, Arizona; and Pisgah, California). The Company previously had mineral rights in Owl Canyon, California and Wikieup, Arizona, which have now been abandoned.

As an exploration stage enterprise, the Company discloses the deficit accumulated during the exploration stage. An entity remains in the exploration stage until such time as proven or probable reserves have been established for its deposits. Upon the location of commercially mineable reserves, the Company plans to prepare for mineral extraction and enter the development stage. To date, the exploration stage of the Company’s operations consists of contracting with geologists who sample and assess the mining viability of the Company’s claims.

Summary of Significant Accounting Policies

Basis of Presentation

These financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States. The Company’s fiscal year-end is December 31.

The Company’s functional and reporting currency is the United States dollar (USD). Monetary assets and liabilities denominated in foreign currencies are translated in accordance with ASC 820, using the exchange rate prevailing at the balance sheet date. Gains and losses arising on settlement of foreign currency denominated transactions or balances are included in the determination of income. Foreign currency transactions are primarily undertaken in the Canadian dollar (CDN). The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation.

Exploration Stage Company

The Company is currently an exploration stage company. As an exploration stage enterprise, the Company discloses the deficit accumulated during the exploration stage and the cumulative statements of operations and cash flows from inception to the current balance sheet date. The Company has incurred an accumulated deficit of \$11,263,792 for the period from inception (March 22, 1995) through December 31, 2016. An entity remains in the exploration stage until such time as proven or probable reserves have been established for its deposits. Upon the location of commercially mineable reserves, the Company plans to prepare for mineral extraction and enter the development stage. To date, the exploration stage of the Company’s operations consists of contracting with geologists who sample and assess the mining viability of the Company’s claims.

Revenue

All revenue is treated as unearned revenue until such time that the product is shipped.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016, 2015, and 2014

Cash and Cash Equivalents

Cash equivalents include money market accounts which have maturities of three months or less. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Cash equivalents are stated at cost plus accrued interest, which approximates market value.

Long-Lived Assets

Fixed assets are recorded at the lower of cost or estimated net recoverable amount, and is depreciated using the straight-line method over the estimated useful life of the related asset as follows:

Machinery and equipment	10 years
Transportation equipment	5 years
Furniture and fixtures	7 years

Maintenance and repairs will be charged to expense as incurred. Significant renewals and betterments will be capitalized. At the time of retirement or other disposition of equipment, the cost and accumulated depreciation will be removed from the accounts and the resulting gain or loss, if any, will be reflected in operations.

The Company will assess the recoverability of equipment by determining whether the depreciation and amortization of these assets over their remaining life can be recovered through projected undiscounted future cash flows. The amount of equipment impairment, if any, will be measured based on fair value and is charged to operations in the period in which such impairment is determined by management.

Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, accounts payable and accrued expenses reported on the balance sheets are estimated by management to approximate fair value primarily due to the short-term nature of the instruments. The Company had no items that required fair value measurement on a recurring basis.

Basic and Diluted Loss per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For 2017, 2016, 2015, and 2014, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Stock-Based Compensation

The Company has adopted FASB guidance on stock-based compensation. Under FASB ASC 718-10-30-2, all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. There have been no stock and stock options issued for services and compensation for the years ended December 31, 2017, 2016, 2015, and 2014.

Modification of Warrants

The Company extended a total of 6,417,496 warrants on September 30, 2012, which were originally granted on June 30, 2009 as part of debt financing arrangements. A modification of the terms or conditions of an equity award is treated as an exchange of the original award for a new award. The incremental (additional) cost is computed as any excess of the fair value of the modified award over the fair value of the original award immediately before modification.

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016, 2015, and 2014

There has been no recognition of any stock-based finance charges for the years ended December 31, 2016, 2015, or 2014.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Uncertain Tax Positions

In accordance with ASC 740, "Income Taxes" ("ASC 740"), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company's income tax returns. These audits include questions regarding the Company's tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company's tax position relies on the judgment of management to estimate the exposures associated with the Company's various filing positions.

Mineral Claim Payments and Exploration Expenditures

The Company is primarily engaged in the acquisition and exploration of mining properties. Mineral property exploration costs are expensed as incurred. Mineral property acquisition costs are initially capitalized when incurred. We assess the carrying cost for impairment under the FASB ASC topic 360 at each fiscal quarter end. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs subsequently incurred to develop such property are capitalized. Such costs will be amortized using the units-of-production method over the established life of the proven and probable reserves. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

Capitalized Mineral Costs

Mineral rights are recorded at cost of acquisition. When there is little likelihood of a mineral right being exploited; the value of mineral rights have diminished below cost, or the economic feasibility of extraction is limited, a write-down is affected against income in the period that such determination is made. The Company did not record any write downs during the years ended December 31, 2016, 2015, and 2014. Non-mining assets are recorded at cost of acquisition. These assets include the assets of the mining operation not included in the previous categories and all the assets of the non-mining operations. Mining assets, including mine development and infrastructure costs and mine plant facilities, are recorded at cost of acquisition. Expenditures incurred to evaluate and develop new ore bodies, to define mineralization in existing ore bodies, to establish or expand productive capacity, is capitalized until commercial levels of production are achieved, at which time the costs will be amortized.

Recent Accounting Pronouncements

Intangibles - Goodwill and Other (Topic 350). In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-04. The update simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Under the amendment an entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Effective for public business entities that are SEC filers for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. We are currently evaluating whether the adoption of this new guidance will have a significant impact on our consolidated financial statements and related disclosures.

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016, 2015, and 2014

Cash Flows: Statement of Cash Flows (Topic 230) - Restricted Cash. In November 2016, ASU 2016-18 was issued. The update requires that a statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating whether the adoption of this new guidance will have a significant impact on our consolidated financial statements and related disclosures.

Leases (Topic 842). In February 2016, ASU 2016-02, Leases, was issued. This standard will require all lessees to recognize a right of use asset and a lease liability on the balance sheet, except for leases with durations that are less than twelve months. Effective for Public business entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (i.e., January 1, 2019, for a calendar year entity). Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity), and interim periods within fiscal years beginning after December 15, 2020. We are currently evaluating whether the adoption of this new guidance will have a significant impact on our consolidated financial statements and related disclosures.

Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. In January 2016, ASU 2016-01 was issued to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The ASU supersedes the guidance to classify equity securities with readily determinable fair values into different categories and requires equity securities (except those that are accounted for under the equity method or those that result in consolidation of the investee) to be measured at fair value with changes in the fair value recognized through net income. It also simplifies the impairment assessment of equity investments without readily determinable fair values by requiring assessment for impairment qualitatively at each reporting period. Effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We are currently evaluating whether the adoption of this new guidance will have a significant impact on our consolidated financial statements and disclosures.

Revenue Recognition (Topic 606): Revenue from Contracts with Customers. In May 2014, ASU 2014-09 was issued. Under this ASU and subsequently issued amendments, an entity is required to recognize the amount of revenue it expects to be entitled to for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP. This ASU provides alternative methods of transition, a full retrospective and a modified retrospective approach. The modified retrospective approach would result in recognition of the cumulative impact of a retrospective application as of the beginning of the period of initial application. Public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance in ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period.

NOTE 2 – GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As shown in the accompanying financial statements, the Company had a net loss of \$168,105 for the year ended December 31, 2016, has used net cash in operating activities of \$8,061,955 from inception and had a working capital deficit of \$654,928 at December 31, 2016. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations from the development of its new business opportunities. Management has plans to seek additional capital through private placements and public offerings of its common stock. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

The ability of the Company to continue as a going concern is dependent on securing additional sources of capital and the success of the Company's plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

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NOTE 3 – RELATED PARTY TRANSACTIONS

Material Supply Agreement

On April 9, 2013, the Company entered into a material supply agreement (the “the Original MSA”) with Candeco Lava Products Inc. (“Candeco”), which was amended on March 3, 2014 (the “Amended MSA”). Pursuant to the Amended MSA, Candeco is entitled to purchase material (“Material”) from the Pisgah Property at a price equal to the greater of \$15 per ton and the net sales margin per ton removed from the Pisgah Property realized as follows: (i) 35% of the net sales margins during the first year of mining; and (ii) 50% of the net sales margins for the subsequent years during the term of the Amended MSA. Under the Amended MSA, Candeco has the right to remove an Initial Amount of up to 1,000,000 tons of Material from the Pisgah Property and Additional Amounts of 1,000,000 tons each, upon the successful removal of the Initial Amount from the Pisgah Property. Candeco’s right to remove the Additional Amounts from the Pisgah Property is on the basis that once Candeco has removed the first Additional Amount of the Material from the Pisgah Property, it shall have the right to remove subsequent Additional Amounts of Material from the Property, so long as it removes its then current Additional Amount. As such, Candeco’s right to extend the term of the Amended MSA is entirely based on Candeco’s successful performance of its Material removal commitments under the terms of the Amended MSA.

Under the Amended MSA, Candeco is required to purchase a minimum of ten thousand (10,000) tons of Material during each of the first three years of the term of the agreement, all at a purchase price of \$15.00 per ton, for a total payment of \$150,000 per year in each of the first three years of the Term, with credit being given by the Company to Candeco for all pre-paid tons of Material that have already been purchased and paid for under the Original MSA. The Pre-Purchased Material will remain on the Pisgah Property until Candeco commences its production operations or engages the Company to mine and remove Material on Candeco’s behalf. In the event that Candeco engages the Company to mine and remove any of the Material, Candeco shall pay all of the Company’s reasonable costs and expenses in conducting such mining and removal operations plus a fee of 15%. All mining and removal operations on the Pisgah Property will be subject to all necessary regulatory and other third-party approvals being obtained. The Pre-Purchased Payments will not be refundable to Candeco but shall be credited against the first Production Payments.

The term of the Amended MSA has been extended from an initial term of ten (10) years to twenty (20) years (the “Primary Term”) and Candeco has the option to extend the term for an additional thirty (30) years exercisable at any time with no less than three (3) months written notice prior to the expiration of the Primary Term, provided that Candeco is not in default under any of the provisions of the Amended MSA and that the whole of the Initial Amount has been removed from the Property.

Compensation

On July 1, 2010, the Company entered into a twelve-month employment agreement, subject to automatic monthly renewals, with the Company’s CEO, G. Michael Hogan. The terms of the agreement include a fixed annual salary of \$120,000. The Company may elect to satisfy payment in shares of common stock in lieu of cash at a market value equal to \$0.10 above the average closing trading price of the common stock for the preceding five (5) days from the date of such election. No payments have been made in cash or stock to date.

We owed accrued salaries to our CEO of \$Nil, \$Nil, and \$600,000 at December 31, 2016, 2015, and 2014, respectively. The salaries owing amount was settled with an agreement to issue 600,000 shares in lieu of cash.

On June 30, 2010, the Company entered into a consulting agreement, with a Board of Director’s consulting firm, FutureWorth Capital Corp. The terms of the agreement include annual compensation of \$60,000, payable monthly. The Company may elect to satisfy payment in shares of common stock in lieu of cash at a market value equal to \$0.10 above the average closing trading price of the common stock for the preceding five (5) days from the date of such election. No payments have been made in cash or stock to date. As of December 31, 2016, the Company owed FutureWorth Capital Corp. \$506, (2015 - \$506) as included in accounts payable, related parties, for service prior to, and during the service period under the consulting agreement. The consulting agreement was terminated on February 27, 2013 with Mr. William Hogan’s resignation from the Board of Directors.

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Share-Based Compensation

All warrants previously issued by the Company have expired as of the fiscal year ending December 31, 2014. No new warrants have been issued as of December 31, 2016.

NOTE 4 -- PREPAID EXPENSES

Prepaid expenses consisted of the following as of December 31, 2016, 2015, and 2014, respectively:

	December 31,		
	2016	2015	2014
County taxes	\$ 1,290	\$ 1,290	\$ -
Total prepaid expenses	<u>\$ 1,290</u>	<u>\$ 1,290</u>	<u>\$ -</u>

NOTE 5 -- PROPERTY AND EQUIPMENT

Property and Equipment consists of the following:

	December 31,		
	2016	2015	2014
Machinery and equipment	\$ 1,000	\$ 1,000	\$ 1,000
Transportation equipment	31,787	31,787	31,787
Furniture and fixtures	1,372	1,372	1,372
Total property cost	<u>\$ 34,159</u>	<u>\$ 34,159</u>	<u>\$ 34,159</u>
Less accumulated depreciation	(34,159)	(34,159)	(33,877)
Net book value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282</u>

Depreciation expense totaled \$Nil, \$282, and \$370 for the years ended December 31, 2016, 2015, and 2014, respectively.

NOTE 6 -- NOTES PAYABLE, RELATED PARTIES

Notes payable, related parties consisted of the following as of December 31, 2016, 2015, and 2014, respectively:

	December 31,		
	2016	2015	2014
Notes payable ⁽¹⁾	\$ 122,239	\$ 106,676	\$ 108,335
Promissory note payable ⁽²⁾	10,000	10,000	5,000
Total related party notes payable	<u>\$ 132,239</u>	<u>\$ 116,676</u>	<u>\$ 113,335</u>

- (1) Note payable to the former CEO, unsecured, bearing interest at 10% and due on demand.
- (2) Promissory note payable originated on November 30, 2012 with FutureWorth Capital Corp., a consulting firm owned by our former Chairman of the Board of Directors, unsecured, bearing interest at 10%, matures on November 29, 2013. In connection with the promissory note, the Company granted warrants to purchase 20,000 shares of the Company's common stock at an exercise price of \$0.10. The warrants expired on November 29, 2014.

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The following presents components of interest expense by instrument type for the years ended December 31, 2016, 2015, and 2014, respectively:

	December 31,		
	2016	2015	2014
Interest on notes payable, related parties	\$ 13,243	\$ 13,399	\$ 9,370
Accounts payable related vendor finance charges	-	-	336
Finance Costs (Equity based)	-	-	-
Total interest expense	\$ 13,243	\$ 13,399	\$ 9,706

NOTE 7 – UNEARNED RENTAL REVENUES

On May 1, 1998, we entered into an agreement with Twin Mountain Rock Venture (“Twin Mountain”) to lease our property located in San Bernardino County, California for a period of ten years. Further, we will make available to Twin Mountain a minimum of 600,000 tons of finished material during the term of the agreement in exchange for a minimum annual royalty payment in the amount of \$22,500. The initial agreement expired on April 30, 2008. Twin Mountain elected to utilize the renewal option for an additional ten-year period with an increased minimum annual royalty of \$27,500. As of December 31, 2016, 2015, and 2014, we had unearned revenue from this agreement totaling \$Nil, \$9,167, and \$9,167, respectively.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A) Mining claims

The Company has a lease and purchase option agreement covering six patented claims in the Cerbat Mountains, Hualapai Mining District and Mohave County Arizona. The Company pays \$1,500 per quarter as minimum advance royalties. The Company has the option to purchase the property for \$250,000 plus interest at a rate of 8% compounded annually from and after the date of its exercise of the option to purchase the property. If the Lessee exercises its option to purchase, all funds paid to Lessors shall be credited toward the purchase price as of the date the payments were made.

B) Mining reclamation costs

Mining and reclamation permits, and an air quality permit have been issued by the California regulatory agencies in the names of both Twin Mountain, our joint venture partner, and the Company. The Company posted a cash bond in the amount of \$1,379 (1% of the total bond amount) and Twin Mountain has posted the remainder of the \$137,886 bond. If Twin Mountain defaults, we would be responsible for reclamation of the property, but reclamation costs incurred in that event would be paid in whole or part by the bond posted by us and Twin Mountain. Reclamation costs are not presently determinable.

C) Litigation

On June 3, 2014, a group of Company shareholders under the direction of Ronald D. Sloan (a former Chief Executive Officer and director of the Company) (collectively the “Plaintiffs”) filed a shareholder derivative complaint in Nevada State Court against the Company, as well as its then current directors (Thompson MacDonald, G. Michael Hogan, and Ron Schinnour), William Hogan, FutureWorth Capital Corp. and Candeco (collectively the “Defendants”). The Plaintiffs are alleging, among other things, that the Defendants caused the Company to enter into a transaction with Candeco involving the Pisgah Property that was not in the best interests of the Company. However, the transaction with Candeco is in the best interests of the Company (see above in “Note 3 – Related Party - Material Supply Agreement”).

There are many other allegations made by the Plaintiffs, all of which are considered by the Defendants to be frivolous with no basis in fact. In fact, due to the actions of the prior management of the Company, the Company would not have been able to continue operations and would have failed without the intervention of new management, including certain of the Defendants, and without entering into the transaction with Candeco. Accordingly, no provision has been recorded in the financial statements of the Company for any payment to the Plaintiffs pursuant to the claim or otherwise. Legal counsel for the Company is Justin Jones, Esq. of Wolf, Rifkin, Shapiro, Schulman, and Rabkin, LLP of Las Vegas, Nevada.

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In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our Board of Directors, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

NOTE 9 – SHAREHOLDERS’ EQUITY

In 2015, in exchange for total accrued salaries of \$676,333, an agreement was signed to issue 600,000 common shares (worth approximately \$18,000 based on August 19, 2015 share prices). This transaction had been accepted and recorded although the shares had not yet been issued due to the lawsuit. The common shares were issued December 31, 2017.

In 2015, in exchange for accounts payable owing of \$180,000, an agreement was signed to issue 240,000 common shares (worth approximately \$7,200 based on August 19, 2015 share prices). This transaction had been accepted and recorded although the shares had not yet been issued due to the lawsuit. The common shares were issued December 31, 2017.

While the above shares were not officially issued until December 31, 2017, as the debt was written off in 2015, we have included the issuance of the shares in the financial statements starting in 2015. No shares of common stock were issued by the Company during 2016.

NOTE 10 – OPTIONS

Option Plan

Options granted for employee and consulting services - The 2003 Non-Qualified Option Plan was established by the Board of Directors in June 2003 and approved by shareholders in October 2003. A total of 1,500,000 shares of common stock are reserved for issuance under this plan. There were no options issued during the year ended December 31, 2016.

Forward Look at Incentive Plan

Outside of the plan, by Board resolutions, the following Stock Options were issued in Q4, 2017 with an exercise price of \$0.06 per share, each to the following for director and/or consultant services rendered to Can-Cal Resources:

Recipient Name	Stock Options Granted
Sandra Rogoza	100,000
Red To Black Inc.	250,000
Gary Oosterhoff, Director	100,000
Revrok Farm, a company owned by Cornelius Korver	100,000
For Life Financial Ltd., a company owned by Casey Douglass	100,000
Total	650,000

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The following shares were issued in Q4, 2017 for director and/or consultant services rendered as follows:

<u>Recipient Name</u>	<u>Shares Issued</u>
William J. Hogan	240,000
Michael Hogan	600,000
Thompson MacDonald	250,000
Ronald Schinnour	250,000
Gary Oosterhoff	100,000
Revrok Farm Ltd., a corporation owned by Cornelius Korver	100,000
For Life Financial Ltd., a corporation owned by Casey Douglass	100,000
Total	1,640,000

NOTE 11 – WARRANTS

Warrants Expired

In years previous to 2013, warrants were granted which have subsequently expired.

The following is a summary of the common stock warrant activity as of December 31, 2016, 2015, and 2014:

	<u>Warrants</u> <u>Outstanding</u>	<u>Weighted Average</u> <u>Exercise Price</u>
Balance, January 1, 2014	\$ 9,455,810	\$ 0.11
Granted	-	-
Cancelled	-	-
Exercised	-	-
Expired	(9,455,810)	(0.11)
Balance, December 31, 2014	-	-
Granted	-	-
Cancelled	-	-
Exercised	-	-
Expired	-	-
Balance, December 31, 2015	-	-
Granted	-	-
Cancelled	-	-
Exercised	-	-
Expired	-	-
Balance, December 31, 2016	\$ -	\$ -

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NOTE 12 – INCOME TAXES

The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences.

As of December 31, 2016, the Company incurred a net operating loss and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. The Company had approximately \$9,308,403, \$9,140,298 and \$8,960,118 of federal net operating losses at December 31, 2016, 2015, and 2014, respectively. The net operating loss carry forwards, if not utilized, will begin to expire in 2029.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	December 31,		
	2016	2015	2014
Deferred tax asset (tax rate 21%)			
Net operating loss carry forwards	\$ 1,954,765	\$ 1,919,463	\$ 1,881,265
Total deferred tax assets:	1,954,765	1,919,463	1,881,265
Less: Valuation allowance	(1,954,765)e	(1,919,463)	(1,881,265)
Net deferred tax assets	\$ —	\$ —	\$ —

Based on the available objective evidence, including the Company's history of its loss, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at December 31, 2016, 2015, and 2014.

In accordance with FASB ASC 740, the Company has evaluated its tax positions and determined there are no uncertain tax positions.

NOTE 13 – SUBSEQUENT EVENTS

Upon the resignation of G. Michael Hogan as an officer and director of the Company on August 19, 2015, all accrued and unpaid salaries to that date of \$676,333 (\$600,000 as at December 31, 2014) were settled with an agreement to issue 600,000 common shares (worth approximately \$18,000 based on August 19, 2015 share prices). This transaction had been recorded during the quarter ended September 30, 2015 although the shares had yet to be issued. The shares were issued on December 31, 2017.

Mr. William Hogan resigned from the Board of Directors on February 27, 2013, and his compensation via his FutureWorth Capital Corp. consulting agreement terminated as of December 31, 2012. On August 19, 2015, FutureWorth Capital Corp. settled all accrued and unpaid compensation of \$180,000 to that date (\$180,000 as at December 31, 2015) with an agreement to issue 240,000 common shares (worth approximately \$7,200 based on August 19, 2015 share prices). This transaction had been recorded during the quarter ended September 30, 2015 although the shares had yet to be issued. The shares were issued on December 31, 2017.

Can-Cal Resources Ltd., as one of several Defendants in Derivative Lawsuit reached "Settlement Agreement in Principle" mid-November 2017. As of January 8, 2018, all Parties are progressing toward a more detailed Definitive Agreement.

Terms of the Agreement include:

- A new Board of 5 comprised of 2 Directors nominated by Plaintiffs and 2 from Defendants. These 4 will select the 5th Director.
- Sale of minimum tonnage of lava material to Candeo Lava Products within certain time frames.
- Proceeds from lava material sales are budgeted towards Plaintiff's legal costs, acute Accounts Payables and Management Fees. An annual minimum was established to cover base costs of keeping Can-Cal from insolvency.
- As Candeo develops its marketing, it expects to substantially increase volumes of lava material sales and thus future purchases from Can-Cal. After the first 60-75,000 tons are purchased, then Can-Cal will begin to receive 20% of gross revenues, or ORI (Overriding Royalty Interest) from Candeo's sales of lava material.
- Can-Cal Resources will be able to focus on developing any other resource potential.

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NOTE 14 – QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

CAN-CAL RESOURCES LTD.
BALANCE SHEETS
(Unaudited)

	<u>September 30,</u> <u>2017</u>	<u>June 30,</u> <u>2017</u>	<u>March 31,</u> <u>2017</u>
ASSETS			
Current assets:			
Cash	\$ 1,724	\$ 412	\$ -
Other current assets	1,290	1,290	1,290
Total current assets	<u>3,014</u>	<u>1,702</u>	<u>1,290</u>
Property and equipment, net of accumulated depreciation (See Note 5)	-	-	-
Total assets	<u>\$ 3,014</u>	<u>\$ 1,702</u>	<u>\$ 1,290</u>
LIABILITIES AND STOCKHOLDERS' (DEFICIT) 6			
Current liabilities:			
Accounts payable	\$ 152,335	\$ 168,293	\$ 163,416
Accounts payable, related parties	506	506	506
Accrued expenses	6,880	6,880	6,880
Accrued expenses, related parties	114,041	111,150	108,290
Unearned rental revenues	-	-	-
Unearned revenues, related party	327,348	302,718	253,765
Notes payable, related parties	6 138,291	6 136,738	6 133,891
Total current liabilities	<u>739,401</u>	<u>726,285</u>	<u>666,748</u>
Total liabilities	<u>739,401</u>	<u>726,285</u>	<u>666,748</u>
Commitments and contingencies (See Note 8)	-	-	-
Stockholders' (deficit):			
Preferred stock ⁽¹⁾	-	-	-
Common stock ⁽²⁾	42,867	42,867	42,867
Additional paid-in capital	10,565,997	10,565,997	10,565,997
(Deficit) accumulated during exploration stage	(11,345,251)	(11,333,447)	(11,274,322)
Total stockholders' (deficit)	<u>(736,387)</u>	<u>(724,583)</u>	<u>(665,458)</u>
Total liabilities and stockholders' (deficit)	<u>\$ 3,014</u>	<u>\$ 1,702</u>	<u>\$ 1,290</u>

(1) Preferred stock, \$0.001 par value, 10,000,000 shares authorized, no shares issued and outstanding.

(2) Common stock, \$0.001 par value, 100,000,000 shares authorized, 42,867,060 issued and outstanding as of September 30, 2017, June 30, 2017 and March 31, 2017.

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CAN-CAL RESOURCES LTD.
BALANCE SHEETS
(Unaudited)

	September 30, 2016	June 30, 2016	March 31, 2016
ASSETS			
Current assets:			
Cash	-\$ -	\$ -	\$ 1,899
Other current assets	1,290	1,290	1,290
Total current assets	1,290	1,290	3,189
Property and equipment, net of accumulated depreciation (See Note 5)	-	-	-
Total assets	\$ 1,290	\$ 1,290	\$ 3,189
LIABILITIES AND STOCKHOLDERS' (DEFICIT)			
Current liabilities:			
Accounts payable	147,868	106,139	85,003
Accounts payable, related parties	506	506	506
Accrued expenses	6,005	6,005	6,005
Accrued expenses, related parties	102,321	99,180	96,070
Unearned rental revenues	-	-	2,292
Unearned revenues, related party	228,895	224,125	199,719
Notes payable, related parties	120,634	118,761	116,676
Total current liabilities	606,229	554,716	506,271
Total liabilities	606,229	554,716	506,271
Commitments and contingencies (See Note 8)			
Stockholders' (deficit):			
Preferred stock ⁽¹⁾	-	-	-
Common stock ⁽²⁾	42,867	42,867	42,867
Additional paid-in capital	10,565,997	10,565,997	10,565,997
(Deficit) accumulated during exploration stage	(11,213,803)	(11,162,290)	(11,111,946)
Total stockholders' (deficit)	(604,939)	(553,426)	(503,082)
Total liabilities and stockholders' (deficit)	\$ 1,290	\$ 1,290	\$ 3,189

(1) Preferred stock, \$0.001 par value, 10,000,000 shares authorized, no shares issued and outstanding

(2) Common stock, \$0.001 par value, 100,000,000 shares authorized, 42,867,060 issued and outstanding as of September 30, 2016, June 30, 2016 and March 31, 2016

CAN-CAL RESOURCES LTD.
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CAN-CAL RESOURCES LTD.
STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30, 2017	For the Nine Months Ended September 30, 2017	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2017	For the Three Months Ended March 31, 2017
Rental income	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses:					
Exploration costs	-	4,953	4,953	4,953	-
General and administrative	7,392	74,586	59,679	67,194	7,515
Depreciation	-	-	-	-	-
Officer salary	-	-	-	-	-
Total operating expenses	<u>7,392</u>	<u>79,539</u>	<u>64,632</u>	<u>72,147</u>	<u>7,515</u>
Net operating loss	<u>(7,392)</u>	<u>(79,539)</u>	<u>(64,632)</u>	<u>(72,147)</u>	<u>(7,515)</u>
Other income (expense):					
Interest expense	(2,891)	(8,579)	(2,860)	(5,688)	(2,828)
Gain on sale of assets	-	9,000	9,000	9,000	-
Foreign exchange gain (loss)	(1,521)	(3,042)	(1,333)	(1,521)	(188)
Non-recurring income	-	700	700	700	-
Total other income (expense)	<u>(4,412)</u>	<u>(1,921)</u>	<u>5,507</u>	<u>2,491</u>	<u>(3,016)</u>
Loss before provision for income taxes	(11,804)	(81,460)	(59,125)	(69,656)	(10,531)
Provision for income taxes	-	-	-	-	-
Net loss	<u>\$ (11,804)</u>	<u>\$ (81,460)</u>	<u>\$ (59,125)</u>	<u>\$ (69,656)</u>	<u>\$ (10,531)</u>
Weighted average number of common shares outstanding - basic and fully diluted	<u>42,867,060</u>	<u>42,867,060</u>	<u>42,867,060</u>	<u>42,867,060</u>	<u>42,867,060</u>
Net loss per share - basic and fully diluted	<u>(0.00)⁽¹⁾</u>	<u>(0.00)⁽¹⁾</u>	<u>(0.00)⁽¹⁾</u>	<u>(0.00)⁽¹⁾</u>	<u>(0.00)⁽¹⁾</u>

(1) Value is a negative amount less than 0.01.

CAN-CAL RESOURCES LTD.
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CAN-CAL RESOURCES LTD.
STATEMENTS OF OPERATIONS⁶
(Unaudited)

	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2016	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2016	For the Three Months Ended March 31, 2016
Rental income	\$ —	\$ 9,167	\$ 2,292	\$ 9,167	\$ 6,875
Operating expenses:					
Exploration costs	—	13,383	13,383	13,383	—
General and administrative	48,796	103,706	35,574	54,910	19,336
Depreciation	—	—	—	—	—
Officer salary	—	—	—	—	—
Total operating expenses	<u>48,796</u>	<u>117,089</u>	<u>48,957</u>	<u>68,293</u>	<u>19,336</u>
Net operating loss	<u>(48,796)</u>	<u>(107,922)</u>	<u>(46,665)</u>	<u>(59,126)</u>	<u>(12,461)</u>
Other income (expense):					
Interest expense	(3,141)	(10,102)	(3,851)	(6,961)	(3,110)
Foreign exchange gain (loss)	156	(360)	172	(316)	(688)
Non-recurring income	268	268	—	—	—
Total other income (expense)	<u>(2,717)</u>	<u>(10,194)</u>	<u>(3,679)</u>	<u>(7,477)</u>	<u>(3,798)</u>
Loss before provision for income taxes ⁶	(51,513)	(118,116)	(50,344)	(66,603)	(16,259)
Provision for income taxes	—	—	—	—	—
Net loss	<u>\$ (51,513)</u>	<u>\$ (118,116)</u>	<u>\$ (50,344)</u>	<u>\$ (66,603)</u>	<u>\$ (16,259)</u>
Weighted average number of common shares outstanding — basic and fully diluted	<u>42,867,060</u>	<u>42,867,060</u>	<u>42,867,060</u>	<u>42,867,060</u>	<u>42,867,060</u>
Net loss per share — basic and fully diluted	<u>(0.00)⁽¹⁾</u>	<u>(0.00)⁽¹⁾</u>	<u>(0.00)⁽¹⁾</u>	<u>(0.00)⁽¹⁾</u>	<u>(0.00)⁽¹⁾</u>

(1)⁶ Value is a negative amount less than 0.01.⁶

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016, 2015, and 2014

CAN-CAL RESOURCES LTD.
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30, 2017	For the Six Months Ended June 30, 2017	For the Three Months Ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (81,460)	\$ (69,656)	\$ (10,531)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	-	-	-
Decrease (increase) in assets:			
Prepaid expenses	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	(5,031)	10,927	6,050
Accounts payable, related parties	-	-	-
Accrued expenses	-	-	-
Accrued expenses, related parties	8,579	5,688	2,828
Unearned revenues	-	-	-
Unearned revenues, related party	73,584	48,954	-
Net cash used in operating activities	<u>(4,328)</u>	<u>(4,087)</u>	<u>441,653</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable, related parties	6,052	4,499	1,653
Net increase in cash	1,724	412	-
Cash, beginning of period	-	-	-
Cash, end of period	<u>\$ 1,724</u>	<u>\$ 412</u>	<u>\$ -</u>

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016, 2015, and 2014

CAN-CAL RESOURCES LTD.
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30, 2016	For the Six Months Ended June 30, 2016	For the Three Months Ended March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (118,116)	\$ (66,603)	\$ (16,259)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	-	-	-
Decrease (increase) in assets:			
Prepaid expenses	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	80,218	38,221	17,353
Accounts payable, related parties	-	-	-
Accrued expenses	2,605	2,605	2,605
Accrued expenses, related parties	9,361	6,220	3,110
Unearned revenues	6(9,167) ⁶	6(9,167) ⁶	(6,875)
Unearned revenues, related party	29,326	24,466	60
Net cash used in operating activities	<u>(5,863)</u>	<u>(4,258)</u>	<u>(6)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable, related parties	3,958	2,085	-
Net increase in cash	(1,905)	(2,173)	(6)
Cash, beginning of period ⁶	1,905	1,905	1,905
Cash, end of period ⁶	<u>\$ -</u>	<u>\$ (268)⁽¹⁾</u>	<u>\$ 1,899</u>

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

(1)⁶The negative cash balance is not shown on the Balance Sheet as it was included in the Accounts Payable as an amount owing to the bank.⁶

CERTIFICATION

I, Casey Douglass, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2016, of Can-Cal Resources Ltd.;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2018

/s/ Casey Douglass

Casey Douglass
Chairman of the Board
(Principal Executive Officer and Principal Financial/Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Annual Report on Form 10-K of Can-Cal Resources Ltd. for the year ended December 31, 2016, I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) the Annual Report on Form 10-K of Can-Cal Resources Ltd. for the year ended December 31, 2016, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Annual Report on Form 10-K for the year ended December 31, 2016, fairly presents in all material respects, the financial condition and results of operations of Can-Cal Resources Ltd.

By: /s/ Casey Douglass
Name: Casey Douglass
Title: Chairman of the Board
(Principal Executive Officer and Principal Financial/Accounting
Officer)

Date: March 9, 2018

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Can-Cal Resources Ltd. and will be retained by Can-Cal Resources Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 2

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. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)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

The aggregate market value of voting stock held by non-affiliates of the registrant was approximately \$957,340 as of computed by reference to the sale price of a share of the registrant's Common Stock on June 30, 2017 reported by OTC Bulletin Board (Ref: Bloomberg). The voting stock held by non-affiliates on that date consisted of 42,904,060 shares of common stock.

The number of shares outstanding of each of the registrant's classes of common stock, as of April 4, 2018, was 43,667,060 shares of common stock, \$0.001 par value held by approximately 601 shareholders.

Documents Incorporated by Reference

None.

**CAN-CAL RESOURCES LTD.
COMPREHENSIVE FORM 10-K**

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FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements or belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words “may,” “could,” “estimate,” “intend,” “continue,” “believe,” “expect” or “anticipate” or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made, except as otherwise provided by law. You should, however, consult further disclosures we make in this Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include, but are not limited to:

- the unavailability of funds for capital expenditures;
- inability to efficiently manage our operations;
- inability to achieve future operating results;
- inability to raise additional financing for working capital;
- the inability of management to effectively implement our strategies and business plans;
- our ability to recruit and hire key employees;
- our ability to diversify our operations;
- actions and initiatives taken by both current and potential competitors;
- deterioration in general or regional economic, market and political conditions;
- the fact that our accounting policies and methods are fundamental to how we report our financial condition and results of operations, and they may require management to make estimates about matters that are inherently uncertain;
- adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- changes in U.S. GAAP or in the legal, regulatory and legislative environments in the markets in which we operate; and
- the other risks and uncertainties detailed in this report.

In this Form 10-K references to “Can-Cal”, “the Company”, “we,” “us,” “our” and similar terms refer to Can-Cal Resources Ltd.

AVAILABLE INFORMATION

Can-Cal files annual, quarterly, and current reports and other information with the Securities and Exchange Commission (SEC). You can read these SEC filings and reports over the Internet at the SEC’s website at www.sec.gov. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Please call the SEC at (800) SEC-0330 for further information on the operations of the public reference facilities. We will provide a copy of our annual report to security holders, including audited financial statements, at no charge upon receipt to of a written request to us at Can-Cal Resources Ltd., 42 Springfield Avenue, Red Deer, Alberta, Canada T4N 0C7.

PART I

ITEM 1. BUSINESS.

Business Development

Can-Cal Resources Ltd. ("Can-Cal" or the "Company") is a Nevada corporation incorporated on March 22, 1995 under the name of British Pubs USA, Inc., as a wholly owned subsidiary of 305856 B.C., Ltd. d/b/a N.W. Electric Carriage Company ("NWE"), a British Columbia, Canada company ("NWE"). On April 12, 1995, NWE exchanged shares of British Pubs USA, Inc. for shares of NWE held by its existing shareholders, on a share for share basis. NWE changed its name to Can-Cal Resources Ltd. on July 2, 1996.

In January 1999, the Company sold its wholly-owned Canadian subsidiary, Scotmar Industries, Inc., which was engaged in the business of buying and salvaging damaged trucks from insurance companies for resale of guaranteed truck part components. The subsidiary was sold for a profit and the proceeds used to acquire and explore mineral properties, as the Company determined that the subsidiary would lose money in the vehicle salvage business unless more capital was obtained at that time specifically for that business.

Business of Company

The Company is an exploration company. Since 1996, we have examined various mineral properties prospective for precious metals and minerals and acquired those deemed promising. We own, lease or have mining interest in two mineral properties in the southwestern United States (California and Arizona, as follows: Cerbat, Arizona; and Pisgah, California). The Company formerly had an interest in a property in Owl Canyon, California, and Wikieup, Arizona but these were abandoned.

Prior to 2003, the Company performed numerous "in-house" assays on mineral samples from our properties in the United States. An assay is a test performed on a sample of minerals to determine the quantity of one or more elements contained in the sample. The in-house work was conducted with our equipment by persons under Can-Cal contract who are experienced in performing assays, but who were not independent of us. We also sent samples of materials from which we obtained the most promising results to outside independent assayers to confirm in-house results.

In 2003, the Company incorporated a wholly-owned subsidiary in Mexico, Sierra Madre Resources S.A. de C.V. ("SMR"), to be an operating entity for mining-related acquisitions and activities in Mexico. In February 2004, SMR acquired a 100% interest in a gold-silver mineral concession, in Durango State, Mexico. In July 2004, SMR applied to the Mexican Government for a gold-silver concession, also in Durango State, Mexico. These were exploration stage properties, referred to in previous Company reports as the "Arco Project" and the "Arco 2 Project". In November 2004, SMR applied to Mexico's Director of Mines for three grass roots, gold-silver exploration concessions located in the State of Chihuahua, Mexico. These applications were subsequently cancelled in February 2005 due to incomplete application filings. SMR may reapply for one or more of these concessions in the future, but has currently ceased operations in Mexico.

The Company's current focus has changed from Mexico to the United States with present emphasis on the Pisgah Mountain property located in Pisgah, California ("Pisgah Property").

All the Company's United States properties are considered "grass roots" because they are not known to contain reserves of precious metals or other minerals (a reserve is that portion of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination). None of these properties are in production.

Can-Cal is currently an exploration stage company. An entity remains in the exploration stage until such time as proven or probable reserves have been established for its deposits. Upon the location of commercially mineable reserves, in the event that we are successful in locating commercially mineable reserves, the Company plans to prepare for mineral extraction and enter the development stage. To date, the exploration stage of the Company's operations consists of contracting with geologists who sample and assess the mining viability of the Company's claims.

To the extent that financing is available, we intend to explore, develop, and, if producible and warranted, bring into production precious metals properties for either on our own account or in conjunction with joint venture partners (in those instances where we acquire less than a 100% interest in a property). However, either due to a combination of a lack of available financing, the number of properties which merit development, and/or the scope of the exploration and development work of a particular property being beyond the Company's financial and administrative capabilities, the Company may contract out one or more of its properties to other mining companies.

5/16/2018

https://www.sec.gov/Archives/edgar/data/1083848/000168316818000967/canca_10k-123117.htm

Our executive offices are located at 42 Springfield Avenue, Red Deer, Alberta, Canada T4N 0C7 (tel. (403) 342 6221).

ITEM 1A. RISK FACTORS.

In the course of conducting our business operations, we are exposed to a variety of risks that are inherent to our industry specifically, and to early stage companies and for investments in securities, generally. The following discusses some of the key inherent risk factors that could affect our business and operations, as well as other risk factors which are particularly relevant to us in the current period of significant economic and market disruption. Other factors besides those discussed below or elsewhere in this report also could adversely affect our business and operations, and these risk factors should not be considered a complete list of potential risks that may affect us.

Risk Factors Related to Our Business

Losses to Date and General Risks Faced by the Company.

We are an exploration stage company engaged in the acquisition and exploration of precious metals mineral properties. To date, we have no producing properties. As a result, we have had minimal sources of operating revenue and we have historically operated and continue to operate at a loss. For the year ended December 31, 2017, the Company recorded a net loss of \$349,237 and had an accumulated deficit of \$11,613,029 at that date. Our ultimate success will depend on our ability to generate profits from our properties.

We lack material operating cash flow and rely on external funding sources. If we are unable to continue to obtain needed capital from outside sources, we will be forced to reduce, curtail or cease our operations. Furthermore the, planned exploration and development of the mineral properties in which we hold interests depends upon our ability to obtain financing through:

- Bank or other debt financing,
- Equity financing, or
- Other means.

As a mineral exploration company, our ability to commence production and generate profits is dependent on our ability to discover viable and economic mineral reserves. Our ability to discover such reserves are subject to numerous factors, many of which are beyond our control and are not predictable.

Exploration for minerals is speculative in nature, involves many risks and is frequently unsuccessful. Any mineral exploration program entails risks relating to:

- The location of economic ore bodies,
- Development of appropriate metallurgical processes,
- Receipt of necessary governmental approvals, and
- Construction of mining and processing facilities at any site chosen for mining.

The commercial viability of a mineral deposit is dependent on a number of factors including:

- The price of various minerals,
- Exchange rates,
- The particular attributes of the deposit, such as its size, grade and proximity to infrastructure, financing costs, taxation, royalties, land tenure, land use, water use, power use, and foreign government regulations restricting importing and exporting minerals and environmental protection requirements.

All of the mineral properties in which we have an interest or right are in the exploration stages only and are without mineral reserves. Current or proposed exploration or development programs on properties in which we have an interest may not result in the discovery of any minerals or mineral reserves and may not result in a profitable commercial mining operation.

The audit report on the financial statements at December 31, 2017 has a “going concern” qualification, which means we may not be able to continue operations unless we obtain additional funding and are successful with our strategic plan.

We have experienced losses since inception. The extended period over which losses have been experienced is principally attributable to the fact that a lot of money has been spent on exploring grass roots mineral properties to determine if precious metals might be present in economic quantities. In order to fund future activities the Company must identify and verify the presence of precious metals in economic quantities, which is currently ongoing “In House” in addition to independent third party testing. If economic results are identified, the Company then would either seek to raise capital itself, to put the Pisgah Property and the Cerbat properties into production, or sell the properties to another company, or place the properties into a joint venture with another company.

Attaining these objectives will require capital, which the Company will have to obtain principally by selling stock or income generation. However, we have currently have no definitive arrangements in place to raise the necessary capital to continue operations for any extended period of time, and have generally relied upon relatively small, and intermittent infusions to sustain operations.

If we do not obtain additional financing, our business will fall.

Our current operating funds are less than necessary to complete all intended objectives and therefore we will need to obtain additional financing or commencement of income generation in order to continue in business. We currently do not have any operations. Our only source of income at present is from two third parties.

On May 1, 1998, the Company entered into a Mining Lease Agreement for the Pisgah Property with Twin Mountain Rock Venture, a California general partnership (“Twin Mountain,”). The agreement provides that Twin Mountain will pay minimum annual rental payments of \$22,500 for the initial term and \$27,500 per year for the additional term. Twin Mountain is also obligated to pay a monthly production royalty for all material removed from the premises.

On March 3, 2014, the Company entered into an amended material supply agreement with Candeco Lava Products Inc. for the Pisgah Property, pursuant to which Candeco will pay for and acquire 30,000 tons, and then it will pre-purchase a minimum of ten thousand (10,000) tons per year at a purchase price of fifteen dollars (\$15.00 USD) per ton for a total payment of \$150,000 USD per year in each of the first three years of the term.

We do not currently have any additional arrangements for financing and may not be able to find such financing if required. Obtaining additional financing would be subject to a number of factors, including investor acceptance of our business model and general market conditions. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

The most likely source of future funds presently available to us is through the sale of equity capital in one or more negotiated private sale transactions. Any sale of share capital will result in dilution to existing shareholders.

As an exploration company, we are subject to the risks of the minerals business.

The exploration for minerals is highly speculative and involves risks different from and in some instances greater than risks encountered by companies in other industries. Without extensive technical and economic feasibility studies, no one can know if any property can be mined at a profit. Most exploration programs do not result in the discovery of mineralization that leads to commercially viable mining activities and most exploration programs never recover the funds invested in them. Furthermore, even with promising reserve reports and feasibility studies, profits cannot be assured. We have not systematically drilled and sampled any of our properties to confirm the presence of any concentrations of precious metals, and drilling and sampling results to date have been inconclusive.

The British Columbia Securities Commission has required us to obtain a report by an independent consultant qualified under the standards of the BCSC.

The British Columbia Securities Commission ("BCSC") previously required the Company to obtain a report by an independent consultant qualified under the standards of the BCSC. Under British Columbia securities laws, all disclosure of scientific or technical information, including disclosure of a mineral resource or mineral reserve must be based on information prepared by or under the supervision of an independent third party who is "qualified" under the terms of that law. The Company was therefore required under order to supply such verification by a "qualified" third party consultant, and its stock was prohibited from trading in British Columbia until the BCSC accepted such verification. The BCSC also requested documentation regarding all subscribers to the Company stock who were at such time residing in British Columbia. The Company subsequently retained a "qualified" third party consultant who prepared and filed the necessary reports with the BCSC. If the BCSC continues with additional investigatory proceedings, it will require the Company to expend additional funds on legal and accounting fees, which will have a negative impact on our resources available for exploration and general operating activities.

There is substantial risk that such testing on the United States properties would show limited concentrations of precious metals, and such testing may show a lack of precious metals in the properties. Any positive test results will only confirm the presence of precious metals in the samples, and it cannot be assumed that precious metals-bearing materials exist outside of the samples tested.

Policy changes.

Changes in regulatory or political policy could adversely affect our exploration and future production activities. Any changes in government policy, in the United States or other countries where properties are or may be held, could result in changes to laws affecting ownership of assets, land tenure, mining policies, taxation, environmental regulations, and labor relations.

Environmental costs.

Compliance with environmental regulations could adversely affect our exploration and future production activities. There can be no assurance that future changes to environmental legislation and related regulations, if any, will not adversely affect our operations.

Future reserve estimates.

All of the mineral properties in which we have an interest or right are in the exploration stages only and are without reserves of any minerals. Even if and when we can prove such reserves, reserve estimates may not be accurate. There is a degree of uncertainty attributable to any calculation of reserves or resources. Until reserves or resources are actually mined and processed, the quantity of reserves or resources must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on metal prices. Any material change in the quantity of reserves, resource grade or stripping ratio may affect the economic viability of our properties. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in large tests under on-site conditions or during production.

The possibility of a global financial crisis may significantly impact our business and financial condition for the foreseeable future.

The credit crisis and related turmoil in the global financial system may adversely impact our business and our financial condition, and we may face challenges if conditions in the financial markets do not improve. Our ability to access the capital markets may be restricted at a time when we would like, or need, to raise financing, which could have a material negative impact on our flexibility to react to changing economic and business conditions. The economic situation could have a material negative impact on our lenders or customers, causing them to fail to meet their obligations to us. We will need additional capital and financing to fund our fiscal 2014 operating forecast. There is no assurance that additional capital or financing will be available to us on terms that are acceptable to us or at all.

Risks Related to Our Securities

Because our common stock is deemed a low-priced "Penny" stock, an investment in our common stock should be considered high risk and subject to marketability restrictions.

Since our common stock is a penny stock, as defined in Rule 3a51-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), it will be more difficult for investors to liquidate their investment even if and when a market develops for the common stock. Until the trading price of the common stock rises above \$5.00 per share, if ever, trading in the common stock is subject to the penny stock rules of the Securities Exchange Act specified in rules 15g-1 through 15g-10. Those rules require broker-dealers, before effecting transactions in any penny stock, to:

- Deliver to the customer, and obtain a written receipt for, a disclosure document;
- Disclose certain price information about the stock;
- Disclose the amount of compensation received by the broker-dealer or any associated person of the broker-dealer;
- Send monthly statements to customers with market and price information about the penny stock; and
- In some circumstances, approve the purchaser's account under certain standards and deliver written statements to the customer with information specified in the rules.

Consequently, the penny stock rules may restrict the ability or willingness of broker-dealers to sell the common stock and may affect the ability of holders to sell their common stock in the secondary market and the price at which such holders can sell any such securities. These additional procedures could also limit our ability to raise additional capital in the future.

The market price of our Common Stock is, and is likely to continue to be, highly volatile and subject to wide fluctuations.

The market price of our Common Stock is likely to continue to be highly volatile and could be subject to wide fluctuations in response to a number of factors, some of which are beyond our control, including but not limited to:

- dilution caused by our issuance of additional shares of Common Stock and other forms of equity securities;
- announcements of new acquisitions, expansions or other business initiatives by us or our potential competitors;
- our ability to take advantage of new acquisitions, expansions or other business initiatives;
- quarterly variations in our revenues and operating expenses;
- changes in the valuation of similarly situated companies, both in our industry and in other industries;
- challenges associated with timely SEC filings;
- illiquidity and lack of marketability by being an OTC quoted stock;
- changes in analysts' estimates affecting our company, our competitors and/or our industry;
- changes in the accounting methods used in or otherwise affecting our industry;
- additions and departures of key personnel;
- announcements of technological innovations or new products;
- fluctuations in interest rates and the availability of capital in the capital markets; and
- significant sales of our Common Stock, including sales by selling shareholders following the registration of shares under a prospectus.

These and other factors are largely beyond our control, and the impact of these risks, singly or in the aggregate, may result in material adverse changes to the market price of our Common Stock and our results of operations and financial condition.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Shareholders will experience dilution upon the exercise of options and issuance of common stock under our incentive plans.

Outside of the plan, by Board resolutions, the following Stock Options were issued in the fourth quarter of 2017 with an exercise price of \$0.06 per share, to each to each of the following for director and/or consultant services rendered to Can-Cal Resources:

<u>Recipient Name</u>	<u>Stock Options Granted</u>
Sandra Rogoza	100,000
Red To Black Inc.	250,000
1045899 Alberta Ltd., a company owned by Gary Oosterhoff	100,000
Revrok Farm, a company owned by Cornelus Korver	100,000
For Life Financial Ltd., a company owned by Casey Douglass	100,000
Total	<u>650,000</u>

Also, outside the plan, the following shares were issued in the fourth quarter of 2017 for director and/or consultant services rendered as follows:

<u>Recipient Name</u>	<u>Shares Issued</u>
Thompson MacDonald	250,000
Ronald Schinnour	250,000
1045899 Alberta Ltd., a company owned by Gary Oosterhoff	100,000
Revrok Farm Ltd., a corporation owned by Cornelus Korver	100,000
For Life Financial Ltd., a corporation owned by Casey Douglass	100,000
Total	<u>800,000</u>

As at December 31, 2016, and December 31, 2017, we had no options outstanding under our 2003 Non-Qualified Option Plan. Our 2003 Non-Qualified Option Plan permitted us to issue up to 1,500,000 shares of our common stock either upon exercise of stock options granted under such plan or through restricted stock awards under such plan.

In addition, the Company no longer has any outstanding warrants as all warrants have expired.

We do not expect to pay dividends in the foreseeable future.

We do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest any future earnings in the development and growth of our business. In addition, debt arrangements we may enter into in the future may preclude us from paying dividends. Therefore, investors will not receive any funds unless they sell their common stock, and shareholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in our common stock.

We may issue additional stock without shareholder consent.

Our board of directors has authority, without action or vote of the shareholders, to issue all or part of our authorized but unissued shares. Additional shares may be issued in connection with future financing, acquisitions, employee stock plans, or otherwise. Any such issuance will dilute the percentage ownership of existing shareholders. We are also currently authorized to issue up to 10,000,000 shares of preferred stock and 100,000,000 of common stock. The board of directors can issue preferred stock in one or more series and fix the terms of such stock without shareholder approval. Preferred stock may include the right to vote as a series on particular matters, preferences as to dividends and liquidation, conversion and redemption rights and sinking fund provisions. The issuance of preferred stock could adversely affect the rights of the holders of common stock and reduce the value of the common stock. In addition, specific rights granted to holders of preferred stock could discourage, delay or prevent a transaction involving a change in control of our company, even if doing so would benefit our shareholders. Such issuance could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

There is currently a limited trading market for our common stock and we cannot ensure that one will ever develop or be sustained.

To date there has not been a significant liquid trading market for our common stock. We cannot predict how liquid the market for our common stock might become. We currently do not satisfy the initial listing standards for any major securities exchange. Currently our common stock is traded on the OTC Pink market. Should we fail to remain traded on the OTC Pink market or not be able to be traded on the OTC Pink market, the trading price of our common stock could suffer, the trading market for our common stock may be less liquid and our common stock price may be subject to increased volatility. Furthermore, for companies whose securities are quoted on the OTC Pink market, it may be more difficult (i) to obtain accurate quotations, (ii) to obtain coverage for significant news events because major wire services generally do not publish press releases about such companies and (iii) to obtain needed capital.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, or upon the expiration of any statutory holding period under Rule 144, or issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could hinder our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

Our internal controls may be inadequate, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

We have a limited number of personnel that are required to perform various roles and duties as well as be responsible for monitoring and ensuring compliance with our internal control procedures. As a result, our internal controls may be inadequate or ineffective, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public. Investors relying upon this misinformation may make an uninformed investment decision.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.**GENERAL**

We own or have interests in two United States properties. They are located in:

- Pisgah, San Bernadino County, California
- Cerbat, Arizona

A summary of important features about each of these properties is set forth in Exhibit 99.1 to our Form 10-KSB/A filed on March 11, 2009, and investors should take care to review this summary.

Adits (a type of entranche to underground mine shafts), tunnels and open pit locations following what may be a trend (direction that an ore body may follow) or vein structure (faults and cracks caused by shifts in the earth that had filled in with silica fluids and other magma volcanics which solidified leaving minerals behind) over a large region have been found on the property. The legacy of previous mining activity including; abandoned equipment, stone built homes, a cement water reservoir and numerous tailings piles, or piles of dirt left over from previous mining operations, can be seen from various locations.

In the United States, one property is owned (patented mining claims on a volcanic cinders property at Pisgah, California), one is leased with an option to purchase (the Cerbat property in Mohave County, Arizona).

The evaluation and acquisition of precious metals, mining properties and mineral properties is competitive; as there are numerous companies involved in the mining and minerals business. The Company has processed and tested mineralized materials and produced very small amounts of precious metals on a testing basis. These have come primarily from testing material from the Pisgah Mountain and Cerbat properties.

Exploration for and production of minerals is highly speculative and involves greater risks than exist in many other industries. Many exploration programs do not result in the discovery of mineralization and any mineralization discovered may not be of a sufficient quantity or quality to be profitably mined. Also, because of the uncertainties in determining metallurgical amenability of any minerals discovered, the mere discovery of mineralization may not warrant the mining of the minerals on the basis of available technology.

The Company's decision as to whether any of the mineral properties it now holds, or which it may acquire in the future, contain commercially mineable deposits, and whether such properties should be brought into production, will depend upon the results of the exploration programs and independent feasibility analysis and the recommendation of engineers and geologists. The decision will involve the consideration and evaluation of a number of significant factors, including, but not limited to: 1. The ability to obtain all required permits; 2. Costs of bringing the property into production, including exploration and development or preparation of feasibility studies and construction of production facilities; 3. Availability and costs of financing; 4. Ongoing costs of production; 5. Market prices for the metals to be produced; and 6. The existence of reserves or mineralization with economic grades of metals or minerals. No assurance can be given that any of the properties the Company owns, leases or acquires contain (or will contain) commercially mineable mineral deposits, and no assurance can be given that the Company will ever generate a positive cash flow from production operations on such properties.

Exploration and mining operations in the United States are subject to statutory and agency requirements which address various issues, including: (i) environmental permitting and ongoing compliance, including plans of operations which are supervised by the Bureau of Land Management ("BLM"), the Environmental Protection Agency ("EPA") and state and county regulatory authorities and agencies (e.g., state departments of environmental quality) for water and air quality, hazardous waste, etc.; (ii) mine safety and OSHA generally; and (iii) wildlife (Department of Interior for migratory fowl, if attractive standing water is involved in operations). The Company has been added by San Bernardino County as a party to the Approved Mining/ Reclamation Plan and related permits, which have been issued for the Pisgah Property. See Item 2, Description of Properties - Pisgah, California - Pisgah Property Mining Lease.

Because any exploration (and future mining) operations of the Company would be subject to the permitting requirements of one or more agencies, the commencement of any such operations could be delayed, pending agency approval (or a determination that approval is not required because of size, etc.), or the project might even be abandoned due to prohibitive costs.

The Company has historically expended a significant amount of funds on consulting, geochemical analytical testing, metallurgical processing and extracting, and precious metal assaying of material, however, the Company does not consider those activities as research and development activities. All those expenses are borne by the Company.

Federal, state and local provisions regulating the discharge of material into the environment, or otherwise relating to the protection of the environment, such as the Clean Air Act, Clean Water Act, the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response Liability Act ("Superfund") affect mineral operations. For exploration and mining operations, a applicable environmental regulation includes a permitting process for mining operations, an abandoned mine reclamation program and a permitting program for industrial development. Other nonenvironmental regulations can impact exploration and mining operations and indirectly affect compliance with environmental regulations. For example, a state highway department may have to approve a new access road to make a project accessible at lower costs, but the new road itself may raise environmental issues. Compliance with these laws, and any regulations adopted there under, can make the development of mining claims prohibitively expensive, thereby frustrating the sale or lease of properties, or curtailing profits or royalties which might have been received there from.

The Company presently has no full-time employees and relies on outside subcontractors, consultants and agents, to perform various administrative, legal and technical functions, as required.

PISGAH, CALIFORNIA PROPERTY

In 1997 we acquired fee title to the Pisgah Property, a "volcanic cinders" property at Pisgah, San Bernardino County, California, for \$567,000. The cinders material resulted from a geologically recent volcanic eruption.

The property is comprised of approximately 120 acres located 10 miles southwest of Ludlow, California, with a very large hill of volcanic cinders, accessible by paved road from Interstate 40. An independent survey service hired by the Company reported that there are approximately 13,500,000 tons of volcanic cinders above the surface. Approximately 3,500,000 tons of the cinders have been screened and stockpiled, the result of prior operations by Burlington Northern Railroad Co. It processed the cinders from the hill for railroad track ballast, taking all cinders above about one-inch diameter and leaving the rest on the ground surface within one-quarter mile of the hill. The remaining material in the hill and the material left over from Burlington's operations can easily be removed by front end loaders and loaded into dump trucks for hauling. The Cinder and Cinder #2 patented mining claims contain morphologically young alkali basalt and hawaiite lava flows and cinder (rock types created by volcanic activity). The cinder and spatter cone is about 100 meters high and has a basal diameter (circumference area at the base of the volcanic material) of about 500 meters, and was formed by the splattering of lava into a cone shape during volcanic activity. The volcanic cone and crater consists of unsorted basaltic tephra (volcanic material), ranging from finest ash, through scoriaceous cinders and blocks, or slag like structures born from igneous rock, to dense and broken bombs up to two meters in dimension.

The Pisgah Property consists of patented claims we own; no fees have to be paid to the BLM or work performed on the claims to retain title to the property.

From the year 2000 through 2002, the Company ran numerous tests on the volcanic cinders property to determine if the material contains precious metals. Although the program indicated precious metals might exist in material taken from the Pisgah Property, overall the program results were inconclusive.

Pisgah Property - Mining Lease

In May 1998, we signed a Mining Lease Agreement for the Pisgah Property with Twin Mountain Rock Venture, a California general partnership ("Twin Mountain,"). The Agreement is for an initial term of 10 years, with an option to renew for an additional ten-year term. Twin Mountain has the right to take 600,000 tons of volcanic cinders during the initial term, and 600,000 more tons during the additional term, for processing and sale as decorative rock. The material would be removed from the original cinder deposit, not the stockpiled material. Twin Mountain has not removed any material to date.

The agreement provides that Twin Mountain will pay minimum annual rental payments of \$22,500 for the initial term and \$27,500 per year for the additional term. Twin Mountain is also obligated to pay us a monthly production royalty for all material removed from the premises: The greater of 5% of gross sales f.o.b. Pisgah, or \$0.80 per ton for material used for block material; plus 10% of gross sales f.o.b. Pisgah for all other material. Twin Mountain will be credited against these payments for minimum royalty payments previously made.

Twin Mountain is current in payments. Twin Mountain has not yet removed any material from the property and has not indicated when it would do so. Twin Mountain does not have the right to remove or extract any precious metals from the property. It does have the right to remove cinder material, which could contain precious metals (and Twin Mountain would have title to the removed cinder material), but it cannot process the materials for precious metals either on or off site.

Mining and reclamation permits, and an air quality permit have been issued by the California regulatory agencies in the names of both Twin Mountain and the Company. We posted a cash bond in the amount of \$1,379 (1% of the total bond amount) and Twin Mountain has posted the remainder of the \$137,886 bond. If Twin Mountain defaults, we would be responsible for reclamation of the property, but reclamation costs incurred in that event would be paid in whole or part by the bond posted by us and Twin Mountain. Reclamation costs are not presently determinable.

In addition to our historic exploration activities, we are currently undertaking alternative revenue producing opportunities at our Pisgah Property. On January 23, 2012 we entered into a mineral lease agreement with a partner who will purchase up to 100,000 tons of resources derived from the property to produce commercial products for resale. The agreement is for an initial period of ten (10) years, with an additional five (5) year extension at the option of the lessee. We will receive fees for the removal of minerals at diminishing prices in \$0.50 increments between \$12 per ton and \$10 per ton for each 20,000 tons of material removed.

Pisgah Property - Material Supply Agreements

On January 23, 2012, the Company entered into a mineral lease agreement with GoodCorp Inc. to purchase material from the Pisgah Property. This mineral lease agreement is for an initial period of ten (10) years, with an additional five (5) year extension at the option of the lessee. Sale prices of minerals are set at diminishing prices in \$0.50 increments between \$12 per ton and \$10 per ton for each 20,000 tons of material removed. As of the date hereof, no material has been sold and no revenue has been received by the Company under this agreement.

On April 9, 2013, the Company entered into a Material Supply Agreement (the "Original MSA") with Candeco Lava Products, Inc. ("Candeco"), an Alberta, Canada company controlled by a former director of the Company and brother of our then CEO. This Agreement was amended on March 3, 2014 (the "Amended MSA"). Pursuant to the Amended MSA, Candeco is entitled to purchase volcanic lava or cinders from Pisgah Property that is not currently stockpiled on the Pisgah Property (the "Material") at a price equal to the greater of \$15 per ton and the net sales margin per ton removed from the Pisgah Property realized as follows: (i) 35% of the net sales margins during the first year of mining; and (ii) 50% of the net sales margins for the subsequent years during the term of the Amended MSA (the "Production Payment"). Under the Amended MSA, Candeco has the right to remove an initial amount of up to 1,000,000 tons (the "Initial Amount") of Material from the Property and additional incremental amounts (the "Additional Amounts") of 1,000,000 tons each, upon the successful removal of the Initial Amount from the Property. Candeco's right to remove the Additional Amounts from the Property is on the basis that once Candeco has removed the first Additional Amount of the Material from the Property, it shall have the right to remove subsequent Additional Amounts of Material from the Property, so long as it removes its then current Additional Amount. As such, Candeco's right to extend the term of the Amended MSA is entirely based on Candeco's successful performance of its Material removal commitments under the terms of the Amended MSA.

Under the Amended MSA, Candeo is required to purchase a minimum of ten thousand (10,000) tons of Material during each of the first three years of the term of the agreement, all at a purchase price of \$15.00 per ton, for a total payment of \$150,000 per year in each of the first three years of the Term (the "Pre-Purchased Payments"), with credit being given by the Company to Candeo for all pre-paid tons of Material that have already been purchased and paid for under the Original MSA. The Pre-Purchased Material will remain on the Pisgah Property until Candeo commences its production operations or engages the Company to mine and remove Material on Candeo's behalf. In the event that Candeo engages the Company to mine and remove any of the Material, Candeo shall pay all of the Company's reasonable costs and expenses in conducting such mining and removal operations plus a fee of 15%. All mining and removal operations on the Pisgah Property will be subject to all necessary regulatory and other third party approvals being obtained. The Pre-Purchased Payments will not be refundable to Candeo but shall be credited against the first Production Payments.

The term of the Amended MSA has been extended from an initial term of ten (10) years to twenty (20) years (the "Primary Term") and Candeo has the option to extend the term for an additional thirty (30) years exercisable at any time with no less than three (3) months written notice prior to the expiration of the Primary Term, provided that Candeo is not in default under any of the provisions of the Amended MSA and that the whole of the Initial Amount has been removed from the Property.

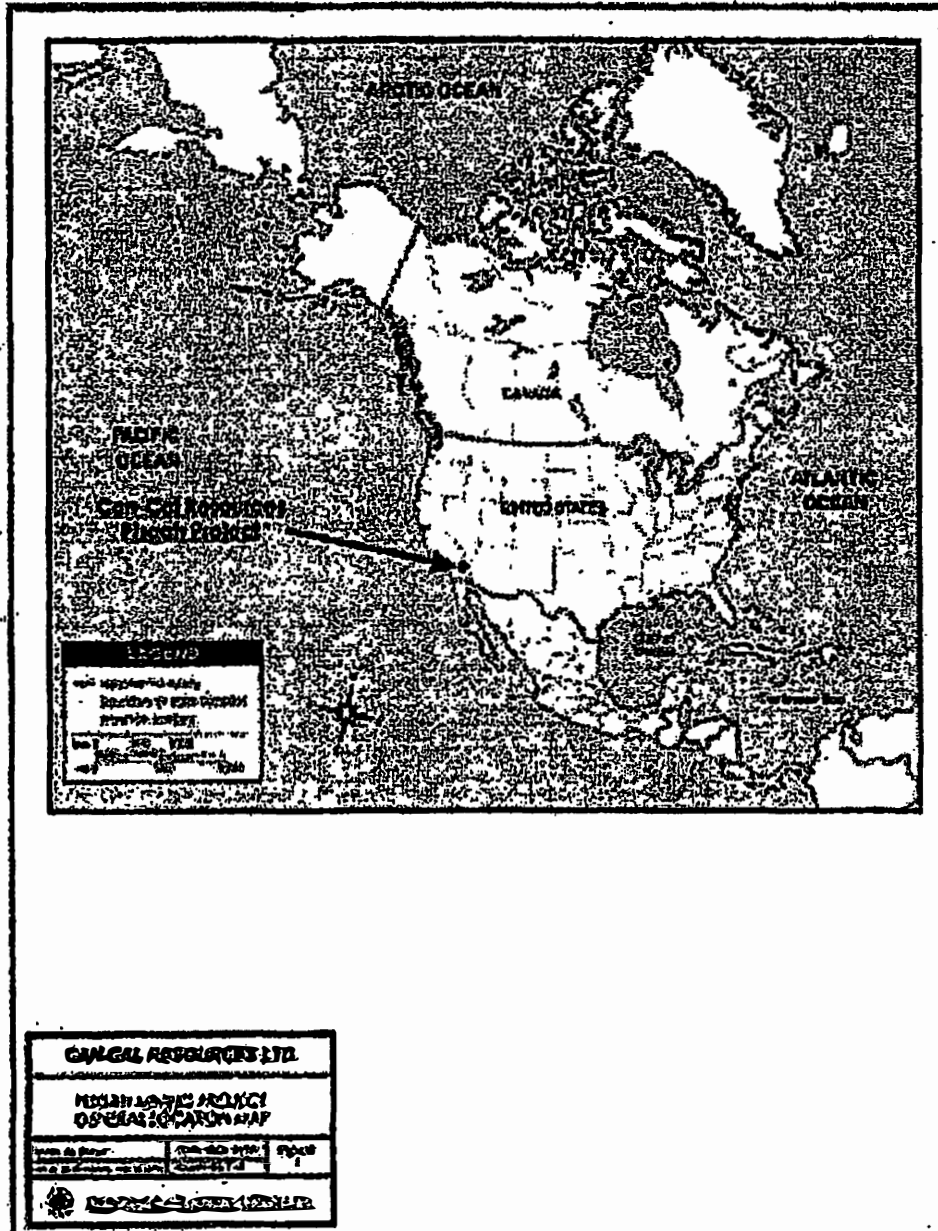
Location and Access

The Pisgah Project is located in San Bernardino County, 72 kilometers (45 miles) east of the city of Barstow, California, and 307 kilometers (192 miles) south-southeast of Las Vegas, Nevada, United States. Barstow lies near the southwest border of California, east of the junction of Interstate 15, Interstate 40 and U.S. Route 66. The Project is centered at Latitude 34° 44' 47" North, Longitude 116° 22' 29" West, or UTM (metric) coordinates 55700 E/384500 N in Zone 11, datum point NAD 27. It lies within the NW ¼ of Section 32, Township 8 North, Range 6 East from San Bernardino Meridian and has an area of 48.4 hectares (120.2 acres).

Access to the Pisgah Project is by the paved 2-lane paved road. From the junction of Interstate 15 and Interstate 40 just east of Barstow, California travel east along Interstate 40 for 52 kilometers (32.5 miles). Take the Hector Rd. Exit and turn right onto Hector Rd. From here turn left onto Historic Route 66 for 7.4 kilometers (4.6 miles), and then turn right (south) onto the Pisgah Crater road. Follow this road for 3.2 kilometers (2.0 miles) to the Pisgah Crater workings.

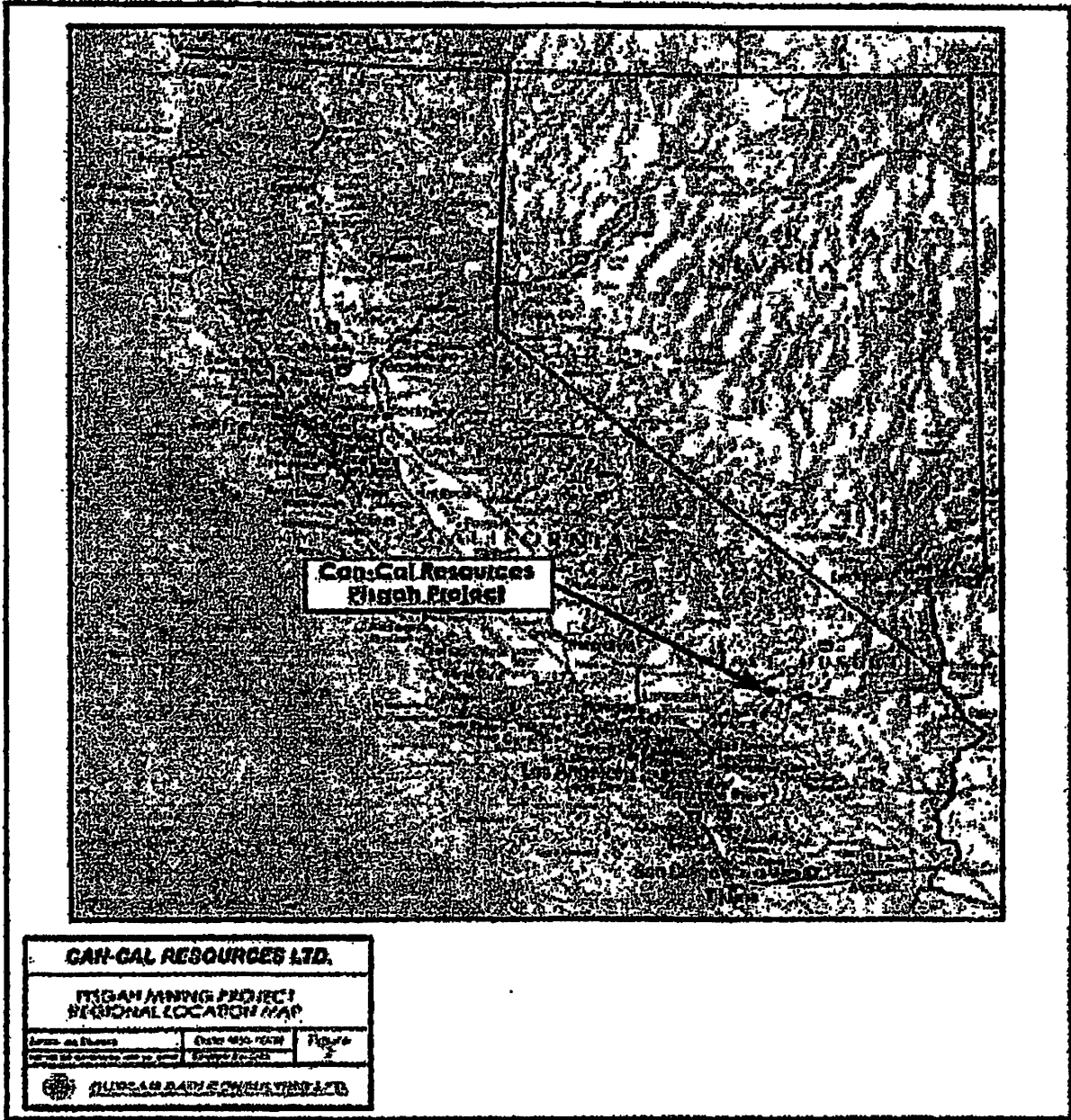
Pisgah Project

General Location Map



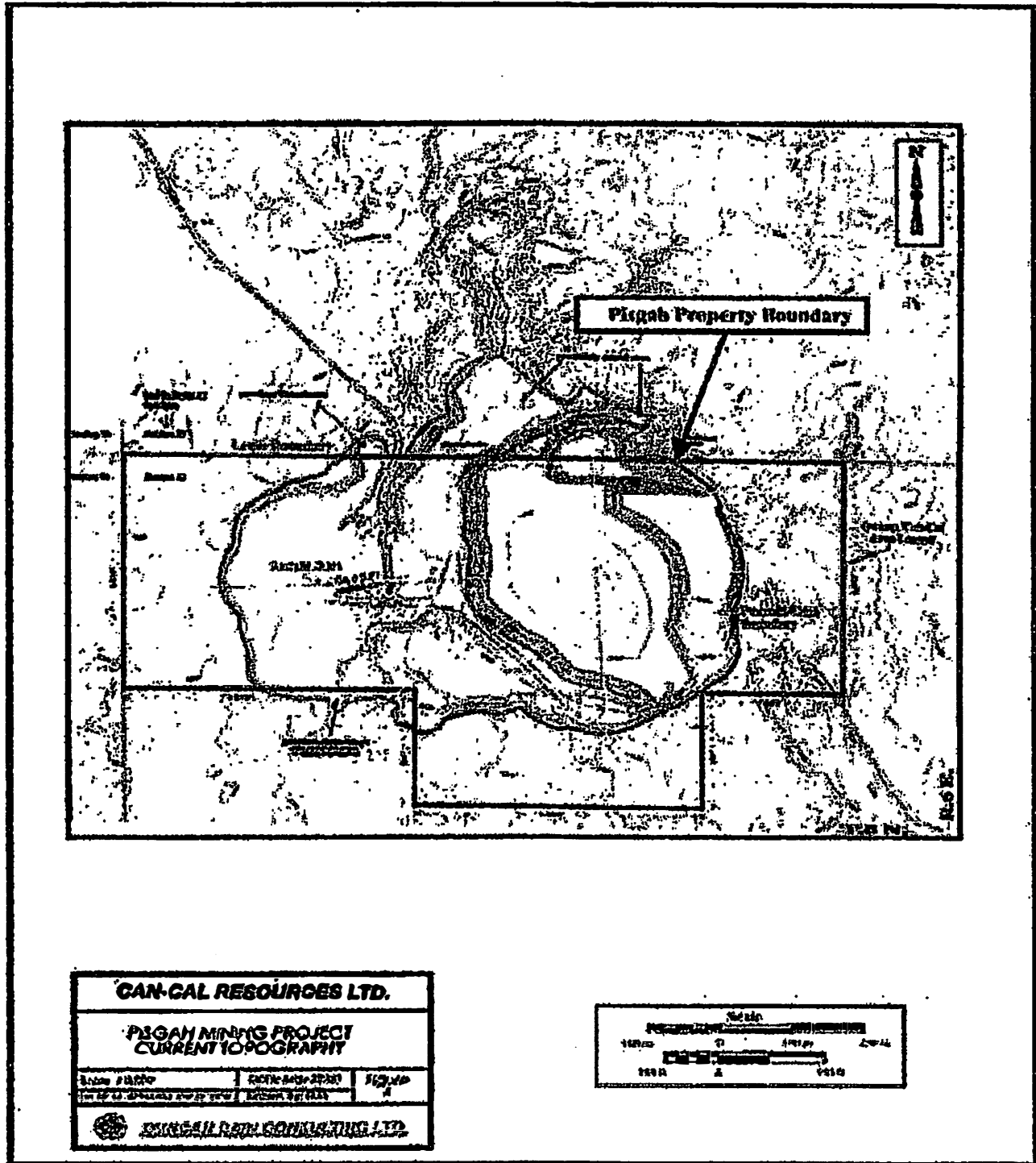
Pisgah Project

Regional Location Map



Pisgah Project

Topography Map



ITEM 3. LEGAL PROCEEDINGS.

On June 3, 2014, a group of Company shareholders under the direction of Ronald D. Sloan (a former Chief Executive Officer and director of the Company) (collectively the "Plaintiffs") filed a shareholder derivative complaint in Nevada State Court against the Company, as well as its then current directors (Thompson MacDonald, G. Michael Hogan, and Ron Schinnour), William Hogan, FutureWorth Capital Corp. and Candeo (collectively the "Defendants"). The Plaintiffs are alleging, among other things, that the Defendants caused the Company to enter into a transaction with Candeo involving the Pisgah Property that was not in the best interests of the Company. However, the transaction with Candeo is in the best interests of the Company (see "Note 3 – Related Party Transactions - Material Supply Agreement" in the attached financial statements).

There are many other allegations made by the Plaintiffs, all of which are considered by the Defendants to be frivolous with no basis in fact. In fact, due to the actions of the prior management of the Company, the Company would not have been able to continue operations and would have failed without the intervention of new management, including certain of the Defendants, and without entering into the transaction with Candeo. Accordingly, no provision has been recorded in the financial statements of the Company for any payment to the Plaintiffs pursuant to the claim or otherwise. Legal counsel for the Company is Justin Jones, Esq. of Jones Lovelock, LLP of Las Vegas, Nevada.

Can-Cal Resources Ltd., as one of several Defendants in Derivative Lawsuit reached "Settlement Agreement in Principle" mid-November 2017. As of January 8, 2018, all Parties are progressing toward a more detailed Definitive Agreement.

Terms of the Agreement include:

- A new Board of 5 comprised of 2 Directors nominated by Plaintiffs and 2 from Defendants. These 4 will select the 5th Director.
- Sale of minimum tonnage of lava material to Candeo Lava Products within certain time frames.
- Proceeds from lava material sales are budgeted towards Plaintiff's legal costs, acute Accounts Payables and Management Fees. An annual minimum was established to cover base costs of keeping Can-Cal from insolvency.
- As Candeo develops its marketing, it expects to substantially increase volumes of lava material sales and thus future purchases from Can-Cal. After the first 45,000-85,000 tons are purchased, then Can-Cal will begin to receive 20% of gross revenues, or ORI (Overriding Royalty Interest) from Candeo's sales of lava material.

Can-Cal Resources will be able to focus on developing any other resource potential.

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our Board of Directors, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

The lawsuit brought forward by its shareholders has reached a tentative settlement. Terms of the settlement agreement include:

- A new Board of Directors to consist of five individuals. Two nominated by the Plaintiffs, two nominated by the Defendants, and a fifth agreed upon by these four;
- Sale of minimum tonnage of lava material to Candeo within set timeframes;
- Proceeds from lava material sales to be applied to pay Plaintiff's legal costs, acute accounts payable, and management fees. Annual minimum purchases of lava material by Candeo have also been established to cover the basic costs of keeping the Company in operation and solvent;
- As Candeo develops its marketing operations, it is expected to substantially increase the volumes of its annual lava material purchases from the Company. After the first 45,000-85,000 tons are purchased, then the Company will begin to receive a 20% overriding royalty interest from Candeo's sales of lava material;
- The Company will be able to focus on developing any other resource potential; and
- More complete information made available to shareholders to be expected in April 2018.

ITEM 4. MINE SAFETY DISCLOSURES.

The Company does not currently operate any mines related to its claims. As a result, mine safety disclosures are not applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.****(a) Market Information**

Our Common Stock trades sporadically on the OTC Pink market under the symbol CCRE. Our common stock has traded infrequently on the OTC Pink market, which limits our ability to locate accurate high and low bid prices for each quarter within the last two fiscal years. Therefore, the following table lists the quotations for the high and low bid prices as reported by a Quarterly Trade and Quote Summary Report of the OTC Pink market for the calendar years 2014 through 2017. The quotations from the OTC Pink market reflect inter-dealer prices without retail mark-up, markdown, or commissions and may not represent actual transactions.

	2016		2017	
	High	Low	High	Low
1 st Quarter	\$0.07	\$0.03	\$0.03	\$0.03
2 nd Quarter	\$0.07	\$0.05	\$0.03	\$0.03
3 rd Quarter	\$0.07	\$0.05	\$0.03	\$0.03
4 th Quarter	\$0.05	\$0.03	\$0.03	\$0.03

(b) Holders of Common Stock

As of December 31, 2017, there were approximately 43,667,060 shares outstanding held by approximately 601 shareholders.

As at	Number of shareholders	Number of shares outstanding
December 31, 2015	180	42,867,060
March 31, 2016	180	42,867,060
June 30, 2016	180	42,867,060
September 30, 2016	180	42,867,060
December 31, 2016	180	42,867,060
March 31, 2017	180	42,867,060
June 30, 2017	180	42,867,060
September 30, 2017	180	42,867,060
December 31, 2017	601(1)	43,667,060

(1) Official records show historical number as 598. 3 more were added in stock issuance this period. Management apologizes for confusion due to numbers reported earlier.

Upon the resignation of G. Michael Hogan as an officer and director of the Company on August 19, 2015, all accrued and unpaid salaries as of that date of \$676,333 (\$600,000 as at December 31, 2014) were settled with an agreement to issue 600,000 common shares (worth approximately \$18,000 based on August 19, 2015 share prices). This transaction had been recorded during the quarter ended September 30, 2015, although the shares had yet to be issued. The shares were issued on December 31, 2017.

Mr. William Hogan resigned from the Board of Directors on February 27, 2013, and his compensation via his FutureWorth Capital Corp. consulting agreement terminated as of December 31, 2012. On August 19, 2015, FutureWorth Capital Corp. settled all accrued and unpaid compensation of \$180,000 to that date (\$180,000 as at December 31, 2015) with an agreement to issue 240,000 common shares (worth approximately \$7,200 based on August 19, 2015 share prices). This transaction had been recorded during the quarter ended September 30, 2015 although the shares had yet to be issued. The shares were issued on December 31, 2017.

The above table includes the issuance owed to G. Michael Hogan and Bill Hogan in 2015. The shares were not officially issued until December 31, 2017.

On December 31, 2017, aside from the 600,000 shares issued to G. Michael Hogan and 240,000 shares issued to Bill Hogan, an additional 800,000 shares were issued to former and current directors of the Company for their work on seeing the Company continue.

(c) Dividendse

In the future we intend to follow a policy of retaining earnings, if any, to finance the growth of the business and do not anticipate paying any cash dividends in the foreseeable future. The declaration and payment of future dividends on the Common Stock will be the sole discretion of board of directors and will depend on our profitability and financial condition, capital requirements, statutory and contractual restrictions, future prospects and other factors deemed relevant.

(d) Securities Authorized for Issuance under Equity Compensation Plans

STOCK OPTIONS

There are no Stock Options open as of December 31, 2016. On December 31, 2017, 650,000 Stock Options were granted to members of the Board of Directors and consultants of the Company in lieu of cash compensation.

WARRANTS

Can-Cal has no warrants outstanding as of the fiscal year ending December 31, 2016, or 2017.

Recent Sales of Unregistered Securities

There were no sales of equity securities by the Company during the fiscal year ended December 31, 2016.

By Board resolutions, the following Stock Options were issued in the fourth quarter of 2017 with an exercise price of \$0.06 per share, to each to each of the following for director and/or consultant services rendered to Can-Cal Resources:

<u>Recipient Name</u>	<u>Stock Options Granted</u>
Sandra Rogoza	100,000
Red To Black Inc.	250,000
1045899 Alberta Ltd., a company owned by Gary Oosterhoff	100,000
Revrok Farm, a company owned by Cornelus Korver	100,000
For Life Financial Ltd., a company owned by Casey Douglass	100,000
Total	650,000

The following shares were issued in the fourth quarter of 2017 for director and/or consultant services rendered as follows:

<u>Recipient Name</u>	<u>Shares Issued</u>
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Ronald Schinnour	250,000
1045899 Alberta Ltd., a company owned by Gary Oosterhoff	100,000
Revrok Farm Ltd., a corporation owned by Cornelus Korver	100,000
For Life Financial Ltd., a corporation owned by Casey Douglass	100,000
Total	800,000

Upon the resignation of G. Michael Hogan as an officer and director of the Company on August 19, 2015, all accrued and unpaid salaries as of that date of \$676,333 (\$600,000 as at December 31, 2014) were settled with an agreement to issue 600,000 common shares (worth approximately \$18,000 based on August 19, 2015 share prices). This transaction had been recorded during the quarter ended September 30, 2015, although the shares had yet to be issued. The shares were issued on December 31, 2017.

Mr. William Hogan resigned from the Board of Directors on February 27, 2013, and his compensation via his FutureWorth Capital Corp. consulting agreement terminated as of December 31, 2012. On August 19, 2015, FutureWorth Capital Corp. settled all accrued and unpaid compensation of \$180,000 to that date (\$180,000 as at December 31, 2015) with an agreement to issue 240,000 common shares (worth approximately \$7,200 based on August 19, 2015 share prices). This transaction had been recorded during the quarter ended September 30, 2015 although the shares had yet to be issued. The shares were issued on December 31, 2017.

We claim an exemption from registration for the issuances described above pursuant to Section 4(a)(2) and/or Rule 506 of Regulation D of the Securities Act, since the foregoing issuances did not involve a public offering, the recipients were (a) "accredited investors"; and/or (b) had access to similar documentation and information as would be required in a Registration Statement under the Securities Act, the recipients acquired the securities for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof. The securities were offered without any general solicitation by us or our representatives. No underwriters or agents were involved in the foregoing issuances and grant and we paid no underwriting discounts or commissions. The securities sold are subject to transfer restrictions, and the certificates evidencing the securities contain an appropriate legend stating that such securities have not been registered under the Securities Act and may not be offered or sold absent registration or pursuant to an exemption therefrom. The securities were not registered under the Securities Act and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act and any applicable state securities laws.

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the year ended December 31, 2016, or 2017.

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable.

ITEM 7. ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of the business, financial condition and results of operation of the Company should be read in conjunction with the financial statements of the Company for the years ended December 31, 2017 and 2016 and the notes to those statements that are included elsewhere in this Annual Report on Form 10-K. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the section titled "Risk Factors."

Overview

Can-Cal Resources Ltd. is a publicly traded exploration stage company engaged in seeking the acquisition and exploration of metals mineral properties. As part of its growth strategy, the Company will focus its future activities in the USA, with an emphasis on the Pisgah Mountain, California property and the Cerbat, Arizona property.

At December 31, 2017, we had cash on hand of approximately \$769 available to sustain operations. At December 31, 2016, cash on hand was \$Nil. Accordingly, we are uncertain as to whether the Company may continue as a going concern. While we may seek additional investment capital, or possible funding or joint venture arrangements with other mining companies, we have no assurance that such investment capital or additional funding and joint venture arrangements will be available to the Company.

We expect in the near term to continue to rely on outside financing activities to finance our operations. We used investment proceeds realized during 2012 for (i) completion of work-up of two potential extraction processes to determine which process we will employ to potentially prove up any precious metals, platinum groups elements and/or other base metals on the Pisgah, California property and the Cerbat, Arizona property, if any; (ii) the development of a drill program to potentially prove up any tonnages and precious metals and/or other base metals on the Cerbat, Arizona property, if any; (iii) the continued development a comprehensive research and development program to ascertain the potential for any rare earth elements on the Owl Canyon, California property (subsequently abandoned); (iv) strategic working capital reserve and (v) to finance our operations.

In addition to our historic exploration activities, we are currently under taking alternative revenue producing opportunities at our Pisgah Property. On January 23, 2012, the Company entered into a mineral lease agreement with a GoodCorp Inc. to purchase material from the property. This mineral lease agreement is for an initial period of ten (10) years, with an additional five (5) year extension at the option of the lessee. Sale prices of minerals are set at diminishing prices in \$0.50 increments between \$12 per ton and \$10 per ton for each 20,000 tons of material removed. As of the date hereof, no material has been sold under this agreement and no revenue has been received by the Company.

On April 9, 2013, the Company entered into the Original MSA with Candeo and the Amended MSA on March 3, 2014. Pursuant to the Amended MSA, Candeo is entitled to purchase Material from the Pisgah Property at a price equal to the greater of \$15 per ton and the net sales margin per ton removed from the Pisgah Property realized as follows: (i) 35% of the net sales margins during the first year of mining; and (ii) 50% of the net sales margins for the subsequent years during the term of the Amended MSA. Under the Amended MSA, Candeo has the right to remove an Initial Amount of up to 1,000,000 tons of Material from the Pisgah Property and Additional Amounts of 1,000,000 tons each, upon the successful removal of the Initial Amount from the Pisgah Property. Candeo's right to remove the Additional Amounts from the Pisgah Property is on the basis that once Candeo has removed the first Additional Amount of the Material from the Pisgah Property, it shall have the right to remove subsequent Additional Amounts of Material from the Property, so long as it removes its then current Additional Amount. As such, Candeo's right to extend the term of the Amended MSA is entirely based on Candeo's successful performance of its Material removal commitments under the terms of the Amended MSA.

Under the Amended MSA, Candeo is required to purchase a minimum of ten thousand (10,000) tons of Material during each of the first three years of the term of the agreement, all at a purchase price of \$15.00 per ton, for a total payment of \$150,000 per year in each of the first three years of the Term, with credit being given by the Company to Candeo for all pre-paid tons of Material that have already been purchased and paid for under the Original MSA. The Pre-Purchased Material will remain on the Pisgah Property until Candeo commences its production operations or engages the Company to mine and remove Material on Candeo's behalf. In the event that Candeo engages the Company to mine and remove any of the Material, Candeo shall pay all of the Company's reasonable costs and expenses in conducting such mining and removal operations plus a fee of 15%. All mining and removal operations on the Pisgah Property will be subject to all necessary regulatory and other third-party approvals being obtained. The Pre-Purchased Payments will not be refundable to Candeo but shall be credited against the first Production Payments.

The term of the Amended MSA has been extended from an initial term of ten (10) years to twenty (20) years (the "Primary Term") and Candeo has the option to extend the term for an additional thirty (30) years exercisable at any time with no less than three (3) months written notice prior to the expiration of the Primary Term, provided that Candeo is not in default under any of the provisions of the Amended MSA and that the whole of the Initial Amount has been removed from the Property.

Results of Operations for the Years Ended December 31, 2017 and 2016:

(\$ dollars)

	<u>For year ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Rental Income	\$ —	\$s 9,167
Operating expenses:		
Exploration costs	8,738	17,096
General and administrative	228,747	147,346
Depreciation	—	—
Director fees	75,000	—
Stock-based compensation	30,500	—
Total operating expenses	<u>342,983</u>	<u>164,442</u>
Net operating loss	<u>(342,983)</u>	<u>(155,275)</u>
Other income (expense):		
Interest expense	(12,451)	(13,243)
Gain on sale of asset	9,000	—
Foreign exchange gain (loss)	(3,503)	145
Non-recurring income	700	268
Total other income (expense)	<u>(6,254)</u>	<u>(12,830)</u>
Loss before provision for income taxes	\$ (349,237)	\$ (168,105)
Provision for income taxes	—	—
Net loss	<u>\$ (349,237)</u>	<u>\$ (168,105)</u>

Revenues:

Rental revenue was \$Nil for the year ended December 31, 2017 and \$9,167 for the year ended December 31, 2016. Rental revenue relates to income derived from the rental of the Company's land for the purposes of mineral extraction, filming movies or conducting photo shoots. The decrease in rental revenue in 2017 was due to the rental contracts not being renewed.

Exploration Costs:

For the year ended December 31, 2017, exploration costs were \$8,738 and \$17,096 in 2016. The decrease in exploration costs is due to lower property taxes paid on our locations in 2017.

General and Administrative:

General and administrative expenses were \$228,747 for the year ended December 31, 2017 and \$147,346 for 2016. This increase in general and administrative expense in 2017 was primarily due to legal expenses incurred as a result of the lawsuit brought forward by our shareholders as well as increased costs for the management contract of the Company.

Director Fees:

Director fees were \$75,000 for the year ended December 31; 2017, and \$Nil for 2016. During the settlement of the lawsuit from the shareholders, it was deemed prudent that the three directors of the Company would each be compensated \$25,000 per year starting January 1, 2017.

Net Operating Gain or Loss:

Net operating loss for the year ended December 31, 2017 was \$349,237 or \$0.01 per share, there was a net operating loss of \$155,275 or \$0.00 per share for 2016. This operating loss increase is primarily due to higher General and Administrative expense and Director fees as explained above.

Other Income:

There was other non-recurring revenue for the year ended December 31, 2017 of \$700 and \$268 in 2016. The other income in 2017 was due to a photoshoot on our property while other income in 2016 was due to the write-off of charges incurred.

Interest Expense:

Interest expense for the year ended December 31, 2017 was \$12,451 and \$13,243 in 2016. The decrease was due to an amendment in the calculations.

Net Loss:

See the explanation of Net Operating Loss above.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes total assets, accumulated deficit, stockholders' equity (deficit) and working capital at December 31, 2017 and 2016.

(\$ dollars)	December 31,	
	2017	2016
Total Assets	6,559	1,290
Accumulated (Deficit)	(11,613,030)	(11,263,792)
Stockholders' Equity (Deficit)	(973,665)	(654,928)
Working Capital (Deficit)	(973,665)	(654,928)

At December 31, 2017, we had total assets of \$6,559, consisting of prepaid expenses and cash, compared to assets of \$1,290 in 2016. We have implemented financial controls in the business to ensure each expense is warranted and needed. Our cash on hand at December 31, 2017 was \$769.

Off Balance Sheet Arrangements

We do not have any off-balance sheet arrangements of any kind.

Contractual Obligations

An agreement was signed effective June 10, 2016 with For Life Financial for the office administration of the Company and can be terminated by either party with one month's written notice. An agreement was signed effective September 10, 2016 to manage the Company. The contract is effective until December 31, 2018 and will continue until the earlier of the completion of the services or the termination of the agreement. Termination of the agreement may be for any or no reason upon four months written notice. The Company may, in its sole discretion, request For Life Financial to cease performing services during the four-month period. For Life Financial may terminate this agreement for any or no reason upon two months written notice.

On September 1, 2017, an agreement was signed with Red to Black Inc. to perform the accounting for the Company. The contract is effective until December 31, 2017 and will automatically renew and can be terminated by either party with thirty-day notice.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, allowance for sales returns and doubtful accounts, inventory valuation, business combination purchase price allocations, our review for impairment of long-lived assets, intangible assets and goodwill, income taxes and stock-based compensation expense. Actual results may differ from these judgments and estimates, and they may be adjusted as more information becomes available. Any adjustment may be significant.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably may have been used, or if changes in the estimate that are reasonably likely to occur may materially impact the financial statements. We refer readers to Note 1 to our audited financial statements for the years ended December 31, 2017 and 2016 filed with this Annual Report.

Recent Accounting Pronouncements

See Note 1 contained in the "Notes to the Financial Statements" for a discussion of new and recently adopted accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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<u>Balance Sheets as of December 31, 2017 and 2016</u>	F-2e
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<u>Statements of Cash Flows for the Years Ended December 31, 2017 and 2016</u>	F-5e
<u>Notes to Financial Statements</u>	F-6e

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

ITEM 9A. CONTROLS AND PROCEDURES.

We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) and 15d-15(f) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We conducted an evaluation (the "Evaluation"), under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures ("Disclosure Controls") as of the end of the period covered by this report pursuant to Rule 13a-15 of the Exchange Act. Based on this Evaluation, our Chief Executive Officer has concluded that the Company's disclosure controls and procedures were not effective because of the identification of a material weakness in our internal control over financial reporting which is identified below in Management's Annual Report on Internal Control over Financial Reporting, which we view as an integral part of our disclosure controls and procedures.

Changes in Internal Control

We have also evaluated our internal control over financial reporting, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls as of December 31, 2017.

Limitations on the Effectiveness of Controls

Our management, including our CEO, does not expect that our Disclosure Controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management or board override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CEO Certification

Appearing immediately following the Signatures section of this report there are Certifications of the CEO. The Company currently has no CFO. The Certification are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the Section 302 Certifications). This Item of this report, which you are currently reading is the information concerning the Evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

The management of the Company assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on this assessment, management determined that, during the year ended December 31, 2016, our internal controls and procedures were not effective to detect the inappropriate application of US GAAP rules, as more fully described below. This was due to deficiencies in the design or operation of the Company's internal control that adversely affected the Company's internal controls and that may be considered to be material weaknesses.

Management identified the following material weaknesses in internal control over financial reporting:

1. The Company has limited segregation of duties, which is not consistent with good internal control procedures.o

2.oThe Company does not have a written internal control procedurals manual which outlines the duties and reportingo requirements of the Directors and any staff to be hired in the future. This lack of a written internal control procedurals manual does not meet the requirements of the SEC or good internal controls.

Management believes that the material weaknesses set forth in items 1 and 2 above did not have an effect on the Company's financial results.

The Company and its management will endeavor to correct the above noted weaknesses in internal control once it has adequate funds to do so.

Management will continue to monitor and evaluate the effectiveness of the Company's internal controls and procedures and its internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only the management's report in this annual report.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

On May 1, 2016, Richard Singleton resigned from the Board of Directors.

On June 10, 2016, Casey Douglass was elected to the Board of Directors.

On September 10, 2016, Tim J. Naskaska and Jonathan Legg resigned from the Board of Directors. Gary Oosterhoff and Cornelus (Case) Korver were elected to the Board of directors. Casey Douglass was elected as Chairman of the Board.

The new Officers and directors of the Company are listed below. Directors are elected to hold offices until the next annual meeting of shareholders or until their successors are elected or appointed and qualified. Officers are appointed by the board of directors until a successor is elected and qualified or until resignation, removal or death.

Name	Age	Position and Tenure
Casey Douglass	57	Director and Chairman of the Board.
Gary Oosterhoff	60	Director.
Cornelus (Case) Korver	72	Director.

Mr. Casey Douglass of Red Deer, Alberta, was elected as a Director as of June 10, 2016. Mr. Douglass has owned and managed farming and agribusinesses for over 15 years in Canada and Russia. Mr. Douglass' expertise in Russia involved: market analysis; business design; finance; importing and staff training on new equipment. His expertise also included corporate structuring and strong management skills. During the past 10 years, Mr. Douglass has specialized in providing insurance and finance solutions to the exempt corporate marketplace of Western Canada, the majority of which occurred in Alberta. Mr. Douglass has studied Agricultural Economics and Rural Sociology at University of Alberta and is a strong community player in Red Deer, Alberta as well as other global communities. Mr. Douglass looks forward to assisting Can-Cal Resources from its previous difficult times to upcoming positive and new business activities within North America.

Mr. Gary Oosterhoff of Red Deer, Alberta, was appointed as a Director as of September 10, 2016. During the majority of his working career, Mr. Oosterhoff has been in the general insurance industry where he achieved the "Chartered Insurance Broker" designation, which at the time was the highest level attainable for general insurance brokers. He was the senior leader and majority shareholder of a thriving general insurance brokerage in Red Deer, Alberta which was sold in 2001. Afterward, Gary continued in a teaching capacity throughout Alberta until 2009. Additionally, from 2001, to date, Gary has used his outstanding entrepreneurial experience and background talents in ground floor opportunities and went on to pursue the real estate business, which also has become very successful. Today, Mr. Oosterhoff leads a syndication of high wealth investors for acquisition, development, construction, management and marketing of both residential and commercial holdings in central Alberta. Mr. Oosterhoff has also been a Board member providing regional governance under Alberta Housing Act.

Mr. Cornelus (Case) Korver of Rocky Mountain House, Alberta, was appointed as a director as of September 10, 2016. Since 1962, Mr. Korver has been involved in thriving agricultural businesses near Rocky Mountain House, Alberta, initially with a prosperous family owned dairy operations. In 1972, he expanded and diversified into several other successful business operations, including beef cattle, hay, grains, and oilseeds. In 2008, Mr. Korver further transitioned into specialized custom grazing and hay for the Alberta equine market. Mr. Korver has used his successful business savvy in various capital markets investments. The majority of which are private companies. He has continuously provided active service on various boards at both the Alberta Provincial and County levels including the Alberta Government Loan Appeal Board; County Police Advisory Committee; County Agriculture Service Board; Rocky Mountain Agriculture Society; Chair of Grey Wooded Forage Association; Counsel Member with Clearwater County; Chair of Central Alberta Milk Producers Association and Director, Rocky Natural Gas Co-op.

(a) Director Compensation

With the settlement of the lawsuit brought forward by the Company's shareholders, the Company has begun compensating its directors starting January 1, 2017 with director fees of \$25,000 per annum each. Directors are also reimbursed for travel costs to attend Board meetings. The directors were also given a one-time issuance of 100,000 shares each on December 31, 2017.

(b) Identification of Certain Significant Employees and Consultants^a

None.

(c) Family Relationships^a

Not applicable.

(d) Involvement in Certain Legal Proceedings^a

None of our executive officers or directors has been involved in any of the following events during the past ten years:

- (1)^a any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;^a
- (2)^a any conviction in a criminal proceeding or being a named subject to a pending criminal proceeding (excluding traffic violations and minor offenses);^a
- (3) being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;
- (4)^a being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law;^a
- (5)^a being the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of (i) any Federal or State securities or commodities law or regulation; (ii) any law or regulation respecting financial institutions or insurance companies, including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or (iii) any law or regulation prohibiting a mail or wire fraud or fraud in connection with any business entity; or^a
- (6)^a being the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section (1)(a)(40) of the Commodity Exchange Act), or any equivalent exchange, association, entity, or organization that has disciplinary authority over its members or persons associated with a member.^a

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based upon a review of Forms 3 and 4 furnished to the company pursuant to Rule 16a-3(a) and written representations referred to in Item 405(b) (2)(i) of Regulation S-K, no directors, officers, beneficial owners of more than 10% of the company's common stock, or any other person subject to Section 16 of the Exchange Act failed for the period from January 1, 2015 through December 31, 2016 to file on a timely basis the reports required by Section 16(a) of the Exchange Act.

CODE OF ETHICS

The Company has adopted a Code of Ethics. A copy of the Code of Ethics will be provided to any person, without charge, upon written request sent by email to Casey Douglass, Board Chair (casey@forlifefinancial.com).

ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth summary compensation information for the years ended December 31, 2017 and 2016 for our chief executive officers and directors.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Casey Douglass Director	2017	\$25,000	\$-0-	\$1,100	\$3,000	\$29,100
	2016	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Gary Oosterhoff Director	2017	\$25,000	\$-0-	\$1,100	\$3,000	\$29,100
	2016	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Cornelus (Case) Korver Director	2017	\$25,000	\$-0-	\$1,100	\$3,000	\$29,100
	2016	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Officers as a Group	2017	\$75,000	\$-0-	\$3,300	\$9,000	\$87,300
	2016	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

Grants of Plan-Based Awards

Outside of the Plan, each of the directors was issued 100,000 stock options on December 31, 2017. No stock options were issued to the directors in the year ended December 31, 2016.

Outstanding Equity Awards

There were 300,000 exercisable stock options held by our directors on December 31, 2017. There were no outstanding stock options vested or unvested as at December 31, 2016.

Option Exercises

There were no options issued or exercised by our executive officers during fiscal 2017, or 2016.

Equity Compensation Plan Information

There are no outstanding Warrants as of the year ended December 31, 2017, or 2016.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following tables presents information, to the best of Can-Cal's knowledge, about the ownership of Can-Cal's common stock on December 31, 2017 and 2016, relating to those persons known to beneficially own more than 5% of Can-Cal's capital stock and by Can-Cal's directors and executive officers. The percentage of beneficial ownership for the following tables are based on 43,667,060 shares of common stock outstanding as of December 31, 2017 and 42,867,060 outstanding as of December 31, 2016 (including the share issuances to Michael Hogan and William J. Hogan for the settlements of their debts). The percentage of beneficial ownership for the following table is based on 43,667,060 and 42,867,060 shares of common stock outstanding as of December 31, 2017 and 2016, respectively.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and does not necessarily indicate beneficial ownership for any other purpose. Under these rules, beneficial ownership includes those shares of common stock over which the shareholder has sole or shared voting or investment power. It also includes shares of common stock that the shareholder has a right to acquire within 60 days after December 31, 2017 pursuant to options, warrants, conversion privileges or other right. The percentage ownership of the outstanding common stock, however, is based on the assumption, expressly required by the rules of the Securities and Exchange Commission, that only the person or entity whose ownership is being reported has converted options or warrants into shares of Can-Cal's common stock.

- (c) Candeo shall have a period of ten (10) business days after receipt of the Disposition Notice (the "Notice Period") from Can-Cal to elect in writing to acquire the Property under such proposed Disposition on the terms and conditions contained in the Disposition Notice and, if Candeo so elects, Can-Cal hereby agrees to complete the transaction comprising the Disposition with Candeo;
- (d) if Candeo declines or fails to elect within the Notice Period to complete the Disposition on the terms and conditions set out in the Disposition Notice, Can-Cal shall be entitled for a period of 120 days beginning upon the expiry of the Notice Period, to complete the Disposition on substantially the same terms and conditions as set forth in the Disposition Notice. Upon expiry of such 120 day period, or in the event that such terms and conditions of the proposed Disposition, changed materially, Can-Cal shall not be entitled to complete a Disposition without again complying with section 23(a) to (d) inclusive *mutatis mutandis*; and
- (e) in the event that Can-Cal does not complete the proposed Disposition in accordance with the foregoing, the provisions of this section shall apply to the next proposed Disposition *mutatis mutandis*.

24. **SUBORDINATION AND ATTORNMENT.** Subject to the next sentence of this section 24, this Second Amended MSA and the rights of Candeo hereunder shall be subject and subordinate to any deed of trust, mortgage or other financing lien which at any time hereafter may encumber the Property (such deed of trust, mortgage or other financing lien, and any replacement, renewal, modification, amendment or extension thereof, being hereinafter referred to as an "Encumbrance"). Notwithstanding the foregoing, the subordination of this Second Amended MSA to any Encumbrance and Candeo's obligations under this section 24 shall only be effective if the holder of such Encumbrance executes and delivers to Candeo a commercially reasonable non-disturbance agreement acknowledging that the holder of such Encumbrance if it purchases the Property, or any other purchaser of the Property as a result of such Encumbrance, whether by foreclosure or deed in lieu thereof, shall take the Property subject to the then current rights of Candeo under this Second Amended MSA. Candeo shall, within ten (10) business days of Candeo's receipt of any request from Can-Cal therefor, execute and deliver to Can-Cal a commercially reasonable subordination, non-disturbance and attornment agreement with respect to any Encumbrance that (i) confirms and gives effect to the priority of such Encumbrance over this Second Amended MSA and the subordination of this Second Amended MSA to such Encumbrance, (ii) contains the non-disturbance agreement required under this section 24, and (iii) provides that if the holder of such Encumbrance or any other person claiming under or through such Encumbrance shall succeed to the interest of Can-Cal in this Second Amended MSA, then Candeo shall recognize and attorn to such holder or other person as Can-Cal under the terms of this Second Amended MSA.

arbitrator. Any such arbitration, including the selection of the arbitrator, shall be governed by the rules and regulations of the American Arbitration Association. The decision of any such arbitrator shall be final and binding on the parties and the costs and fees relating thereto shall be borne and paid in the manner the arbitrator determines to be fair and equitable.

20.eNOTICES. Any notice or other communication which may be permitted or required under this Second Amended MSA shall be in writing and shall be delivered personally or sent by United States registered or certified mail, postage prepaid, addressed as follows, or to any other address as either party may designate by notice to the other party:

If to Can-Cal:	Can-Cal Resources Ltd. [address] [contact person]
If to Candeo:	Candeo Lava Products Inc. 1712 - 25 St. S.W. Calgary, Alberta T3C 1J6 Attention: William J. Hogan

21.eASSIGNMENT. Neither party shall assign all or a portion of its interest in this Second Amended MSA without the prior written consent of the other party, which consent shall not be unreasonably withheld, delayed or conditioned. Can-Cal shall be entitled to assign all or any portion of its interest in this Second Amended MSA provided the assignee agrees in writing to assume and be bound by the terms hereof.

22.e BINDING ON SUCCESSORS AND ASSIGNS. All covenants, agreements, provisions, and conditions of this Second Amended MSA shall be binding upon and enure to the benefit of the parties hereto, their respective heirs, personal representatives, successors, and assigns.

23. RIGHT OF FIRST REFUSAL. In the event of any sale of all or any portion of the Property (collectively "Disposition"), Can-Cal hereby grants to Candeo the right of first refusal to acquire such Property. The right of first refusal shall be subject to the following terms:

- (a) in the event Can-Cal proposes to undertake any Disposition of all or any portion of the Property or in the event Can-Cal receives a binding proposal (or a proposal which would be binding and enforceable if it were executed and delivered by the parties thereto) for a Disposition of all or any portion of the Property, Can-Cal shall forthwith provide written notice (the "Disposition Notice") thereof to Candeo;
- (b) the Disposition Notice shall contain the terms and conditions pursuant to which Can-Cal proposes to complete the Disposition, or for which a proposal for a Disposition Notice has been made including the consideration proposed to be paid, if known;

transactions contemplated by this Second Amended MSA.

(iii) If Can-Cal breaches any of its representations or warranties hereof or fails to perform in any material respect any of its covenants, agreements or obligations under this Second Amended MSA, without curing such failure with thirty (30) days written notice thereof (or moving to cure such failure is the event of such failure cannot be feasibly cured within such period).

17. CAN-CAL'S RIGHT TO TERMINATE. Can-Cal may terminate this Second Amended MSA:

(i) With the written consent of Candeo;

(ii) If Candeo at any time, other than during the first three years of the initial Term, does not remove any Material from the Property for a period of twelve (12) consecutive months;

(iii) If any court of competent jurisdiction over the Property; or any governmental, administrative or regulatory authority, agency or body shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated by this Second Amended MSA;

(iv) If Candeo breaches any of its representations or warranties hereof or fails to perform in any material respect any of its covenants, agreements or obligations under this Second Amended MSA, without curing such failure with thirty (30) days written notice thereof (or moving to cure such failure is the event of such failure cannot be feasibly cured within such period);

(v) In the event that Candeo fails to obtain or maintain sufficient property liability insurance, which policies shall be made available to Can-Cal upon Candeo's commencement of operations on the Property, without curing such failure with thirty (30) days written notice thereof; *provided*, however, that during such notice period Candeo shall cease any and all activity on the Property until such cure (or termination).

18. EXPROPRIATION.

(a) In the event that all or substantially all of the Property shall be taken by eminent domain for any public or quasi-public purpose such that Candeo's operations are no longer economically feasible, then this Second Amended MSA shall expire on the date when title to the Property vests in the appropriate authority or on the date possession is required to be surrendered, whichever is earlier. The compensation or damages for this taking shall be apportioned by and between the Can-Cal and Candeo taking into consideration the residual value of the land and surface rights to Can-Cal and the remaining present value of the existing term of this Second Amended MSA to Candeo.

(b) A voluntary sale or conveyance under threat of expropriation or condemnation but in lieu thereof, shall be deemed an appropriation or taking under the power of eminent domain.

19. ARBITRATION. Any disagreement between the parties in connection with any matter arising out of this Second Amended MSA shall be referred to arbitration before a single

shareholders, agents and employees ("Can-Cal Indemnified Parties," individually a "Can-Cal Indemnified Party") harmless from and against any and all claims of liability for injury or damage to any person or property arising from the use of the Property by Candeo, or from the conduct of Candeo's business, or from any activity, work or thing done, permitted or suffered by Candeo or Candeo's invitees, licensees, agents, contractors or employees in or about the Property or elsewhere. Candeo shall further pay, defend, indemnify and hold the Can-Cal Indemnified Parties harmless from and against any and all claims arising from any breach of any representation, warranty or covenant hereunder, or default in the performance of any obligation on Candeo's part to be performed under this Second Amended MSA, or arising from any negligence of Candeo or Candeo's invitees, licensees, agents, contractors or employees, and from and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or action or proceeding brought thereon. In the event any action or proceeding is brought against any Can-Cal Indemnified Party by reason of any such claim, Candeo, upon notice from such Can-Cal Indemnified Party, shall defend the same at Candeo's expense by counsel reasonably satisfactory to such Can-Cal Indemnified Party.

(b) Can-Cal shall pay, defend and indemnify and hold Candeo and its officers, directors, shareholders, agents and employees ("Candeo Indemnified Parties," individually a "Candeo Indemnified Party") harmless from and against any and all claims of liability for injury or damage to any person or property arising from the use of the Property by Can-Cal, or from the conduct of Can-Cal's business, or from any activity, work or thing done, permitted or suffered by Can-Cal or Can-Cal's invitees, licensees, agents, contractors or employees in or about the Property or elsewhere. Can-Cal shall further pay, defend, indemnify and hold Candeo Indemnified Parties harmless from and against any and all claims arising from any breach of any representation, warranty or covenant hereunder or default in the performance of any obligation on Can-Cal's part to be performed under this Second Amended MSA, or arising from any negligence of Can-Cal or Can-Cal's invitees, licensees, agents, contractors or employees, and from and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or action or proceeding brought thereon. In the event any action or proceeding is brought against any Candeo Indemnified Party by reason of any such claim, Can-Cal, upon notice from such Candeo Indemnified Party, shall defend the same at Can-Cal's expense by counsel reasonably satisfactory to such Candeo Indemnified Party.

15. LIENS. If any liens or claims of mechanics, laborers, or material men shall be filed against the Property or any part or parts thereof, for any work, labor, or materials furnished or claimed to be furnished to Candeo, or on behalf of Candeo, then Candeo shall cause such lien to be discharged within thirty (30) days after the date such lien is filed; or if such lien is disputed by Candeo and Candeo contests the same in good faith, Candeo shall cause such lien to be bonded around and discharged from the Property within thirty (30) days after the date such lien is filed.

16.1 CANDEO'S RIGHT TO TERMINATE. Candeo may terminate this Second Amended MSA:

- (i) With the prior written consent of Can-Cal; or
- (ii) If any court of competent jurisdiction over the Property, or any governmental, administrative or regulatory authority, agency or body shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the

long as Can-Cal's use does not interfere with the rights granted Candeo herein.

(b) Can-Cal shall not conduct its operations in any way which would adversely affect Candeo's use of the Property in accordance with this Agreement.

(c) Can-Cal agrees that for so long as this Second Amended MSA is in effect, it will not use or sell any Material from the Property for Agricultural Purposes or for any use by any party for Agricultural Purposes or in competition with the type of products that Candeo is selling, or planning to sell, into the market place for Agricultural Purposes.

13.a INSURANCE.a

(a) Candeo shall, at its sole cost and expense, commencing no later than the date upon which Candeo commences operations on the Property, and continuing throughout the duration of this Second Amended MSA, obtain, keep, and maintain in full force and effect comprehensive general public liability insurance against claims for personal injury, bodily injury, death, or property damage occurring in, upon, or about the Property in an amount of not less than Five Million United States Dollars (US\$5,000,000.00), or such other amount as the parties may agree, in respect to injury or death of one person and to the limit of not less than Five Million United States Dollars (US\$5,000,000.00), or such other amount as the parties may agree, in respect to any one accident, and to the limit of not less than Five Million United States Dollars (US\$5,000,000.00), or such other amount as the parties may agree, in respect to property damage with respect to the use of the Property. Each party shall deliver to the other party certificates of insurance, which shall declare that the respective insurer may not cancel the same, in whole or in part, without giving each party written notice of its intention to do so at least thirty (30) days' prior written notice. In addition, Candeo shall ensure that any contractors or sub-contractors engaged in respect of operations on the Property shall have insurance coverage substantially similar to that required of Candeo, which to the extent that all operations have been contracted by Candeo, can stand in place of the coverage required to be obtained by Candeo.

(b) Can-Cal shall, at its sole cost and expense, commencing no later than the date upon which Can-Cal commences operations on the Property, and continuing throughout the duration of this Second Amended MSA, obtain, keep, and maintain in full force and effect comprehensive general public liability insurance against claims for personal injury, bodily injury, death, or property damage occurring in, upon, or about the Property in an amount of not less than Five Million United States Dollars (US\$5,000,000.00), or such other amount as the parties may agree, in respect to injury or death of one person and to the limit of not less than Five Million United States Dollars (US\$5,000,000.00), or such other amount as the parties may agree, in respect to any one accident, and to the limit of not less than Five Million United States Dollars (US\$5,000,000.00); or such other amount as the parties may agree, in respect to property damage with respect to the use of the Property. Each party shall deliver to the other party certificates of insurance, which shall declare that the respective insurer may not cancel the same, in whole or in part, without giving each party written notice of its intention to do so at least thirty (30) days' prior written notice.

14.a INDEMNIFICATION.a

(a) Candeo shall pay, defend and indemnify and hold Can-Cal and its officers, directors, a

(b) Pledge Not to Compete. Candeo and Can-Cal shall not, and each shall cause its affiliates and associates to not, conduct its business in a manner which is in competition with the other parties' business, which is expressly limited to Agricultural Purposes with respect to any rights of Candeo arising from this pledge not to compete and expressly does not apply to Material purchased as Minimum Purchases hereunder. For the avoidance of doubt, Can-Cal shall not be restricted from competing with Candeo in any business outside Agricultural Purposes, including the sale of any Material for any purpose which is not an Agricultural Purpose and this expressly includes the right of Can-Cal to compete with sales by Candeo of Material purchased as Minimum Purchases hereunder.

10. TAXES AND UTILITIES.

(a) Candeo shall pay prior to delinquency all personal property taxes applicable to Candeo's personal property, fixtures, furnishings and equipment located on the Property, as well as all production or severance taxes computed or based upon removal by Candeo of Material from the Property. If Candeo shall in good faith desire to contest the validity or amount of any tax, assessment, levy, or other governmental charge herein agreed to be paid by Candeo, Candeo shall be permitted to do so, and to defer payment of such tax or charge, until final determination of the contest. If the outcome of such contest is unfavorable to Candeo, Candeo shall immediately pay all taxes, charges, interest and penalties determined to be due.

(b) Candeo agrees to pay all expenses for heat, electricity, lighting, telephone, waste management fees and charges for water assessed against the Property, arising from Candeo's activities thereon, at such time as said charges become due.

11. PERMITS.

(a) Candeo shall use its good faith efforts to cause all permits associated with its operations on the Property to be issued in the names of Candeo and Can-Cal provided, however, that the parties agree and acknowledge that such permit obligations are only applicable for activities associated with the removal and sale of Material. Candeo shall pay for any fees or costs associated with obtaining and maintaining such permits.

(b) In the event that Candeo's permits are terminated or not renewed as a result of Can-Cal's actions, Candeo may, in its sole discretion, either (i) terminate this Second Amended MSA with no further obligations hereunder; or (ii) suspend the Term of this Second Amended MSA until Candeo reinstates such permits, up to a maximum period of two (2) years. In the event Candeo's permits are not reinstated prior to the expiration of such two (2) year period, or in the event Candeo notifies Can-Cal that it has abandoned its efforts to reinstate such permits, this Second Amended MSA shall terminate, and Candeo shall have no further obligations hereunder. In the event that Candeo reinstates such permits within such two (2) year period, the applicable Term of this Second Amended MSA shall be extended for the period of suspension.

12. CAN-CAL'S RESERVED RIGHTS.

(a) The rights of Candeo granted hereby shall be subject to Can-Cal's reserved concurrent right to use the Property for the purpose of exploration, development and mining and the use of any surface or underground water or water rights occurring on or appurtenant to the Property; so

8. BOOKS AND RECORDS: INSPECTION

(a) Candeo shall keep books and records necessary to document the quantity of Material removed from the Property, the amount of Minimum Purchases and the Gross Sale Revenue.

(b) Candeo shall install and maintain a bucket scale or truck scale to weigh all Material removed immediately prior to its removal from the Property. Candeo shall weigh all Material removed from the Property by use of such bucket scale or truck scale to determine and record the weight of all Material that has been removed from the Property. Scale tickets or other automatic means shall be used to record the weight of all such Material.

(c) For the purpose of permitting verification by Can-Cal of any amounts due hereunder, Candeo will keep and preserve supporting documentation and records which shall disclose in reasonable detail all information required to permit Can-Cal to verify the Purchase Payment calculations under this Second Amended MSA. Upon reasonable advance notice to Candeo, Can-Cal or its agents shall have the right, during Candeo's regular business hours, to examine or audit such supporting documentation and records. Candeo shall retain such supporting documentation and records for a period of one (1) year following the termination or expiration of this Second Amended MSA.

(d) On or before the 25th day of the end of the fiscal quarter following commencement of operations by Candeo and for each fiscal quarter of this Second Amended MSA, Candeo shall forward to Can-Cal, at the address herein given or at such other place or places as Can-Cal shall from time to time designate in writing, quarterly reports indicating thereof the quantity of Material removed from the Property during the previous quarter, the amount of Minimum Purchases and the Gross Sale Revenue, as well as a computation of the Purchase Payment due thereon. Payment of the Purchase Payment shall be made in accordance with section 6 hereof.

(e) In the event that Can-Cal and Candeo cannot agree as to the accuracy of the calculation of the Purchase Payment, then either party may refer the matter to arbitration under Paragraph 19 hereof.

(f) Candeo to report to Can-Cal quarterly upon its activities (including any agreements entered into) and share with Can-Cal all information that it shares with its shareholders as and when sent to Candeo's shareholders.

(g) Can-Cal will advise Candeo prior to any public disclosure of any information by Can-Cal relative to Candeo and shall consult with Candeo and provide Candeo with a reasonable opportunity to comment on such disclosure, as it relates to Candeo or this Second Amended MSA.

9. PERFORMANCE OBLIGATIONS

(a) Operations and Reclamation. Candeo shall conduct its operations on the Property in a careful and workmanlike manner and in compliance with all applicable laws, ordinances and regulations of all governmental authorities having jurisdiction over the Property or Candeo's operations including, without limitation, all Environmental Laws.

(b) With respect to the sale of Material that is a Minimum Purchase, fifteen U.S. dollars (US\$15.00) per ton; and

(c)a In respect of Minimum Purchases referred to in section 7(b) and (c) below only, in the event that the Gross Sale Revenue per ton is greater than U.S.\$15.00 per ton, an amount equal to 20% of the amount that the Gross Sale Revenue per ton exceeds a US\$15.00 per ton.a

Candeco (or its assign or assigns) shall pay such Purchase Payment to Can-Cal quarterly, with each Purchase Payment being made on or before the January 15, April 15, July 15 or October 15 immediately following the date the subject Material has been purchased by Candeco, except where a more specific date for payment is set forth in Paragraph 7 below:

7.a MINIMUM PURCHASES OF MATERIAL. Candeco will purchase a minimum amount of Material (the "Minimum Purchases") as follows:

(a) twenty-five thousand (25,000) tons of Material shall be paid for within five (5) days following the Start Date, with an option of Candeco to purchase an additional twenty thousand (20,000) tons of Material exercisable and payable by Candeco within 180 days following the Start Date ("Option 1"), and only upon the prior exercise and payment in full under Option 1, then Candeco shall be granted the right to purchase an additional forty thousand (40,000) tons of Material exercisable and payable by Candeco within 365 days following the Start Date ("Option 2");a

(b) ten thousand (10,000) tons of Material during each of the first three years following the first anniversary of the Start Date, unless Option 1 has not been exercised and paid in full by Candeco, in which case this Minimum Purchase obligation (10,000 tons per year) commences upon the Start Date and payment in full for the first year (\$150,000) thereunder must be made within 180 days following the Start Date; and

(c)a in each year following the three year period referred to in section 7(b) above, the Minimum Purchase amount will increase (or decrease) from ten thousand (10,000) tons of Material by an amount equal to the increase (or decrease) in the Consumer Price Index for the calendar year ended immediately prior to the calculation ("the CPI adjustment").a

For greater clarity, only in respect of the Minimum Purchases referenced in section 7(a) above, the Purchase Payment shall be limited to and shall not exceed the amount of US\$15.00 per ton. The Material purchased as part of the Minimum Purchases by Candeco may remain on the Property until Candeco commences its production operations, which will be subject to all necessary regulatory and other approvals required to remove Material from the Property, such as permits, certified weigh scale, production plan, environmental reclamation plan (if applicable) and insurance all of which shall be the responsibility and at the sole cost of Candeco. Candeco hereby agrees that it will provide thirty (30) days prior written notice to Can-Cal of the commencement of the operations on the Property, which notice will state the anticipated amount of Material to be removed, the period of time during which the removal will occur and the means that will be used to effect such removal. A separate License Agreement shall secure Candeco's irrevocable right to access and remove Material purchased and paid for, but not removed from the Property.a

such other improvements and services, including roads, inclines, drifts, entry ways, fences, gates and conveyors, as may be necessary or incidental to the removal of Material and the subsequent sale of Material subject to all applicable laws, rules and regulations and in compliance with all Environmental Laws;

(e) The non-exclusive right to use, subject to all applicable laws, rules and regulations and in compliance with all Environmental Laws, any surface or ground water situated within or upon the Property in connection with Candeo's operations hereunder; provided, however, that Candeo shall not take water from Can-Cal's existing wells, tanks or surface reservoirs without the written consent of Can-Cal, which consent shall not be unreasonably withheld;

(f) All other rights and privileges which are necessary to Candeo in the exercise of any or all of the rights hereinabove set forth which are not in conflict with Can-Cal's rights under this Second Amended MSA or with applicable state, federal or local laws, ordinances and regulations including, without limitation, all Environmental Laws; and

(g) Candeo may record this Second Amended MSA to confirm and secure its rights and interests hereunder in any land records or registries where the Property is located; and, Candeo may in addition file and record Financing Statements in the form attached hereto as Exhibit B.

4.s TERM. The Term of this Second Amended MSA shall, subject to Candeo's right to terminate as set forth in Paragraph 16 below, and to Can-Cal's right to terminate as set forth in Paragraph 17 below, continue for an initial period of twenty (20) years from the Start Date (the "Primary Term"), unless extended pursuant to the terms hereof. Candeo shall have the option to extend the Term of this Second Amended MSA, up to four (4) separate times, in each instance for an additional five (5) years (each a "Renewal Term"), exercisable at any time with no less than sixty (60) days written notice prior to the expiry of the Primary Term or the immediately previous Renewal Term, as the case may be, provided that Candeo is not in default under any of the provisions of this Second Amended MSA and that at least 1,000,000 tons of Material have been completely removed from the Property during the Primary Term and at least 250,000 tons of Material have been completely removed from the Property during any applicable Renewal Term, as the case may be.

5. DAMAGES. Candeo shall pay Can-Cal reasonable compensation for any damages to fences, existing structures or other tangible improvements, timber, crops or livestock resulting from Candeo's removal of Material, but Candeo shall not be liable for any reason or in any event whatsoever for consequential, special, punitive or incidental damages, including, but not limited to, loss of opportunity or loss of future profits arising from any damages to fences, existing structures or other tangible improvements, timber, crops or livestock resulting from Candeo's removal of Material.

6.s PURCHASE PAYMENT. The price that Candeo shall pay to Can-Cal per ton of Material ("Purchase Payment") purchased by Candeo (or its assign or assigns) following the date hereof, shall be as follows:

(a) With respect to the sale of Material that is not a Minimum Purchase (as hereafter defined), 20% of the Gross Sale Revenue; and

Hazardous Materials.

"Gross Sale Revenue" means the actual gross sale revenue of Material received by Candeo or its assignee or assignees from purchasers, but shall not include any amounts credited or refunded to the purchasers for returned or defective goods.

"Hazardous Materials" means any hazardous or toxic substance, material or waste that is regulated by any federal, state, county, territorial, regional, municipal or local governmental authority under any Environmental Law now or hereafter effective, including, without limitation, any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, or any constituent of any such substance or waste.

"Material" means the volcanic lava, cinders, gravel, rock, sediments, and other material on or under the Property that Can-Cal may lawfully sell hereunder;

"Start Date" means the first business day after the Judgment is filed in the case currently pending in the Eighth Judicial District Court of the State of Nevada in and for Clark County, styled as: *Ronald D. Sloan, et al. v. Can-Cal Resources, Ltd., et al*, Case No. A-14-701465-B;

"Term" shall mean the term of this Second Amended MSA as set forth in section 4 below.

3.e RIGHTS OF CANDEO. Can-Cal grants unto Candeo the following rights and privileges with respect to Material:

(a) The exclusive right and privilege during the Primary Term (as defined in Paragraph 4e below) to remove an initial amount of up to 1,000,000 tons (the "Initial Amount") of Material from the Property, in such manner as Candeo, in its sole discretion but subject to all applicable laws, rules and regulations and in compliance with all Environmental Laws, deems advisable;

(b) Provided that Candeo has removed the Initial Amount during the Primary Term, Candeo shall have the exclusive right and privilege during the Term to remove additional incremental amounts (the "Additional Amounts") of 1,000,000 tons each of Material from the Property, on the basis that once Candeo has removed the first Additional Amount of Material from the Property, it shall automatically have the right to remove a second Additional Amount of Material from the Property, and so on, such that it shall have the continuing right to remove further Additional Amounts as long as it removes its then current Additional Amount of Material from the property, all in such manner as Candeo, in its sole discretion but subject to all applicable laws, rules and regulations and in compliance with all Environmental Laws, deems advisable;

(c) The non-exclusive right to use and affect the surface of the Property, as may be necessary or incidental to the exercise of the rights herein granted subject to all applicable laws, rules and regulations and in compliance with all Environmental Laws;

(d) The non-exclusive right, to construct, assemble, erect, use, maintain, improve, repair, replace, rebuild, remove and relocate in or upon the Property such machinery, equipment, and

SECOND AMENDED AND RESTATED MATERIAL SUPPLY AGREEMENT

THIS SECOND AMENDED AND RESTATED MATERIAL SUPPLY AGREEMENT (hereinafter the "Second Amended MSA") is made and entered into as of this 15th day of March, 2018, by and between Can-Cal Resources, Ltd., a Nevada corporation, as supplier (hereinafter referred to as "Can-Cal") and Candeo Lava Products Inc., an Alberta corporation, as customer, (hereinafter referred to as "Candeo") and amends, replaces and supersedes that Amended and Restated Material Supply Agreement made and entered into as of the 3rd day of March, 2014 between Can-Cal and Candeo which amended and restated the Material Supply Agreement made and entered into as of the 9th day of April, 2013 (together with the Amended and Restated Material Supply Agreement, the "Prior MSAs").

WITNESSETH:

WHEREAS, Can-Cal is the owner of that certain property situated 45 miles east of the city of Barstow, CA, containing 120 acres, more or less, which property, including all Material (as defined herein) situated therein, thereon and thereunder and all improvements thereon and appurtenances thereto, is hereinafter referred to as the "Property" and is more fully described on Exhibit A, attached hereto;

WHEREAS, Candeo and Can-Cal desire to enter into this Second Amended MSA for the supply of Material to Candeo from Can-Cal;

NOW, THEREFORE, in consideration of ten dollars (\$10.00) in hand paid to Can-Cal, the receipt and sufficiency of which are hereby acknowledged, and further in consideration of the covenants hereinafter set forth, Can-Cal and Candeo agree as follows:

1.a REMOVAL OF MATERIAL. Can-Cal does hereby agree to allow Candeo or its successors or assigns to remove Material from the Property during the Term and upon the covenants and conditions set forth in this Second Amended MSA for the purposes of subsequent sale by Candeo for use in earth mineralization, both organic and inorganic, for rural and urban distribution in the agricultural sector (both retail and commercial) only (hereinafter referred to as "Agricultural Purposes"), provided however that Material previously purchased by Candeo under the Prior MSAs, in the total amount of 30,000 tons, which amount Candeo represents and warrants to be accurate and which amount shall be verified within thirty (30) days of the mutual execution of this Second Amended MSA by receipts and proof of payments received by Can-Cal and Material sold by Candeo pursuant to the Minimum Purchases (as defined below) may be used for any purpose whatsoever. Notwithstanding the foregoing, Candeo agrees that it shall not attempt to extract or cause to have extracted precious metals from Material or otherwise receive compensation, directly or indirectly, from the sale or use of Material for precious metal purposes.

2.a DEFINITIONS. The following words and terms wherever used in this Second Amended MSA are defined as follows:

"Environmental Laws" means all federal, state, county, territorial, regional, municipal and local laws, statutes, ordinances, codes, rules and regulations related to protection of the environment or the handling, use, generation, treatment, storage, transportation or disposal of a

EXHIBIT A

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ORDER

Based on the foregoing stipulation, the trial date of March 19, 2018 shall be VACATED.
A status check shall be set for ~~March~~ ^{April} 2nd, 2018, at 8:30 ~~a.m.~~ ^{p.m.}, to establish the procedure for providing notice of the settlement to Can-Cal shareholders and an opportunity to be heard regarding this settlement, and to schedule a fairness hearing.

IT IS SO ORDERED.

DATED this 16th day of March, 2018.


DISTRICT COURT JUDGE CR

Submitted by:



STEPHEN R. HACKETT, ESQ.
JOHNATHON FAYEGHL, ESQ.
SKLAR WILLIAMS PLLC
410 South Rampart Boulevard, Suite 350
Las Vegas, Nevada 89145

Attorneys for Plaintiff

1 attorney's fees and costs.

2 12.16 The trial date of March 19, 2018, shall be vacated.

3 IN WITNESS WHEREOF, the parties have caused this Stipulation to be executed by
4 their duly authorized attorneys, as of March 15, 2018.

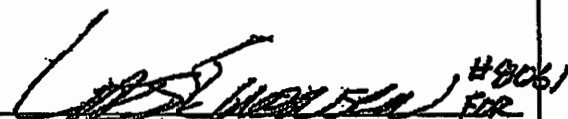
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6 Dated this ___ day of _____, 2018.

Dated this 15TH day of March, 2018.

7
8 SKLAR WILLIAMS PLLC

HOLLAND & HART LLP

9
10
11 Stephen R. Hackeft, Esq. (NBN 5010)
12 Johnathon Fayeghi, Esq. (NBN 12736)
13 410 S. Rampart Blvd., Ste 350
14 Las Vegas, NV 89145

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FOR
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Las Vegas, Nevada 89134
Counsel for Defendants William J. Hogan,
Thompson MacDonald, Ronald Schinnour,
Michael Hogan, Candeo Lava Products, Inc.,
and FutureWorth Capital Corp.

15 Co-Counsel for Plaintiffs

16 and

17 Dated this ___ day of _____, 2018.

Dated this ___ day of _____, 2018.

18
19 JONES LOVELOCK

20
21 WILLIAM R FISHMAN, ESQ.
22 2000 S. Colorado Blvd
23 Tower One, Suite 9000
24 Denver, CO 80222

Justin Jones, Esq. (NBN 8519)
400 S. 4th St., Ste 500
Las Vegas, Nevada 89101
Counsel for Defendant
Can-Cal Resources, Ltd

25 Co-Counsel for Plaintiffs

26 [Order Vacating Trial Date and Setting Status Check Follows]

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attorney's fees and costs.

12.16 The trial date of March 19, 2018, shall be vacated.

IN WITNESS WHEREOF, the parties have caused this Stipulation to be executed by their duly authorized attorneys, as of March 15, 2018.

Dated this ___ day of _____, 2018. Dated this ___ day of _____, 2018.

SKLAR WILLIAMS PLLCo

HOLLAND & HART LLP

Stephen R. Hackett, Esq. (NBN 5010)
Johnathon Fayeghi, Esq. (NBN 12736)
410 S. Rampart Blvd., Ste 350
Las Vegas, NV 89145

Patrick J. Reilly, Esq. (NBN 6103)
9555 Hillwood Drive, Second Floor
Las Vegas, Nevada 89134
*Counsel for Defendants William J. Hogan,
Thompson MacDonald, Ronald Schinnour,
Michael Hogan, Candeo Lava Products, Inc.,
and FutureWorth Capital Corp.*

Co-Counsel for Plaintiffs

and

Dated this ___ day of _____, 2018.

Dated this 15th day of March, 2018.

JONES LOVELOCK

WILLIAM R FISHMAN, ESQ.
2000 S. Colorado Blvd
Tower One, Suite 9000o
Denver, CO 80222

Justin Jones, Esq. (NBN 8519)
400 S. 4th St., Ste 500
Las Vegas, Nevada 89101
*Counsel for Defendant
Can-Cal Resources, Ltd*

Co-Counsel for Plaintiffs

[Order Vacating Trial Date and Setting Status Check Follows]

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attorney's fees and costs.

12.16 The trial date of March 19, 2018, shall be vacated.

IN WITNESS WHEREOF, the parties have caused this Stipulation to be executed by their duly authorized attorneys, as of March 15, 2018,

Dated this 15 day of March, 2018. Dated this ___ day of _____, 2018.

SKLAR WILLIAMS PLLC

HOLLAND & HART LLP

Patrick J. Reilly, Esq. (NBN 6103)
9555 Hollywood Drive, Second Floor
Las Vegas, Nevada 89134
*Counsel for Defendants William J. Hogan,
Thompson MacDonald, Ronald Schimmour,
Michael Hogan, Condeo Lava Products, Inc.,
and FutureWorth Capital Corp.*

Stephen R. Hackett, Esq. (NBN 3010)
Johnathon Fayeghi, Esq. (NBN 12736)
410 S. Rampart Blvd., Ste 350o
Las Vegas, NV 89145

Co-Counsel for Plaintiffs

and

Dated this 15th day of March, 2018

Dated this ___ day of _____, 2017.0

JONES LOVELOCK

WILLIAM R. FISHMAN, ESQ.
2000 S. Colorado Blvd
Tower One, Suite 9000
Denver, CO 80222

Justin Jones, Esq. (NBN 8519)
400 S. 4th St., Ste 500
Las Vegas, Nevada 89101
*Counsel for Defendant
Car-Cal Resources, Ltd*

Co-Counsel for Plaintiffs

[Order Vacating Trial Date and Setting Status Check Follows]

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not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

12.7 Nothing in this Stipulation, or the negotiations relating thereto, is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, attorney-client privilege, joint defense privilege, or work product protection.

12.8 All designations and agreements made, or orders entered during the course of the Derivative Actions or the Canadian Action relating to the confidentiality of documents or information shall survive this Stipulation.

12.9 This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties.

12.10 The construction, interpretation, operation, effect, and validity of this Stipulation, and all documents necessary to effectuate it, shall be governed by the laws of the State of Nevada, except to the extent that federal law or the laws of Alberta require that such laws apply to the Canadian Action.

12.11 This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations among the Parties, and all Parties have contributed substantially and materially to the preparation of this Stipulation.

12.12 All counsel and any other Person executing this Stipulation and any of the exhibits hereto, or any related Settlement document, warrant and represent that they have the full authority to do so, and that they have the authority to take appropriate action required or permitted to be taken pursuant to this Stipulation to effectuate its terms.

12.13 The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, subject only to the jurisdiction the Court of Queen's Bench of Alberta retains concerning the Canadian Action.

12.14 This Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. Signatures sent by facsimile or via e-mail in PDF format shall be deemed originals.

12.15 Except as otherwise expressly provided herein, each Party shall bear its own

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11.e Warrantye

11.1 Plaintiffs' represent that Plaintiffs have been continuous shareholders of the Company at all times relevant to the allegations in the Derivative Action and through the date of this Stipulation; and all Parties represent and warrant that none of the Released Claims have been assigned, encumbered, or in any manner transferred in whole or in part, and that they will not attempt to assign, encumber, or in any manner transfer in whole or in part any of the Released Claims.

12.e Miscellaneous Provisiõnse

12.1 All of the exhibits to this Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

12.2 The Parties intend the Settlement to be the full, final, and complete resolution of all claims asserted or that could have been asserted by the Parties with respect to the Released Claims. Accordingly, the Parties agree not to assert in any forum that the Derivative Action and the Canadian Action were brought, prosecuted, or defended in bad faith or without a reasonable basis. The Parties agree that the terms of the Settlement were negotiated at arm's-length and in good faith by the Parties and their respective counsel and reflect a settlement that was reached voluntarily based upon adequate information and after consultation with experienced legal counsel.

12.3 This Stipulation and its exhibits constitute the entire agreement among the Parties concerning the Settlement, and no representation, warranty, or inducement has been made by any Party concerning this Stipulation and its exhibits other than those contained and memorialized in such documents.

12.4 This Stipulation along with its exhibits may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by counsel for the Parties hereto, or their successors, that are materially and adversely affected by the modification, amendment, or waiver.

12.5 The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

12.6 The waiver by one Party of any breach of this Stipulation by any other Party shall

1 the Released Persons in any court prior to the Effective Date, Plaintiffs and their counsel shall join,
2 if requested by Defendants, in any motion to dismiss or stay such proceedings and otherwise shall
3 use their best efforts to cooperate with Defendants to effect a withdrawal or dismissal of the
4 claims.

5 9.5 To promote judicial comity, the Plaintiffs and the Plaintiffs' Counsel agree and will
6 authorize the Canadian counsel they have retained in the Canadian Action to execute a Standstill
7 Agreement in order to preserve any rights of the Parties in the Canadian Action up to and until the
8 Discontinuance of Claim, as referred to in paragraph 6.1 above, is filed.

9 **10.d No Admission of Wrongdoing**

10 10.1 Each of the Parties expressly denies and continues to deny all allegations of
11 wrongdoing or liability against itself, himself, or herself arising out of any conduct, statements,
12 acts, or omissions alleged, or which could have been alleged, in the Derivative Action or the
13 Canadian Action. The existence of or the provisions contained in this Stipulation shall not be
14 deemed to prejudice in any way the respective positions of the Parties with respect to the
15 Derivative Action and the Canadian Action, shall not be deemed a presumption, a concession, or
16 admission by any of the Parties of any fault, liability, or wrongdoing as to any facts, claims, or
17 defenses that have been or might have been alleged or asserted in the Derivative Action or the
18 Canadian Action, or with respect to any of the claims settled in the Derivative Action or the
19 Canadian Action, or any other action or proceeding, and shall not be interpreted, construed,
20 deemed, invoked, offered, or received in evidence or otherwise used by any Person in the
21 Derivative Action or the Canadian Action, or in any other action or proceeding, whether civil,
22 criminal, or administrative. The Released Persons may file this Stipulation and/or the Judgment in
23 any action that may be brought against them in order to support a defense or counterclaim based on
24 principles of res judicata, collateral estoppel, full faith and credit, release, standing, good faith
25 settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion
26 or similar defense or counterclaim. The Parties may also file this Stipulation and documents
27 executed pursuant and in furtherance thereto in any action to enforce the Settlement and/or the
28 Judgment.

1 cooperate and use their best efforts to secure the dismissal (or a stay in contemplation of dismissal
2 following the Judgment becoming Final) thereof.

3 8.3 In the event the Settlement is terminated as set forth in section 8.1 above, then the
4 Settlement shall be without prejudice, and none of its terms shall be effective or enforceable except
5 as specifically provided herein; the Parties shall be deemed to have reverted to their respective
6 positions immediately prior to execution of this Stipulation; and, except as specifically provided
7 herein, the Parties shall be deemed to be in the respective positions they were in prior to the
8 execution of this Stipulation, including, for the avoidance of doubt, the refund set forth in
9 Paragraph 5.3. In such event, this Stipulation and any aspect of the discussions or negotiations
10 leading to this Stipulation shall not be admissible in the Derivative Actions or the Canadian Action
11 and shall not be used against or to the prejudice of Plaintiffs or Defendants in any other proceeding
12 for any purpose.

13 **9. Cooperation**

14 9.1 Pending the Court's determination as to final approval of the Settlement, Plaintiffs,
15 Defendants and the Releasing Persons are barred and enjoined from commencing, prosecuting,
16 instigating, or in any way participating in the commencement or prosecution of: (i) any action
17 asserting any Released Claim against any of the Released Persons; and/or (ii) all claims arising out
18 of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution
19 of the Derivative Action, the Canadian Action, or the Released Claims.

20 9.2 The Parties and their respective counsel agree to cooperate fully with one another in
21 seeking the Court's approval of the Settlement, to use their best efforts to effect the consummation
22 of this Stipulation and the Settlement (including, but not limited to, resolving any objections raised
23 with respect to the Settlement), and to agree upon and execute all such other documentation as
24 reasonably may be required to obtain approval by the Court of the Settlement.

25 9.3 The Parties may agree to reasonable extensions of time to carry out any of the
26 provisions of this Stipulation to the extent that such deadlines have not been so ordered by the
27 Court.

28 9.4 If any of the Released Claims are asserted or continue to be litigated against any of

1 efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably
2 necessary, proper, and appropriate to secure the permanent discontinuance of the Canadian Action.
3 The permanent discontinuance of the Canadian Action is a material part of this settlement and it is
4 not effective unless the Canadian Court agrees to its permanent discontinuance.

5 **7.e Effective Date of Settlemente**

6 **7.1 The Effective Date of the Settlement shall be the first business day on which all of e**
7 **the following shall have occurred or been waived in accordance with section 8 hereof:**

8 (a) the mutual execution by Candeo and Can-Cal of the Second Amendede
9 MSA, substantially in the form attached hereto as Exhibit A (which occurred on March 15, 2018);

10 (b) entry of the Preliminary Approval Order substantially in the form attached
11 hereto as Exhibit C;

12 (c)e completion of the notice requirements as set forth in Section 4 above; ande

13 (d)e the entry of the Judgment substantially in the form attached hereto ase
14 Exhibit F.

15 **8. Waiver or Termination**

16 **8.1 Plaintiffs and Defendants shall have the right to terminate the Settlement and this**
17 **Stipulation by providing written notice of their election to do so to all other Parties hereto within**
18 **fourteen (14) calendar days of: (i) the Court's Final refusal to enter the Preliminary Approval Order**
19 **in any material respect; (ii) the Court's Final refusal to approve this Stipulation or any material part**
20 **of it; (iii) the Court's Final refusal to enter the Judgment; (iv) the date upon which the Judgment is**
21 **modified or reversed in any material respect by a Final order of the Court, the Nevada Court of**
22 **Appeals, the Nevada Supreme Court, or the U.S. Supreme Court; or (v) the Canadian's Court's**
23 **refusal to permanently discontinue the Canadian Action.**

24 **8.2 In addition, in the event that any shareholder derivative claims directly related to**
25 **the subject matter of the Derivative Actions, the Canadian Action, or the Released Claims are**
26 **commenced or prosecuted against any of the Released Persons in any court, tribunal, or forum**
27 **prior to the Effective Date, and (following a motion by Defendants) such claims are not dismissed**
28 **with prejudice or stayed in contemplation of dismissal, Plaintiffs and Defendants agree to**

1 price of the common stock is less than U.S. \$0.17 per share during such 45-day period then the
2 price per share of the Can-Cal Shares (U.S. \$0.17) will be reduced accordingly (but in no event to
3 less than U.S. \$0.06 per share) and additional shares (as applicable) will be issued in respect of such
4 rights, all subject to Court approval.

5 5.2 Within ten (10) days after the Effective Date, Can-Cal shall pay the Fee and
6 Expense Amount to Sklar Williams PLLC as receiving agent for Plaintiffs' Counsel and shall issue
7 the Can-Cal Shares to Plaintiffs' Counsel as follows: \$200,000 to William R. Fishman and
8 \$175,000 to Sklar Williams PLLC, all as set forth and subject to the formula in section 5.1 above
9 and all subject to Court approval. The Fee and Expense Amount and the Can-Cal Shares, as
10 approved by the Court, shall constitute final and complete payment for Plaintiffs' Counsels' fees
11 and expenses that have been incurred or will be incurred in connection with the Derivative Action
12 and the Canadian Action. Defendants shall have no involvement in, responsibility for, and no
13 liability whatsoever with respect to the cost and fee allocation among Plaintiffs' Counsel, or if any
14 other Person asserts some claim to any portion of the Fee and Expense Amount or the Can-Cal
15 Shares.

16 5.3 If for any reason the Settlement is in any way canceled or terminated, or if the Fee
17 and Expense Amount or Can-Cal Shares are reduced, disapproved, reversed, or otherwise
18 modified, then it shall be the obligation of Plaintiffs' Counsel to make appropriate refunds or
19 repayments to Can-Cal and/or Defendants' of any attorneys' fees and expenses previously paid
20 within thirty (30) days of being ordered to do so by a court of appropriate jurisdiction. Each of
21 Plaintiffs' Counsel that receives any portion of any Fee and Expense Award or Can-Cal Shares
22 submits and is subject to the Court's jurisdiction for the purposes of enforcing this paragraph or the
23 provisions related to any Fee and Expense Award or Can-Cal Shares issuance.

24 **6. Discontinuance of the Canadian Action**

25 6.1 Within five (5) calendar days after the \$375,000 proceeds from the Initial
26 Settlement Payment to Can-Cal have been deposited into the trust account of Candeco's Counsel,
27 the Canadian Plaintiffs shall file a Discontinuance of Claim of the Canadian Action constituting
28 the permanent discontinuance of the Canadian Action and shall otherwise use their reasonable best

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forth in this Stipulation and the date of the Settlement Hearing, substantially in the form attached hereto as Exhibits D and E, respectively, which shall be filed by Can-Cal on a Form 8-K with the SEC.

4.3 Within ten (10) business days after the entry of the Preliminary Approval Order, Can-Cal shall: (i) cause the Summary Notice to be filed with the SEC via a Form 8-K; (ii) cause the Summary Notice to be published once in the *Calgary Herald* and *Las Vegas Review Journal* newspapers of general circulation; and (iii) post copies of the Notice and this Stipulation on the Defendants' counsels' websites, Holland & Hart & Jones Lovelock. Defendants shall be solely responsible for paying all costs and expenses related to providing notice as set forth in this Paragraph 4.3.

4.4 Within ten (10) business days after the entry of the Preliminary Approval Order, Plaintiffs' Counsel shall post a copy of the Notice and Stipulation on the website of Sklar Williams PLLC.

5.e **Attorneys' Fees and Expenses**

5.1 After negotiating the Amended MSA and the corporate governance measures, Plaintiffs' Counsel and Defendants' Counsel separately negotiated the attorneys' fees and expenses that Candeo and the Company would pay to Plaintiffs' Counsel. As a result of these negotiations, and in light of the substantial benefits conferred upon Can-Cal by Plaintiffs' Counsel's efforts, the Company and Candeo have agreed that Candeo will purchase from Can-Cal, pursuant to the Second Amended MSA attached as Exhibit A, \$375,000 of Pisgah Material upon the terms set forth in the Second Amended MSA, of which the Company has agreed to pay \$225,000 to Plaintiffs' Counsel for attorneys' fees, \$100,000 to Plaintiffs' Counsel for expenses (the "Fee and Expense Amount") and \$50,000 (and any additional amounts paid to Can-Cal as a result of the exercise of the options by Candeo pursuant to section 2.2(a) and 2.2(b)) shall be reserved by Can-Cal as working capital; further, the Company has agreed to pay an additional \$375,000 for Plaintiffs' attorneys' fees and expenses, which will be paid exclusively with Can-Cal common stock at a price of U.S. \$0.17 per share, plus rights to shares as follows: once the Can-Cal common shares trade for 45 continuous business days after the Effective Date, if the average closing trading

1 (a) 50% of monies advanced by Candeo for a reclamation permit to be used by both
2 Can-Cal and Candeo (\$65,274.19), for a total of \$32,637.09;

3 (b) Reimbursement of 4/5 of the the professional services and costs of Holland & Hart,
4 LLP, plus expert witness fees incurred in this action (\$251,228.00), for a total of \$200,982.40;

5 (c) Reimbursement of professional fees and costs incurred in this action by Can-Calo
6 and advanced on its behalf in the amount of \$43,019.75;

7 (d) Funds in the amount of \$180,071.03 advanced by Michael Hogan to and on behalf o
8 of Can-Cal before and during this litigation; and

9 (e) Funds in the amount of \$5,000.00 advanced by Defendant Ronald Schinnour while
10 a director of Can-Cal.

11 The Reimbursables set forth in this section 3.4 shall be paid by Can-Cal only upon exercise
12 of Option 2 and only upon and to the extent of receipt of payment by Can-Cal from Candeo for
13 material purchased by Candeo under Option 2. In the event that Candeo does not exercise Option
14 2 within 365 days after the Effective Date, or in the event that Candeo does not make payment to
15 Can-Cal for the purchase of said material within thirty (30) days after exercise of Option 2, the
16 Defendants shall forever waive and release any and all claim of reimbursement from Can-Cal for
17 repayment of the foregoing Reimbursables. Any and all other claims not expressly set forth herein
18 are waived and released.

19 **4.0 Approval and Noticeo**

20 4.1 Promptly after execution of this Stipulation, Plaintiffs shall submit this Stipulation
21 together with its exhibits to the Court and shall apply for entry of an order (the "Preliminary
22 Approval Order"), substantially in the form of Exhibit C attached hereto, requesting, *inter alia*: (i)
23 preliminary approval of the Settlement set forth in this Stipulation; (ii) approval of the form and
24 manner of providing notice of the Settlement to Current Can-Cal Shareholders; and (iii) a date for
25 the Settlement Hearing.

26 4.2 Notice to Current Can-Cal Shareholders shall consist of a Notice of Proposed
27 Settlement and Settlement Hearing ("Notice") and Summary Notice of Proposed Settlement and
28 Settlement Hearing ("Summary Notice"), which includes the general terms of the Settlement set

1 Shares (U.S. \$0.17) will be reduced accordingly (but in no event to less than U.S. \$.06 per share)
2 and additional shares (as applicable) will be issued to Plaintiffs' Counsel in respect of such rights.
3 A Final Judgment and Order of Dismissal substantially in the form of Exhibit F attached heretoe
4 will be entered dismissing with prejudice the Derivative Action and a similar order shall be entered
5 in the Canadian Action pursuant to Section 6 below.

6 **3. Releases**

7 3.1 Upon the Effective Date, the Releasing Persons shall be deemed to have, and by
8 operation of the Judgment shall have, fully, finally, and forever released, relinquished, and
9 discharged the Released Claims (including Unknown Claims) against the Released Persons.
10 Nothing herein shall in any way impair or restrict the rights of any Party to enforce the terms of this
11 Stipulation or the Judgment. Releasing Persons shall be deemed to have, and by operation of the
12 Judgment shall have, covenanted not to sue any Released Person with respect to any Released
13 Claims and shall be permanently barred and enjoined from instituting, commencing or prosecuting
14 the Released Claims against the Released Persons.

15 3.2 Except as set forth in Paragraphs 3.3 and 3.4 below, upon the Effective Date, each
16 of the Released Persons shall be deemed to have fully, finally, and forever released, relinquished,
17 and discharged all current and former Plaintiffs, Plaintiffs' Counsel, and Can-Cal from all claims
18 (including Unknown Claims), arising out of, relating to, or in connection with the institution,
19 prosecution, assertion, settlement, or resolution of the Derivative Action, the Canadian Action or
20 the Released Claims. Nothing herein shall in any way impair or restrict the rights of any Party to
21 enforce the terms of this Stipulation or the Judgment.

22 3.3 Nothing in this Stipulation or in Paragraph 3.2 above constitutes or reflects a
23 waiver or release of any rights or claims of Defendants against their insurers, or their insurers'
24 subsidiaries, predecessors, successors, assigns, affiliates, or representatives, including, but not
25 limited to, any rights or claims of Defendants under any directors' and officers' liability insurance
26 or other applicable insurance coverage maintained by the Company.

27 3.4 Nothing in this Stipulation or in Paragraph 3.2 above constitutes or reflects a
28 waiver or release of any of the following rights or claims (collectively the "Reimbursables"):

1 its rights or comply with its obligations under the Second Amended MSA (except in enforcing the
2 Second Amended MSA); and (iii) increase its voting capital stock to more than 100,000,000 votes
3 in the aggregate.

4 Candeo and Defendants shall cause to be granted to a designee of the Plaintiffs a
5 7-year irrevocable proxy, coupled-with-an-interest, to vote at least 20% of the ownership of such
6 parties in Can-Cal on all matters *except for* "Supermajority Matters," as that term is defined in the
7 Certificate of Amendment of Articles of Incorporation of the Company filed with the Nevada
8 Secretary of State, as set forth in Exhibit B-2 attached hereto.

9 The current Can-Cal Board of Directors shall resign and the new Board of Directors
10 shall be appointed and will be comprised of three to five members to be mutually approved of by
11 the Plaintiffs and Candeo.

12 Candeo, at its cost (without credit therefor to any other payments hereunder), shall
13 complete payment for audit fees for 2015, 2016, and 2017 and to bring all SEC filings current
14 (collectively, the "*Securities Compliance Work*").

15 Any potential claim by Good Corp. would be jointly opposed by Can-Cal and
16 Candeo and the costs and liabilities (if any) with respect thereto would be shared by Can-Cal and
17 Candeo on a 50-50 basis.

18 2.4 Settlement Consideration

19 The \$375,000 proceeds from the Initial Settlement Payment to Can-Cal to be
20 applied: \$100,000 to Plaintiffs' Counsel as cost reimbursement; \$225,000 to Plaintiff's Counsel as
21 legal fees; and \$50,000 to be retained as working capital by Can-Cal together with its
22 currently-held funds. Any additional amounts paid to Can-Cal as a result of the exercise of the
23 options by Candeo pursuant to section 2.2(a) and 2.2(b) above shall be retained as working capital
24 by Can-Cal. An additional \$375,000 of legal fees to Plaintiffs' Counsel will be paid exclusively
25 with shares of common stock of Can-Cal at a price of U.S. \$0.17 per share ("Can-Cal Shares"),
26 plus rights to shares of common stock as follows: once the Can-Cal common shares trade for 45
27 continuous business days following the Effective Date, if the average closing trading price thereof
28 is less than U.S. \$0.17 per share during such 45-day period then the price per share of the Can-Cal

1 material acquired by Candeo as Minimum Purchases is acquired for resale to a third-party on an
2 arm's-length basis and that except for the Minimum Purchases there shall be no sales of material to
3 Candeo or any affiliate thereof.

4 All mining, material removal, and other activities of any kind or nature to extract material
5 shall be performed and paid for by Candeo, with notice thereof to Can-Cal, with the Amended
6 MSA (i.e., in the Second Amended MSA) to be modified incidental thereto (i.e., insurance
7 obligations will be Candeo's, Candeo to secure requisite permits and all other governmental
8 approvals, at its cost but with both Candeo and Can-Cal both named thereon, and all other
9 applicable obligations that were to be those of Can-Cal under the MSA and Amended MSA to
10 instead be Candeo's), as more fully set forth in Exhibit A hereto.

11 Candeo to report quarterly upon its activities (including any agreements entered into) and
12 to share with Can-Cal all information that it shares with its stockholders as and when sent to
13 Candeo's stockholders; provided, however, that prior to any disclosure of any information by
14 Can-Cal relative to Candeo, Can-Cal shall consult with Candeo and provide Candeo with a
15 reasonable opportunity to comment on such disclosure.

16 Candeo to have a right of first refusal with respect to Can-Cal's sale of the Pisgah Property.
17 In all events, any transfer or hypothecation of the Pisgah Property will require the transferee or
18 lender to offer to Candeo a customary Subordination Non-Disturbance and Attornment Agreement
19 in a form reasonably satisfactory to Candeo.

20 Candeo cannot assign or hypothecate its rights without the prior written consent of
21 Can-Cal, which consent shall not be unreasonably withheld.

22 To the extent that the foregoing description conflicts with the Second Amended MSA, the
23 actual terms of the Second Amended MSA shall control and govern the Parties.

24 2.3 Can-Cal Corporate Governance Reforms

25 The Articles of Incorporation of Can-Cal will be amended to require a
26 supermajority vote of at least 90% of the outstanding shares, as set forth in Exhibit B-1 attached
27 hereto, for any determination by Can-Cal to: (i) petition for bankruptcy protection; (ii) modify the
28 Second Amended MSA or otherwise interfere or negatively affect the ability of Candeo to exercise

1 used for any purpose. The term shall be limited to 20 years, subject to renewal rights for up to 4
2 separate 5 year terms in favor of Candeco, subject to completion by Candeco of specified
3 performance criteria. Can-Cal shall receive from Candeco quarterly 20% of gross revenues (the
4 "ORI"); provided, however, that such 20% is on an arm's-length basis, with no sales to Candeco or
5 its affiliates except for "*Minimum Purchases*," as set forth below. Can-Cal to have customary
6 audit rights of Candeco. Without regard to any purchase of material prior to the Effective Date (as
7 defined below), which purchases are not subject to the ORI, Candeco shall purchase the following
8 minimum amounts of material (the "*Minimum Purchases*") at the rate of \$15 per ton with Candeco
9 to pay (except for the purchases specified in subsection 2.2(a) below, for which the ORI shall not
10 be paid) the ORI on the positive difference, if any, of the price thereof sold to third-parties less \$15
11 per ton:

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13 a.o 25,000 tons (\$375,000) within 5 calendar days after the Effective Date of the
14 Settlement, which amount shall be deposited into the Trust account of Candeco's
15 Counsel and then transferred to Sklar Williams PLLC as receiving agent for
16 Plaintiffs' Counsel, within ten (10) days after the Effective Date (the sale(s)
17 provided for under this Subsection (a) the "*Initial Settlement Payment*"); plus
18 an option to purchase up to an additional 20,000 tons (payable to the Company
19 up to \$300,000) exercisable at any time within 180 days after the Effective Date
20 ("Option - 1"); and only upon the prior exercise and payment in full of Option
21 1, an option to purchase an additional 40,000 tons (payable to the Company up
22 to \$600,000) of Material exercisable by Candeco within 365 days following the
23 Effective Date ("Option 2");o

24 b.o 10,000 tons (\$150,000) annually for each of the three years following the
25 Effective Date, unless Option 1 is not exercised, in which case the first 10,000
26 tons hereunder must be Purchased and paid for by Candeco within 180 days of
27 the Effective Date; ando

28 c.o In respect of each year after three years from the Effective Date, the annual
Minimum Purchases shall increase (starting with the increase at the
commencement of the fourth year from the Effective Date) annually by the
increase in the CPI.o

The material acquired by Candeco under the Minimum Purchases may be left "in-place" for
subsequent removal upon notification from Candeco to Can-Cal as set forth in the Second Amended
MSA and the Material Storage License Agreement, copies of which are attached hereto as Exhibit
A and Exhibit A-1. Notwithstanding anything to the contrary, the Parties acknowledge that all

1 to the Released Claims, but that it is the intention of the Parties, all current or former directors of
2 Can-Cal and all Current Can-Cal Shareholders by operation of law to completely, fully, finally,
3 and forever extinguish any and all Released Claims, known or unknown, suspected or
4 unsuspected, which now exist or heretofore existed in either of the Derivative Action or the
5 Canadian Action save and except for any claims which may arise after the effective date in
6 connection with a failure by any of the Parties failing to comply with the terms of this Stipulation
7 and Settlement. The Parties acknowledge, and all the current or former directors of Can-Cal, and
8 the Current Can-Cal Shareholders by operation of law shall be deemed to have acknowledged, that
9 the inclusion of "Unknown Claims" in the definition of "Released Claims" was separately
10 bargained for and is a material element of the Settlement.

11 **2.d Terms of Settlement and Settlement Considerationd**

12 **2.1** As a result of the filing, prosecution, and settlement of the Derivative Action andd
13 the Canadian Action, the Company has already adopted and implemented and/or will adopt and
14 implement the Second Amended MSA, attached as Exhibit A hereto and the corporate resolutions
15 and amendments to the Articles of Incorporation and other corporate governance reform measures
16 described in Exhibit B hereto within thirty (30) calendar days after the Effective Date of the
17 Settlement. The Amended MSA and the corporate governance reform measures were jointly
18 developed and negotiated by the Parties through Counsel. Without admitting any wrongdoing,
19 Can-Cal, through its Board, acknowledges that the securing of the Second Amended MSA
20 attached as Exhibit A and the corporate governance reform measures attached as Exhibit B confer
21 substantial benefits upon the Company and its shareholders. Can-Cal, through its Board, also
22 acknowledges that the prosecution and settlement of the Derivative Action and the resolution of
23 the Canadian Action were substantial and material factors in the Board's decision to enter into the
24 Second Amended MSA attached as Exhibit A and adopt and implement the corporate governance
25 reform measures identified in Exhibit B.

26 **2.2** The Second Amended MSA shall be modified as follows: Candeo to have rights to
27 the Pisgah Material for agricultural purposes only (i.e., both commercial and retail); provided,
28 however, that material previously sold or sold as Minimum Purchases (as defined below) may be

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adequacy, fairness, and reasonableness of the Settlement pursuant to NRCP 23.1 and determine whether to issue the Judgment.

1.24 "Can-Cal" or the "Company" means nominal defendant Can-Cal Resources, Ltd., a Nevada corporation, and its affiliates, subsidiaries, predecessors, successors, and assigns.

1.25 "Derivative Action" means the above-captioned consolidated state shareholder derivative action pending in this Court, captioned *Ronald D. Sloan, et al. v. Can-Cal Resources, Ltd., et al*, Case No. A-14-701465-B.

1.26 "Stipulation" means this stipulation and agreement of settlement.

1.27 "Summary Notice" means the Summary Notice of Proposed Settlement and Settlement Hearing, substantially in the form attached hereto as Exhibit E.

1.28 "Unknown Claims" means any and all Released Claims that any of the current or former Plaintiffs, Defendants, Can-Cal, the current or former directors of Can-Cal, or the Current Can-Cal Shareholders do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Persons. With respect to any and all of the Released Claims, the Parties agree that upon the Effective Date, the Parties shall have, and each of the current or former directors of Can-Cal, and the Current Can-Cal Shareholders shall be deemed to have, and by operation of the Judgment shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under California Civil Code section 1542 or any law or principle of common law of the United States or any state or territory of the United States or any foreign nation which is similar, comparable or equivalent to California Civil Code section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Parties acknowledge, and all the current or former directors of Can-Cal, and all the Current Can-Cal Shareholders by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect

1 trusts, predecessors, successors, and assigns or other individual or entity in which any Individual
2 Defendant has a controlling interest, and each and all of their respective past and present officers,
3 directors, employees, agents, affiliates, parents, subsidiaries, divisions, attorneys, accountants,
4 auditors, advisors, insurers, reinsurers, heirs, executors, personal representatives,
5 estates, administrators, trusts, predecessors, successors, and assigns; and (iii) with regard to the
6 Corporate Defendants and Can-Cal, all past or present agents, officers, directors, attorneys,
7 accountants, auditors, advisors, insurers, co-insurers, reinsurers, partners, controlling
8 shareholders, joint venturers, related or affiliated entities, advisors, employees, affiliates,
9 predecessors, successors, parents, subsidiaries, insurers, and assigns for Can-Cal or the Corporate
10 Defendants.

11 1.19 "Released Claims" means any and all suits, claims, debts, demands, controversies,
12 obligations, losses, rights, liabilities, and causes of action of every nature, including both known
13 and Unknown Claims (as defined in paragraph 1.28 below), whether arising under federal, state,
14 common or foreign law, at law or in equity, that were asserted or could have been asserted, directly
15 or derivatively on behalf of Can-Cal, by Plaintiffs as shareholders or by any other Current Can-Cal
16 Shareholder, or by Defendants, Can-Cal, or the current or former directors of Can-Cal, that arise
17 out of or relate to: (i) the allegations asserted in the Derivative Action; (ii) the allegations asserted
18 in the Canadian Action; or (iii) the Settlement, except for any claims to enforce the Settlement.

19 1.20 "Released Persons" means each and all of the current and former Plaintiffs, the
20 Defendants, Can-Cal, the current and former directors of Can-Cal, and their Related Persons.

21 1.21 "Releasing Persons" means Plaintiffs (both individually and derivatively on behalf
22 of Can-Cal), all other Current Can-Cal Shareholders, Plaintiffs' Counsel, Defendants, Defendants'
23 Counsel, Can-Cal, and all other current and former directors of Can-Cal and any of their respective
24 heirs, executors, administrators, estates, predecessors, successors, or assigns (or any Person
25 claiming by, through, in the right of, or on behalf of them or the Company by subrogation,
26 assignment, or otherwise).

27 1.22 "Settlement" means the settlement contemplated by this Stipulation.

28 1.23 "Settlement Hearing" means the hearing at which the Court will review the

1 Rachey, Sam Brounstein, Sandra Jansen, Brian Jansen, Rhonda Kim Nichols, Scott Nichols,
2 Carmen Adair, Krista Schofield, Mark Bratseth, Rose Trust II, Cliff Olson, Natalie Mayzel, David
3 Jessake, Thornton D. Barnes, James Hason, Sandra Hason, Eddie Guillet and Ryan Guillet.

4 1.16 "Plaintiffs' Counsel" means Sklar Williams PLLC and William R. Fishman.²

5 1.17 "Preliminary Approval Order" means an order entered by the Court, substantially in
6 the form attached hereto as Exhibit C, setting forth the date for a Settlement Hearing on the
7 proposed Settlement, directing notice thereof and preliminarily determining, for purposes of the
8 Settlement only, that the Derivative Action is properly maintained as a shareholder derivative
9 action on behalf of the Company.

10 1.18 "Related Persons" means: (i) all current or former Plaintiffs and their spouses,
11 marital communities, immediate family members, heirs, executors, personal representatives, s
12 estates, administrators, trusts, predecessors, successors, and assigns or other individual or entity ins
13 which any Plaintiff has a controlling interest, and each and all of their respective past and presents
14 officers, directors, employees, agents, affiliates, parents, subsidiaries, divisions, attorneys, s
15 accountants, auditors, advisors, insurers, coinsurers, re-insurers, heirs, executors, personals
16 representatives, estates, administrators, trusts, predecessors, successors, and assigns; (ii) with
17 regard to each Individual Defendant, the Individual Defendant's spouses, marital communities, s
18 immediate family members, heirs, executors, personal representatives, estates, administrators, s
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22 ² On June 26, 2014, a motion to associate William R. Fishman as counsel for Plaintiffs was filed in
23 the Derivative Action. Thereafter, Defendants did not oppose the motion to associate counsel and
24 on July 16, 2014, Defendants removed the case to the United States District Court for the District
25 of Nevada ("Federal Court"). While the case was pending in Federal Court, this Court granted the
26 unopposed motion to associate William R. Fishman as counsel for Plaintiffs by minute order dated
27 August 1, 2014. However, no formal order was ever entered regarding Mr. Fishman's admissions
28 pro hac vice to practice in Nevada for purposes of this case only ("pro hac vice admission")
because the case remained pending in Federal Court until it was remanded to this Court on August
8, 2015. Nevertheless, each year since 2014, Mr. Fishman has been invoiced by and has paid the
Nevada State Bar the annual fee for his pro hac vice admission in this case. Accordingly, the
Parties hereby stipulate and agree that William R. Fishman has been admitted pro hac vice as
counsel for Plaintiffs in this case since this Court's minute order on August 1, 2014 and that orders
is confirmed and ratified nunc pro tunc.

1 expiration of the time for the filing or noticing of any appeal or petition for certiorari from the
2 order (or, if the date for taking an appeal or seeking review of the order shall be extended beyond
3 this time by order of the issuing court, by operation of law or otherwise, or if such extension is
4 requested, the date of expiration of any extension if any appeal or review is not sought), without
5 any such filing or noticing being made. However, any appeal or proceeding seeking subsequent
6 judicial review pertaining solely to the Court's award of attorneys' fees or expenses shall not in any
7 way delay or affect the time set forth herein for the Judgment to become Final or otherwise
8 preclude the Judgment from becoming Final.

9 1.9 "Individual Defendants" means defendants William J. Hogan, Thompson
10 MacDonald, Ronald Schinnour and Michael Hogan.

11 1.10 "Corporate Defendants" means Candeo Lava Products, Inc. and Futureworth
12 Capital Corp.

13 1.11 "Judgment" means the proposed judgment and order of dismissal with prejudice to
14 be entered by the Court upon approval of the Settlement, substantially in the form attached hereto
15 as Exhibit F.

16 1.12 "Notice" means the long form Notice of Proposed Settlement and Settlement
17 Hearing, substantially in the form attached hereto as Exhibit D.

18 1.13 "Parties" means the current and former Plaintiffs in the Derivative Action, the
19 parties in the Canadian Action, the Individual Defendants, the Corporate Defendants, Can-Cal and
20 any current or former directors of Can-Cal.

21 1.14 "Person" means an individual, corporation, limited liability corporation,
22 professional corporation, partnership, limited partnership, limited liability partnership,
23 association, joint stock company, estate, legal representative, trust, unincorporated association,
24 government or any political subdivision or agency thereof and any business or legal entity and
25 their spouses, heirs, predecessors, successors, representatives, or assignees.

26 1.15 "Plaintiffs" means Ronald D. Sloan, Robin Schwarz, Gary Collins, Jill Brown, Lark
27 Terrell, Daniel R. Sloan, Betty Ann Sloan, Pearl Kirk, N. O. Wait, Larry Orwick, Patricia La Salle,
28 Brian Wolfe, Stuart R. Cameron, Hugo Bondi, Joan Bratseth; P. A. Bratseth, Derek Milani, Dean

1 for the Parties, in consideration of the benefits flowing to the Parties from, and as described in, the
2 Settlement, that all Released Claims shall be and hereby are fully and finally compromised, settled,
3 released, and discontinued, and that the Derivative Action and the Canadian Action shall be
4 dismissed with prejudice as to all Released Persons upon the terms and conditions set forth herein.

5 **1.e Certain Definitions**

6 As used in this Stipulation, the following terms have the meanings specified below:

7 1.1 "Court" means the Eighth Judicial District Court of the State of Nevada in and fore
8 Clark County.

9 1.2 "Current Can-Cal Shareholder(s)" means any Person who, as a record or beneficial
10 owner, owned Can-Cal common stock or any other security of the Company as of the date of the
11 execution of this Stipulation and who continues to hold their Can-Cal common stock or other
12 security of the Company as of the date of the Settlement Hearing.

13 1.3 "Defendants" means the Individual Defendants, the Corporate Defendants and
14 Can-Cal.

15 1.4 "Defendants' Counsel" means Holland & Hart and Jones Lovelock.

16 1.5 "Derivative Action" means this Derivative Action styled as *Ronald Sloan, et al v.*
17 *Can-Cal Resources, Ltd.*, Case No. A-14-701465-B.

18 1.6 "Effective Date" means the date upon which the settlement shall have become
19 effective as set forth in Paragraph 7.1 and for the avoidance of doubt, is intended to be construed as
20 coterminous with the "Start Date" as defined in the Second Amended Material Supply Agreement
21 between Candeco and Can-Cal.

22 1.7 "Fee and Expense Amount" shall have the meaning set forth in Paragraph 5.1.

23 1.8 "Final," with respect to a court order, including, but not limited to the Judgment,
24 means the later of: (i) if there is an appeal from a court order, the date of final affirmance on appeal
25 and the expiration of the time for any further judicial review whether by appeal reconsideration, or
26 a petition for a writ of certiorari and, if certiorari is granted, the date of final affirmance of the order
27 following review pursuant to the grant; or (ii) the date of final dismissal of any appeal from the
28 order or the final dismissal of any proceeding on certiorari to review the order; or (iii) the

1 statements, acts, or omissions alleged, or that could have been alleged in the Derivative Action.
2 Defendants assert that they have satisfied their fiduciary duties and have acted in good faith and in
3 the best interest of Can-Cal and its shareholders at all relevant times. Each of the Defendants have
4 entered into this Stipulation and Settlement solely to avoid the continuing additional expense,
5 inconvenience, and distraction of the Derivative Action and the Canadian Action and to mitigate
6 the risks and uncertainty inherent in any legal proceedings. Each of the Defendants believe that it is
7 desirable and beneficial that the Derivative Action and the Canadian Action be settled in the
8 manner and upon the terms and conditions set forth in this Stipulation because, among other
9 things, it will allow the Company to conclude these legal proceedings on terms that are just and
10 reasonable, including the amendment of the Amended MSA to give Can-Cal substantial equity
11 funds in a short period of time, the completion of required audits for 2015, 2016, and 2017, which
12 may enable Can-Cal's stock to continue to be registered with the SEC and resolve the SEC
13 Administrative Proceeding (which filing was submitted on March 12, 2018), the adoption and
14 maintenance of corporate governance measures, including selection of a new Board of Directors,
15 that the current Board of Can-Cal has determined, in its business judgment, serve Can-Cal's and its
16 shareholders' best interests. Further, Can-Cal through its Board, acknowledges that the Settlement
17 is fair, reasonable, and adequate, and in the best interests of Can-Cal and its shareholders. Still
18 further, the Corporate Defendants believe this Stipulation and Settlement will enable each of them
19 to carry on their respective business enterprises without interference.

20 Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor
21 any document or exhibit referred or attached to this Stipulation, nor any action taken to carry out
22 this Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the
23 Released Claims or an admission by or against each of the Defendants or any of the Plaintiffs,
24 including claims made in the Canadian Action against Plaintiffs, of any fault, wrongdoing, or
25 concession of liability whatsoever.

26 **IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

27 NOW THEREFORE, IT IS STIPULATED AND AGREED, subject to approval by the
28 Court pursuant to Nevada Rule of Civil Procedure 23.1, by and between the undersigned counsel

1 Counsel regarding the specific facts of the cases, the perceived strengths and weaknesses of the
2 cases, and other issues in an effort to facilitate negotiations and fact gathering; (vii) evaluating the
3 merits of, and Defendants' potential liability in connection with the Derivative Action; (viii)
4 reviewing and analyzing thousands of pages of confidential document discovery produced by
5 Defendants; (ix) reviewing and analyzing tens of thousands of pages of relevant documents in the
6 Derivative Action and evaluating the merits thereof; (x) submitting numerous correspondence and
7 other documents to the SEC and filing formal motions to intervene and responses in the SEC
8 Administrative Proceeding involving Can-Cal to protect the stockholders' interests; (xi)
9 submitting comprehensive briefs prior to two separate Judicial Settlement Conferences, outlining
10 their position, and Plaintiffs' claims in the Derivative Action; (xii) participating in two (2)
11 in-person Judicial Settlement Conferences with Judge Hardy and numerous meetings in the
12 Derivative Action; (xiii) assisting Canadian counsel in filing a defense and motion to adjourn in
13 the Canadian Action; and (xiv) negotiating this Settlement with Defendants over the course of four
14 years, culminating at a day-long, in-person meeting on November 13, 2017 and continuing
15 through preparation of comprehensive settlement documents through March, 2018.

16 Based on Plaintiffs' Counsel's thorough review and analysis of the relevant facts and
17 difficult circumstances, allegations, defenses, and controlling legal principles, Plaintiffs' Counsel
18 believe that the Settlement set forth in this Stipulation is fair, reasonable, and adequate, and
19 confers substantial benefits upon Can-Cal and its shareholders. Based on their evaluation,
20 Plaintiffs and Plaintiffs' Counsel have determined that the Settlement is in the best interests of
21 Can-Cal and its shareholders and have agreed to fully settle the Derivative Action and completely
22 resolve the Canadian Action upon the terms and subject to the conditions set forth herein.

23 **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY.**

24 Each of the Defendants have denied and continue to deny each and all of the claims,
25 contentions, and allegations made against them or that could have been made against them in the
26 Derivative Action and each of them believe the Derivative Action has no merit and that the claims
27 in the Canadian Action do have merit. Each of the Defendants have expressly denied and continue
28 to deny all charges of wrongdoing or liability against them arising out of any of the conduct,

1 **II. PLAINTIFFS' CLAIMS AND THE BENEFITS OF THE SETTLEMENT**

2 Plaintiffs believe that the Derivative Action has substantial merit and that the Canadian
3 Action is without merit. Plaintiffs' entry into this Stipulation and Settlement is not intended to be
4 and shall not be construed as an admission or concession concerning the relative strength or merit
5 of the claims alleged in the Derivative Action or the Canadian Action. Plaintiffs and Plaintiffs'
6 Counsel also acknowledge the significant risk, expense, and length of continued proceedings
7 necessary to defend the Canadian Action and prosecute the Derivative Action against Defendants
8 through trial and through possible appeals. Plaintiffs' Counsel have also taken into account the
9 substantial risks, costs, and delays involved in complex shareholder derivative litigation,
10 generally, as well as the unique challenges presented by the Derivative Action and the defense of
11 the Canadian Action, including pleading fraud with the requisite particularity, and the significant
12 challenges of meeting the burdens of proof applicable to the underlying claims and of defeating the
13 available affirmative defenses, including the business judgment rule and the exculpation and
14 indemnification rights afforded the Individual Defendants pursuant to Nevada Law under NRS
15 Chapter 78 and the Articles and By-Laws of Can-Cal.

16 Plaintiffs' Counsel have conducted an extensive investigation over the course of three
17 years, including: (i) reviewing Can-Cal's press releases, public statements, SEC filings, and expert
18 witnesses' reports about the Company and the potential economic value of the Pisgah Material; (ii)
19 reviewing Confidential information and test result and reports about the Pisgah Material and its
20 potential commercial uses and value; (iii) researching the applicable law with respect to the claims
21 alleged in the Derivative Action and the Canadian Action and the potential claims and defenses
22 thereto; (iv) preparing and filing the derivative complaint and numerous Motions in the Derivative
23 Action and the Canadian Action, including defending against the removal of the Derivative Action
24 to Federal Court in Nevada and its subsequent remand to state court, multiple motions to dismiss
25 the Derivative Action, a partially successful motion to compel an annual meeting of the
26 stockholders of Can-Cal, a partially successful motion to compel discovery, and numerous
27 communications and letters regarding discovery matters and disputes; (v) conducting damages
28 analyses and expert witness analyses; (vi) participating in informal conferences with Defendants'

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damages.

C.e Settlement Effortse

During the pendency of the Derivative Action and both before and after the filing of the Canadian Action, the Parties have conducted extended arms-length, good faith settlement discussions. On August 12, 2016, and December 2, 2016, counsel for the parties in the Derivative Action participated in two formal Settlement Conferences before the Honorable Joseph P. Hardy ("Judge Hardy") of this Court, to assist them in exploring a potential negotiated resolution of the claims in the Derivative Action. To facilitate a productive Settlement Conference, the Parties submitted extensive Confidential Settlement Conference Statements and Supplemental Settlement Conference Statements to Judge Hardy.

Subsequent to the August and December, 2016 Settlement Conferences, counsel for the Parties hereto have conducted substantial communications and arm's-length negotiations in an ongoing effort to reach a settlement of the Derivative Action and the subsequently filed Canadian Action, including agreement on substantive corporate governance changes for the Company, the replacement of the existing Board of Directors with a new Board of Directors agreed upon by Plaintiffs and Defendants, an Amendment of the Amended MSA on favorable terms to Can-Cal which are agreeable to Candeo, the payment of agreed amounts of revenue to Can-Cal through the purchase of set amounts of Pisgah Material by Candeo by certain deadlines, the payment of attorneys' fees and costs in the Derivative Action, the filing by Can-Cal of up to date audits and other documents for the years 2015, 2016, and through third quarter 2017 with the United States Securities and Exchange Commission ("SEC") (which filing was submitted on March 12, 2018) and the dismissals with prejudice of both the Derivative Action and the Canadian Action. The Parties' representatives and their counsel met for an entire day on November 13, 2017, to work out the details of this settlement which were finalized through subsequent discussions and correspondence through to the date of this Stipulation. The Parties believe that a settlement at this juncture on the terms and on the conditions set forth in this Stipulation is fair, reasonable, and adequate.

1 enrichment, abuse of control, gross mismanagement, and taking of corporate opportunity relating
2 to the events alleged in the Complaint. The Derivative Action seeks compensatory damages,
3 punitive damages, corporate governance reforms, restitution and disgorgement of Defendants'
4 alleged profits, equitable and/or injunctive relief, and costs and attorneys' fees. Plaintiffs'
5 fundamental claim is that Individual Defendants William Hogan, Ronald Schinnour, Michael
6 Hogan and Thompson MacDonald took from Can-Cal a corporate opportunity and engaged in
7 self-dealing by entering into favorable contracts for their personal benefit, awarding themselves
8 excessive compensation through stock and taking from the company its main corporate asset and
9 opportunity, the development of its Pisgah Material, located at the Pisgah Property. Plaintiffs
10 allege the Individual Defendants conspired to transfer the benefit of that corporate opportunity and
11 asset to former Chairman of the Board William Hogan and Candeo Lava Products, Inc.
12 ("Candeo") through a Material Supply Agreement ("MSA") and an Amended Material Supply
13 Agreement ("Amended MSA") entered into by and between Can-Cal and Candeo. Defendants
14 have denied all allegations of wrongdoing, claims of liability, and damages.

15 **B. Canadian Action**

16 On or about January 24, 2017, the Corporate Defendants and William J. Hogan,
17 collectively, filed a Statement of Claim commencing an action in the Court of Queen's Bench of
18 Alberta, Calgary, Canada, naming as defendants 36 of the 40 original individual Plaintiffs in the
19 Nevada Derivative Action (the "Canadian Action"). The Canadian Action alleges that the primary
20 purpose of the Derivative Action was a civil conspiracy among the Derivative Action Plaintiffs to
21 unlawfully interfere with the Amended MSA and Candeo's research, development and verification
22 of the Pisgah Material. The Canadian Action also alleges that the individual Plaintiff, Ronald D.
23 Sloan, orchestrated and authorized the intimidation of individuals away from acting as directors of
24 Can-Cal for the benefit of that company and Candeo. The Corporate Defendants and William J.
25 Hogan seek general damages of \$3,187,500.00, consequential damages for loss of business
26 opportunities in an amount to be proven at trial, punitive damages in an amount to be proven at
27 trial and costs and other relief as deemed appropriate by the Court in the Canadian Action. The
28 defendants in the Canadian Action deny all allegations of wrongdoing, claims of liability and

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STIPULATION

This stipulation and agreement of settlement (the "Stipulation") is made and entered into by and among the following Parties¹: (1) Plaintiffs Ronald D. Sloan, Robin Schwarz, Gary Collins, Jill Brown, Lark Terrell, Daniel R. Sloan, Betty Ann Sloan, Pearl Kirk, N. O. Wait, Larry Orwick, Patricia La Salle, Brian Wolfe, Stuart R. Cameron, Hugo Bondi, Joan Bratseth, P. A. Bratseth, Derek Milani, Dean Rachev, Sam Brounstein, Sandra Jansen, Brian Jansen, Rhonda Kim Nichols, Scott Nichols, Carmen Adair, Krista Schofield, Mark Bratseth, Rose Trust II, Cliff Olson, Natalie Mayzel, David Jesske, Thornton D. Barnes, James Hason, Sandra Hason, Elodie Guillet and Ryan Guillet, derivatively on behalf of Can-Cal Resources, Ltd. ("Can-Cal" or the "Company"); (2) defendants William J. Hogan, Thompson MacDonald, Ronald Schinnour and Michael Hogan ("Individual Defendants"); (3) Candeo Lava Products, Inc. and Futureworth Capital Corporation ("Corporate Defendants") and (4) nominal defendant Can-Cal ("collectively with the Corporate Defendants and the Individual Defendants, "Defendants"). The settlement contemplated by this Stipulation shall be referred to as the "Settlement."


I. BACKGROUND

Can-Cal is an exploratory stage mining company whose principal asset is real property located in Pisgah, San Bernardino County, California, known as the "Pisgah Property." The Pisgah Property is made up of a volcanic cinder material known as the "Pisgah Material."

A.e Nevada Derivative Action

Beginning on May 29, 2014, Plaintiffs filed a shareholder derivative complaint in this Court, the Eighth Judicial District Court of the State of Nevada in and for Clark County, against the Individual Defendants, the Corporate Defendants and nominal Defendant Can-Cal, styled as: *Ronald D. Sloan, et al. v. Can-Cal Resources, Ltd., et al*, Case No. A-14-701465-B (the "Derivative Action"). The Derivative Action alleges breaches of fiduciary duty, unjust

¹ All capitalized terms not otherwise defined are defined in Section IV.1.



1 SAO
STEPHEN R. HACKETT, ESQ.
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JOHNATHON FAYEGHI, ESQ.S
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7 *Attorneys for Plaintiffs*

88
98
DISTRICT COURT
CLARK COUNTY, NEVADA

Case No.: A-14-701465-BS
Dept. No.: XI

10 RONALD D. SLOAN; ROBIN SCHWARZ;
11 GARY COLLINS; JILL BROWN; LARK
TERRELL; NANCY HERBOLD; DANIEL R.
12 SLOAN; BETTY ANN SLOAN; PEARLS
KIRK; JAMES BOAN; N O WAIT; LARRY S
13 ORWICK; PATRICIA LA SALLE; BRIAN
WOLFE; STUART R. CAMERON; ROBERT S
14 WEBSTER; HUGO BONDI; JOAN S
BRATSETH; P A BRATSETH; DEREK S
15 MILANI; DEAN RACHEY; SAMS
BROUNSTEIN; SANDRA JANSEN; BRIAN S
16 JANSEN; RHONDA KIM NICHOLS;
SCOTT NICHOLS; CARMEN ADAIR; S
17 KRISTA SCHOFIELD; MARK BRATSETH;
ROSE TRUST 11; CLIFF OLSON; DON
18 COLLINS; ROYCE NORDSTROM;
NATALIE MAYZEL; DAVID JESSKE; S
19 THORNTON D. BARNES; JAMES HASON;
SANDRA HASON; EDDIE GUILLET;
20 RYAN GUILLET;

STIPULATION AND AGREEMENTS
OF SETTLEMENT
AND
STIPULATION AND ORDER VACATING
TRIAL DATE AND SETTING STATUS
CHECK

21 ON BEHALF OF CAN-CAL RESOURCES,
LTD.,

22
23 Plaintiffs,

24 vs.

24 CAN-CAL RESOURCES, LTD., a Nevada S
corporation; WILLIAM J. HOGAN;
25 THOMPSON, MACDONALD; RONALD S
SCHINNOUR; MICHAEL HOGAN;
26 CANDEO LAVA PRODUCTS, INC. a S
Canadian Corporation, and FUTUREWORTH
27 CAPITAL CORP., a Canadian Corporation,
28 Defendants.

Defendants.

EXHIBIT 4

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAN-CAL RESOURCES LTD.

By: /s/ Casey Douglass
Casey Douglass, Chairman of the Board of Directors

Date: May 15, 2018

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, as amended, and Exchange Act of 1934, as amended, this Quarterly Report on Form 10-Q has been signed by the following persons in the capacities indicated on the dates indicated.

/s/ Gary Oosterhoff
Gary Oosterhoff
Director
May 15, 2018

/s/ Cornelius Korver
Cornelius Korver
Director
May 15, 2018

ITEM 6. EXHIBITS.

Exhibit	Exhibit Description	Filed herewith	Incorporated by reference			
			Form	Period ending	Exhibit	Filing date
3.1	<u>Articles of Incorporation</u>		Form 10-SB	N/A	3.0	7/9/1999
3.2	<u>Amendment to the Articles of Incorporation</u>		Form 10-SB	N/A	3.1	7/9/1999
3.3	<u>By-Laws</u>		Form 10-SB	N/A	3.2	7/9/1999
10.1	<u>Form of Mineral Lease Agreement</u>		10-K	12/31/2014	10.1	1/7/2016
10.2	<u>Form of Promissory Note with Future Worth Capital</u>		10-K	12/31/2014	10.2	1/7/2016
10.3	<u>Form of Subscription Agreement for Promissory Note with Future Worth Capital</u>		10-K0	12/31/2014	10.3	1/7/2016
10.4	<u>Form of Warrant Certificate with Future Worth Capital</u>		10-K0	12/31/2014	10.4	1/7/2016
31.10	<u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act</u>	X				
31.2	<u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act</u>	X				
32.1	<u>Certification of Principal Executive Officer/Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act</u>	X				
99.1	<u>Summary of Significant Details Regarding Pisgah, Wikieup, Cerbat and the Owl Canyon Properties</u>		10-KSB/A0	12/31/07	99.1	03/11/09
101.INS0	XBRL Instance Document	X				
101.SCH0	XBRL Schema Document	X				
101.CAL0	XBRL Calculation Linkbase Document	X				
101.DEF0	XBRL Definition Linkbase Document	X				
101.LAB0	XBRL Labels Linkbase Document	X				
101.PRE0	XBRL Presentation Linkbase Document	X				

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

On June 3, 2014, a group of Company shareholders under the direction of Ronald D. Sloan (a former Chief Executive Officer and director of the Company) (collectively the "Plaintiffs") filed a shareholder derivative complaint in Nevada State Court against the Company, as well as its then current directors (Thompson MacDonald, G. Michael Hogan, and Ron Schinnour), William Hogan, FutureWorth Capital Corp. and Candeo (collectively the "Defendants"). The Plaintiffs are alleging, among other things, that the Defendants caused the Company to enter into a transaction with Candeo involving the Pisgah Property that was not in the best interests of the Company. However, the transaction with Candeo is in the best interests of the Company (see "Note 3 – Related Party Transactions - Material Supply Agreement" in the attached financial statements).

There are many other allegations made by the Plaintiffs, all of which are considered by the Defendants to be frivolous with no basis in fact. In fact, due to the actions of the prior management of the Company, the Company would not have been able to continue operations and would have failed without the intervention of new management, including certain of the Defendants, and without entering into the transaction with Candeo. Accordingly, no provision has been recorded in the financial statements of the Company for any payment to the Plaintiffs pursuant to the claim or otherwise. Legal counsel for the Company is Justin Jones, Esq. of Jones Lovelock, LLP of Las Vegas, Nevada.

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our Board of Directors, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

Pursuant to an Order of the Eighth Judicial District Court of the State of Nevada in and for Clark County, a hearing will be held before the Honorable Elizabeth Goff Gonzalez on July 9, 2018 at 8:30 a. m. in Department 11 of the Eighth Judicial District Court of the State of Nevada in and for Clark County. At the Settlement Hearing, the Court will consider whether to grant final approval of the settlement and Plaintiffs' attorneys' fees and expenses and certain stock awards to Plaintiffs' Counsel ("Stock Awards"). The Court may adjourn the Settlement Hearing without further notice to Can-Cal shareholders.

This Stipulation and Agreement of Settlement and the detailed Notice of Proposed Settlement and Settlement Hearing ("Notice"), describing the Derivative Action, the Proposed Settlement, and the rights of Can-Cal shareholders with regard to the settlement, has been filed with the Court and is available for viewing on Defendants' Counsel's websites (www.HollandandHart.com and www.JonesLovelock.com), or on Plaintiffs' Counsel's website (www.Sklarlaw.com/notices/Can-Cal).

ITEM 1A. RISK FACTORS.

As we are a smaller reporting company, we are not required to provide the information required by this item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Since the beginning of the fiscal quarter ended March 31, 2018, we have not sold any equity securities that were not registered under the *Securities Act of 1933*, as amended, that were not previously reported in a quarterly report on Form 10-Q or a current report on Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Since the beginning of the fiscal quarter ended March 31, 2018, we have had no senior securities issued and outstanding.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

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https://www.sec.gov/Archives/edgar/data/1083848/000168316818001336/cancl_10q-033118.htm

Appearing immediately following the Signatures section of this report there are Certifications of the CEO. The Company currently has no CFO. The Certification are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the Section 302 Certifications). This Item of this report, which you are currently reading is the information concerning the Evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

Contractual Obligations

An agreement was signed effective June 10, 2016 with For Life Financial for the office administration of the Company and can be terminated by either party with one month's written notice. An agreement was signed effective September 10, 2016 to manage the Company. The contract is effective until December 31, 2018 and will continue until the earlier of the completion of the services or the termination of the agreement. Termination of the agreement may be for any or no reason upon four months written notice. The Company may, in its sole discretion, request For Life Financial to cease performing services during the four-month period. For Life Financial may terminate this agreement for any or no reason upon two months written notice.

On September 1, 2017, an agreement was signed with Red to Black Inc. to perform the accounting for the Company. The contract is effective until December 31, 2017 and will automatically renew and can be terminated by either party with thirty days notice. No new contract has been signed and the automatic renewal has been continuing.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) and 15d-15(f) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We conducted an evaluation (the "Evaluation"), under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures ("Disclosure Controls") as of the end of the period covered by this report pursuant to Rule 13a-15 of the Exchange Act. Based on this Evaluation, our Chief Executive Officer has concluded that the Company's disclosure controls and procedures were not effective because of the identification of a material weakness in our internal control over financial reporting which is identified below in Management's Annual Report on Internal Control over Financial Reporting, which we view as an integral part of our disclosure controls and procedures.

Changes in Internal Control

We have also evaluated our internal control over financial reporting, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls as of March 31, 2018.

Limitations on the Effectiveness of Controls

Our management, including our CEO, does not expect that our Disclosure Controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management or board override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CEO Certification

General and Administrative:

General and administrative expenses were \$76,160 for the three months ended March 31, 2018 and \$7,515 for 2017. This increase in general and administrative expense in 2018 was primarily due to management fees, legal fees, and filing fees.

Director Fees:

Director fees were \$18,750 for the three months ended March 31, 2018, and \$Nil for the three months ended March 31, 2017. During the settlement of the lawsuit from the shareholders, it was deemed that the three directors of the Company would each be compensated \$25,000 per year starting January 1, 2017, however, the entirety of the 2017 amounts were recorded in the fourth quarter of 2017.

Net Operating Gain or Loss:

Net operating loss for the three months ended March 31, 2018 was \$76,849 or \$0.00 per share, there was a net operating loss of \$10,531 or \$0.00 per share for the three months ended March 31, 2017. This operating loss increase is primarily due to higher General and Administrative expense and Director fees as explained above.

Interest Expense:

Interest expense for the three months ended March 31, 2018 was a recovery of \$18,022 and a \$2,828 expense for 2017. The reason for the recovery of \$18,022 in the first quarter of 2018 was due to a recalculation of the related party loan outstanding with G. Michael Hogan. After being reviewed by the lawyers involved in the lawsuit, it was determined that previously omitted expenses would be included and that legal expenses would remain bearing an interest rate of 10%, but all other expenses would bear an interest rate of 5%.

Net Loss:

See the explanation of Net Operating Loss above.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes total assets, accumulated deficit, stockholders' equity (deficit) and working capital at March 31, 2018 and December 31, 2017.

	March 31, 2018	December 31, 2017
Total Assets	\$ 9,542	\$ 6,559
Accumulated (Deficit)	(11,689,878)	(11,613,029)
Stockholders' Equity (Deficit)	(1,051,514)	(973,665)
Working Capital (Deficit)	\$ (1,050,514)	\$ (973,665)

At March 31, 2018, we had total assets of \$9,542, consisting of prepaid expenses and cash, compared to assets of \$6,559 at December 31, 2017. We have implemented financial controls in the business to ensure each expense is warranted and needed. Our cash on hand at March 31, 2018 was \$3,752.

Off Balance Sheet Arrangements

We do not have any off-balance sheet arrangements of any kind.

In addition to our historic exploration activities, we are currently under taking alternative revenue producing opportunities at our Pisgah Property. On January 23, 2012, the Company entered into a mineral lease agreement with a GoodCorp Inc. to purchase material from the property. This mineral lease agreement is for an initial period of ten (10) years, with an additional five (5) year extension at the option of the lessee. Sale prices of minerals are set at diminishing prices in \$0.50 increments between \$12 per ton and \$10 per ton for each 20,000 tons of material removed. As of the date hereof, no material has been sold under this agreement and no revenue has been received by the Company.

On April 9, 2013, the Company entered into the Original MSA with Candeo and the Amended MSA on March 3, 2014. Pursuant to the Amended MSA, Candeo is entitled to purchase Material from the Pisgah Property at a price equal to the greater of \$15 per ton and the net sales margin per ton removed from the Pisgah Property realized as follows: (i) 35% of the net sales margins during the first year of mining; and (ii) 50% of the net sales margins for the subsequent years during the term of the Amended MSA. Under the Amended MSA, Candeo has the right to remove an Initial Amount of up to 1,000,000 tons of Material from the Pisgah Property and Additional Amounts of 1,000,000 tons each, upon the successful removal of the Initial Amount from the Pisgah Property. Candeo's right to remove the Additional Amounts from the Pisgah Property is on the basis that once Candeo has removed the first Additional Amount of the Material from the Pisgah Property, it shall have the right to remove subsequent Additional Amounts of Material from the Property, so long as it removes its then current Additional Amount. As such, Candeo's right to extend the term of the Amended MSA is entirely based on Candeo's successful performance of its Material removal commitments under the terms of the Amended MSA.

Under the Amended MSA, Candeo is required to purchase a minimum of ten thousand (10,000) tons of Material during each of the first three years of the term of the agreement, all at a purchase price of \$15.00 per ton, for a total payment of \$150,000 per year in each of the first three years of the Term, with credit being given by the Company to Candeo for all pre-paid tons of Material that have already been purchased and paid for under the Original MSA. The Pre-Purchased Material will remain on the Pisgah Property until Candeo commences its production operations or engages the Company to mine and remove Material on Candeo's behalf. In the event that Candeo engages the Company to mine and remove any of the Material, Candeo shall pay all of the Company's reasonable costs and expenses in conducting such mining and removal operations plus a fee of 15%. All mining and removal operations on the Pisgah Property will be subject to all necessary regulatory and other third-party approvals being obtained. The Pre-Purchased Payments will not be refundable to Candeo but shall be credited against the first Production Payments.

The term of the Amended MSA has been extended from an initial term of ten (10) years to twenty (20) years (the "Primary Term") and Candeo has the option to extend the term for an additional thirty (30) years exercisable at any time with no less than three (3) months written notice prior to the expiration of the Primary Term, provided that Candeo is not in default under any of the provisions of the Amended MSA and that the whole of the Initial Amount has been removed from the Property.

Results of Operations

Three Months Ended March 31, 2018 Compared to the Three Months Ended March 31, 2017

Results of Operations for the Three Months Ended March 31, 2018 and 2017:

	Three Months ended March 31,	
	2018	2017
Operating expenses:		
General and administrative	\$ 76,160	\$ 7,515
Director fees	18,750	—
Total operating expenses	<u>94,910</u>	<u>7,515</u>
Net operating loss	(94,910)	(7,515)
Other income (expense):		
Interest expense	18,022	(2,828)
Foreign exchange gain (loss)	39	(188) ^e
Total other income (expense)	<u>18,061</u>	<u>(3,016)</u>
Loss before provision for income taxes	(76,849)	(10,531)
Provision for income taxes	—	—
Net loss	<u>\$ (76,849)</u>	<u>\$ (10,531)</u>

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https://www.secd.gov/Archives/edgar/data/1083848/000168316818001336/cancl_10q-033118.htm

precious metals and/or other base metals on the Cerbat, Arizona property, if any; (ii) the continued development a comprehensive research and development program to ascertain the potential for any rare earth elements on the Owl Canyon, California property (subsequently abandoned); (iv) strategic working capital reserve and (v) to finance our operations.

10% for legal expenses incurred but adjusted to 5% for all other expenses.

Unearned revenues as reflected on the Balance Sheet are a reflection of amounts received from Candeco based on the Amended MSA.

Compensation

On June 30, 2010, the Company entered into a consulting agreement, with a Board of Director's consulting firm, FutureWorth Capital Corp. The terms of the agreement include annual compensation of \$60,000, payable monthly. The Company may elect to satisfy payment in shares of common stock in lieu of cash at a market value equal to \$0.10 above the average closing trading price of the common stock for the preceding five (5) days from the date of such election. No payments have been made in cash or stock to date. As of December 31, 2017, the Company owed FutureWorth Capital Corp. \$506 (2016 - \$506) as included in accounts payable, related parties, for service prior to, and during the service period under the consulting agreement. The consulting agreement was terminated on February 27, 2013 with Mr. William Hogan's resignation from the Board of Directors.

On June 10, 2016, the Company entered into a consulting agreement, with a Board of Director's consulting firm, For Life Financial. The terms of the agreement include monthly compensation of \$2,100 CAD for managing the Company. On September 10, 2016, the Company amended the agreement to include additional annual compensation \$50,000 USD, payable monthly as the scope of work increased.

Stock-Based Compensation

All warrants previously issued by the Company have expired as of the fiscal year ending December 31, 2014. No new warrants have been issued as of March 31, 2018.

On December 31, 2017, 650,000 Stock Options and 800,000 shares were issued as compensation for work done by consultants and directors of the Company. (Note 9)

4. NOTES PAYABLE, RELATED PARTIES

Notes payable, related parties consisted of the following as of March 31, 2018 and December 31, 2017, respectively:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Note payable (1)	\$ 149,129	\$ 129,871
Promissory note payable (2)	-	10,000
Promissory note payable (3)	42,007	-
Total related party notes payable	<u>\$ 191,136</u>	<u>\$ 139,871</u>

(1) Note payable to the former CEO, unsecured, bearing interest at 10% and due on demand.

(2) Promissory note payable originated on November 30, 2012 with FutureWorth Capital Corp., a consulting firm owned by our former Chairman of the Board of Directors, unsecured, bearing interest at 10%, matures on November 29, 2013. In connection with the promissory note, the Company granted warrants to purchase 20,000 shares of the Company's common stock at an exercise price of \$0.10. The warrants expired on November 29, 2014.

(3) Promissory note payable originated on February 1, 2018 with Candeco, a company in which the former CEO is a director. The note bears an interest rate of 10% per annum and is payable on or before December 31, 2018.

The following presents components of interest expense by instrument type as of March 31, 2018 and 2017, respectively:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Interest on notes payable, related parties	\$ (18,022)	\$ 2,828
Accounts payable related vendor finance charges	-	-
Finance Costs (Equity based)	-	-
Total interest expense	<u>\$ (18,022)</u>	<u>\$ 2,828</u>

The negative interest recognized in the three months ended March 31, 2018 is due to a recalculation on the loan per revisions to the agreement from the lawyers of the lawsuit. Previously omitted costs were added to the outstanding loan and the interest rate was left at

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basic and Diluted Loss per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For 2017 and 2016 potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

2. GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As shown in the accompanying financial statements, the Company had a net loss of \$76,849 for the three months ended March 31, 2018, has used net cash in operating activities of \$8,117,100 from inception and had a working capital deficit of \$1,050,514 at March 31, 2018. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations from the development of its new business opportunities. Management has plans to seek additional capital through private placements and public offerings of its common stock. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

The ability of the Company to continue as a going concern is dependent on securing additional sources of capital and the success of the Company's plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

3. RELATED PARTY TRANSACTIONS

Material Supply Agreement

On April 9, 2013, the Company entered into a material supply agreement (the "the Original MSA") with Candeco Lava Products Inc. ("Candeco"), which was amended on March 3, 2014 (the "Amended MSA"). Pursuant to the Amended MSA, Candeco is entitled to purchase material ("Material") from the Pisgah Property at a price equal to the greater of \$15 per ton and the net sales margin per ton removed from the Pisgah Property realized as follows: (i) 35% of the net sales margins during the first year of mining; and (ii) 50% of the net sales margins for the subsequent years during the term of the Amended MSA. Under the Amended MSA, Candeco has the right to remove an Initial Amount of up to 1,000,000 tons of Material from the Pisgah Property and Additional Amounts of 1,000,000 tons each, upon the successful removal of the Initial Amount from the Pisgah Property. Candeco's right to remove the Additional Amounts from the Pisgah Property is on the basis that once Candeco has removed the first Additional Amount of the Material from the Pisgah Property, it shall have the right to remove subsequent Additional Amounts of Material from the Property, so long as it removes its then current Additional Amount. As such, Candeco's right to extend the term of the Amended MSA is entirely based on Candeco's successful performance of its Material removal commitments under the terms of the Amended MSA.

Under the Amended MSA, Candeco is required to purchase a minimum of ten thousand (10,000) tons of Material during each of the first three years of the term of the agreement, all at a purchase price of \$15.00 per ton, for a total payment of \$150,000 per year in each of the first three years of the Term, with credit being given by the Company to Candeco for all pre-paid tons of Material that have already been purchased and paid for under the Original MSA. The Pre-Purchased Material will remain on the Pisgah Property until Candeco commences its production operations or engages the Company to mine and remove Material on Candeco's behalf. In the event that Candeco engages the Company to mine and remove any of the Material, Candeco shall pay all of the Company's reasonable costs and expenses in conducting such mining and removal operations plus a fee of 15%. All mining and removal operations on the Pisgah Property will be subject to all necessary regulatory and other third-party approvals being obtained. The Pre-Purchased Payments will not be refundable to Candeco but shall be credited against the first Production Payments.

The term of the Amended MSA has been extended from an initial term of ten (10) years to twenty (20) years (the "Primary Term") and Candeco has the option to extend the term for an additional thirty (30) years exercisable at any time with no less than three (3) months written notice prior to the expiration of the Primary Term, provided that Candeco is not in default under any of the provisions of the Amended MSA and that the whole of the Initial Amount has been removed from the Property.

Can-Cal Resources Ltd.
(An Exploration Company)
Notes to Unaudited Financial Statements
For the three months ended March 31, 2018 and 2017

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Can-Cal Resources Ltd. ("Can-Cal" or the "Company") is a Nevada corporation incorporated on March 22, 1995.

The Company is an exploration company engaged in the exploration for precious metals, specifically focused on mineral exploration projects. We have examined various prospective mineral properties for precious metals and acquired those deemed promising. We currently own, lease or have mining interest in two mineral properties in the southwestern United States (California and Arizona, as follows: Cerbat, Arizona and Pisgah, California). The Company previously had mineral rights in Owl Canyon, California and Wikieup, Arizona, which have now been abandoned.

As an exploration stage enterprise, the Company discloses the deficit accumulated during the exploration stage. An entity remains in the exploration stage until such time as proven or probable reserves have been established for its deposits. Upon the location of commercially mineable reserves, the Company plans to prepare for mineral extraction and enter the development stage. To date, the exploration stage of the Company's operations consists of contracting with geologists who sample and assess the mining viability of the Company's claims.

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information, and with the rules and regulations of the United States Securities and Exchange Commission set forth in Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim financial statements furnished reflect all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. Unaudited interim results are not necessarily indicative of the results for the full fiscal year. These financial statements should be read in conjunction with the financial statements of the Company for the fiscal year ended December 31, 2017 and notes thereto contained in the Company's Annual Report on Form 10-K.

The Company's functional and reporting currency is the United States dollar (USD). Monetary assets and liabilities denominated in foreign currencies are translated in accordance with ASC 820, using the exchange rate prevailing at the balance sheet date. Gains and losses arising on settlement of foreign currency denominated transactions or balances are included in the determination of income. Foreign currency transactions are primarily undertaken in the Canadian dollar (CDN). The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation.

Exploration Stage Company

The Company is currently an exploration stage company. As an exploration stage enterprise, the Company discloses the deficit accumulated during the exploration stage and the cumulative statements of operations and cash flows from inception to the current balance sheet date. The Company has incurred an accumulated deficit of \$11,638,879 for the period from inception (March 22, 1995) through December 31, 2017. An entity remains in the exploration stage until such time as proven or probable reserves have been established for its deposits. Upon the location of commercially mineable reserves, the Company plans to prepare for mineral extraction and enter the development stage. To date, the exploration stage of the Company's operations consists of contracting with geologists who sample and assess the mining viability of the Company's claims.

Can-Cal Resources Ltd.
(An Exploration Company)
Statements of Cash Flows
(Unaudited)

	<u>Three Months Ended March 31, 2018</u>	<u>Three Months Ended March 31, 2017</u>
Operating activities		
Net loss for the year	\$ (76,849)	\$ (10,531)
Adjustments to reconcile net loss to net cash used in operating activities		
Changes in operating assets and liabilities		
Accounts payable and accrued expenses	2,847	6,050
Accounts payable and accrued expenses, related party	(21,842)	2,828
Unearned revenues, related party	47,562	—
Net cash (used in) operating activities	<u>(48,282)</u>	<u>(1,653)</u>
Financing activities		
Proceeds from issuance of loans payable	51,265	1,653
Proceeds from issuance of convertible notes payable	—	—
Net cash provided by financing activities	<u>51,265</u>	<u>1,653</u>
Net changes in cash and equivalents	<u>2,983</u>	<u>—</u>
Cash and equivalents at beginning of the period	<u>769</u>	<u>—</u>
Cash and equivalents at end of the period	<u>\$ 3,752</u>	<u>\$ —</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid in interest	<u>\$ —</u>	<u>\$ —</u>
Cash paid for income taxes	<u>\$ —</u>	<u>\$ —</u>

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

Can-Cal Resources Ltd.
(An Exploration Company)
Statement of Operations
(Unaudited)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Operating expenses		
General and administrative expense	\$ 76,160	\$ 7,515
Director fees	18,750	-
Total operating expenses	<u>94,910</u>	<u>7,515</u>
Net loss from operations	(94,910)	(7,515)
Other income (expense)		
Interest expense, related party	18,022	(2,828)
Foreign exchange gain (loss)	39	(188)
Total other income (expense)	<u>18,061</u>	<u>(3,016)</u>
Loss before provision for income taxes	(76,849)	(10,531)
Provision for taxes	-	-
Net loss	<u>\$ (76,849)</u>	<u>\$ (10,531)</u>
Loss per common share – Basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>43,667,060</u>	<u>42,867,060</u>

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

Can-Cal Resources Ltd.
(An Exploration Company)
Balance Sheets
(Unaudited)

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Assets		
Current Assets		
Cash	\$ 3,752	\$ 769
Other current assets	<u>5,790</u>	<u>5,790</u>
Total Current Assets	<u>9,542</u>	<u>6,559</u>
Total Assets	<u>\$ 9,542</u>	<u>\$ 6,559</u>
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable	\$ 315,344	\$ 310,817
Accounts payable, related party	506	506
Accrued expenses	6,999	8,679
Accrued expenses, related party	96,071	117,913
Unearned revenues, related party	450,000	402,438
Notes payable, related parties	<u>191,136</u>	<u>139,871</u>
Total Current Liabilities	<u>1,060,056</u>	<u>980,224</u>
Total Liabilities	1,060,056	980,224
Commitments and Contingencies		
Stockholders' Equity (Deficit)		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.001 par value, 100,000,000 shares authorized; 43,667,060 shares issued and outstanding as at March 31, 2018 and December 31, 2017	43,667	43,667
Additional paid-in-capital	10,595,697	10,595,697
Accumulated deficit	<u>(11,689,878)a</u>	<u>(11,613,029)</u>
Total Stockholders' Equity (Deficit)	<u>(1,050,514)a</u>	<u>(973,665)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 9,542</u>	<u>\$ 6,559</u>

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

PART I – FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS.**

Our unaudited interim financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles.

It is the opinion of management that the unaudited interim financial statements for the quarter ended March 31, 2018 include all adjustments necessary in order to ensure that the unaudited interim financial statements are not misleading.

**CAN-CAL RESOURCES LTD.
FORM 10-Q**

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 43,667,060 common shares issued and outstanding as at May 11, 2018.

10-Q 1 cancal_10q-033118.htm QUARTERLY REPORT

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

FORM 10-Q

(Mark One)

 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended March 31, 2018 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-26669

CAN-CAL RESOURCES LTD.

(Exact name of registrant as specified in its charter)

Nevada(State or other jurisdiction
of incorporation or organization)86-0865852(I.R.S. Employer
Identification No.)42 Springfield Avenue, Red Deer, Alberta, Canada, T4N 0C7

(Address of principal executive offices) (Zip Code)

403.342.6221

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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. Yes No

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

EXHIBIT 3

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	December 31,	
	2017	2016
Deferred tax asset (tax rate 21%)		
Net operating loss carry forwards	\$ 2,028,105	\$ 1,954,765
Total deferred tax assets:	2,028,105	1,954,765
Less: Valuation allowance	(2,028,105)	(1,954,765)
Net deferred tax assets	\$ -	\$ -

Based on the available objective evidence, including the Company's history of its loss, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at December 31, 2017 and 2016.

In accordance with FASB ASC 740, the Company has evaluated its tax positions and determined there are no uncertain tax positions.

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 9 – STOCK-BASED COMPENSATION

Option Plan

Options granted for employee and consulting services - The 2003 Non-Qualified Option Plan was established by the Board of Directors in June 2003 and approved by shareholders in October 2003. A total of 1,500,000 shares of common stock are reserved for issuance under this plan. There were no options issued during the year ended December 31, 2016.

Forward Look at Stock-Based Incentive

Outside of the plan, by Board resolutions, the following Stock Options were issued in Q4 2017 with an exercise price of \$0.06 per share, each to the following for director and/or consultant services rendered to Can-Cal Resources:

Recipient Name	Stock Options Granted
Sandra Rogoza	100,000
Red To Black Inc.	250,000
1045899 Alberta Ltd., a company owned by Gary Oosterhoff	100,000
Revrok Farm, a company owned by Cornelus Korver	100,000
For Life Financial Ltd., a company owned by Casey Douglass	100,000
Total	650,000

The following shares were issued in Q4 2017 for director and/or consultant services rendered as follows:

Recipient Name	Shares Issued
Thompson-MacDonald	250,000
Ronald Schinnour	250,000
1045899 Alberta Ltd., a company owned by Gary Oosterhoff	100,000
Revrok Farm Ltd., a corporation owned by Cornelus Korver	100,000
For Life Financial Ltd., a corporation owned by Casey Douglass	100,000
Total	800,000

NOTE 10 – INCOME TAXES

The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences.

As of December 31, 2017, the Company incurred a net operating loss and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. The Company had approximately \$9,657,641 and \$9,308,403 of federal net operating losses at December 31, 2017 and 2016, respectively. The net operating loss carry forwards, if not utilized, will begin to expire in 2029.

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

There are many other allegations made by the Plaintiffs, all of which are considered by the Defendants to be frivolous with no basis in fact. In fact, due to the actions of the prior management of the Company, the Company would not have been able to continue operations and would have failed without the intervention of new management, including certain of the Defendants, and without entering into the transaction with Candeco. Accordingly, no provision has been recorded in the financial statements of the Company for any payment to the Plaintiffs pursuant to the claim or otherwise. Legal counsel for the Company is Justin C. Jones, Esq., currently of Jones Lovelock of Las Vegas, Nevada.

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our Board of Directors, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

Can-Cal Resources Ltd., as one of several Defendants in Derivative Lawsuit reached "Settlement Agreement in Principle" mid-November 2017. As of January 8, 2018, all Parties are progressing toward a more detailed Definitive Agreement.

Terms of the Agreement include:

- A new Board of 5 comprised of 2 Directors nominated by Plaintiffs and 2 from Defendants. These 4 will select the 5th Director.
- Sale of minimum tonnage of lava material to Candeco Lava Products within certain time frames.
- Proceeds from lava material sales are budgeted towards Plaintiff's legal costs, acute Accounts Payables and Management Fees. An annual minimum was established to cover base costs of keeping Can-Cal from insolvency.
- As Candeco develops its marketing, it expects to substantially increase volumes of lava material sales and thus future purchases from Can-Cal. After the first 60-75,000 tons are purchased, then Can-Cal will begin to receive 20% of gross revenues, or ORI (Overriding Royalty Interest) from Candeco's sales of lava material.
- Can-Cal Resources will be able to focus on developing any other resource potential.

In or about June 2017, the Securities and Exchange Commission initiated an administrative proceeding before an administrative law judge seeking to revoke Can-Cal's registration as a publicly traded security. In November 2017, the SEC's Division of Enforcement sought summary adjudication on the issue of permanent revocation of Can-Cal's securities registration. Can-Cal opposed the motion and the matter has been fully briefed; however, as of April 4, 2018, the administrative law judge has not issued a ruling.

NOTE 8 – SHAREHOLDERS' EQUITY

In 2015, in exchange for total accrued salaries of \$676,333, an agreement was signed to issue 600,000 common shares (worth approximately \$18,000 based on August 19, 2015 share prices). This transaction had been accepted and recorded although the shares had not yet been issued due to the lawsuit. The common shares were issued December 31, 2017.

In 2015, in exchange for accounts payable owing of \$180,000, an agreement was signed to issue 240,000 common shares (worth approximately \$7,200 based on August 19, 2015 share prices). This transaction had been accepted and recorded although the shares had not yet been issued due to the lawsuit. The common shares were issued December 31, 2017.

While the above shares were not officially issued until December 31, 2017, as the debt was written off in 2015, we have included the issuance of the shares in the financial statements starting in 2015. No shares of common stock were issued by the Company during 2016.

An additional 800,000 shares were issued on December 31, 2017 to the Directors and former Directors of the Company. (Note 9)

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

The following presents components of interest expense by instrument type for the years ended December 31, 2017 and 2016, respectively:

	December 31,	
	2017	2016
Interest on notes payable, related parties	\$ 12,451	\$ 13,243
Accounts payable-related vendor finance charges	-	-
Finance Costs (Equity based)	-	-
Total interest expense	\$ 12,451	\$ 13,243

NOTE 6 – UNEARNED REVENUES

On April 9, 2013, the Company entered into the Original MSA with Candeco and the Amended MSA on March 3, 2014. Pursuant to the Amended MSA, Candeco is entitled to purchase Material from the Pisgah Property at a price equal to the greater of \$15 per ton and the net sales margin per ton removed from the Pisgah Property realized as follows: (i) 35% of the net sales margins during the first year of mining; and (ii) 50% of the net sales margins for the subsequent years during the term of the Amended MSA. As of December 31, 2017 and 2016, we had unearned revenue from this agreement totaling \$402,438 and \$253,765, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

A) Mining claims

The Company has a lease and purchase option agreement covering six patented claims in the Cerbat Mountains, Hualapai Mining District and Mohave County Arizona. The Company pays \$1,500 per quarter as minimum advance royalties. The Company has the option to purchase the property for \$250,000 plus interest at a rate of 8% compounded annually from and after the date of its exercise of the option to purchase the property. If the Lessee exercises its option to purchase, all funds paid to Lessors shall be credited toward the purchase price as of the date the payments were made.

B) Mining reclamation costs

Mining and reclamation permits, and an air quality permit have been issued by the California regulatory agencies in the names of both Twin Mountain, our joint venture partner, and the Company. The Company posted a cash bond in the amount of \$1,379 (1% of the total bond amount) and Twin Mountain has posted the remainder of the \$137,886 bond. If Twin Mountain defaults, we would be responsible for reclamation of the property, but reclamation costs incurred in that event would be paid in whole or part by the bond posted by us and Twin Mountain. Reclamation costs are not presently determinable.

C) Litigation

On June 3, 2014, a group of Company shareholders under the direction of Ronald D. Sloan (a former Chief Executive Officer and director of the Company) (collectively the "Plaintiffs") filed a shareholder derivative complaint in Nevada State Court against the Company, as well as its then current directors (Thompson MacDonald, G. Michael Hogan, and Ron Schinnour), William Hogan, FutureWorth Capital Corp. and Candeco (collectively the "Defendants"). The Plaintiffs are alleging, among other things, that the Defendants caused the Company to enter into a transaction with Candeco involving the Pisgah Property that was not in the best interests of the Company. However, the transaction with Candeco is in the best interests of the Company (see above in "Note 3 – Related Party - Material Supply Agreement").

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

Compensation

On June 30, 2010, the Company entered into a consulting agreement, with a Board of Director's consulting firm, FutureWorth Capital Corp. The terms of the agreement include annual compensation of \$60,000, payable monthly. The Company may elect to satisfy payment in shares of common stock in lieu of cash at a market value equal to \$0.10 above the average closing trading price of the common stock for the preceding five (5) days from the date of such election. No payments have been made in cash or stock to date. As of December 31, 2017, the Company owed FutureWorth Capital Corp. \$506 (2016 - \$506) as included in accounts payable, related parties, for service prior to, and during the service period under the consulting agreement. The consulting agreement was terminated on February 27, 2013 with Mr. William Hogan's resignation from the Board of Directors.

On June 10, 2016, the Company entered into a consulting agreement, with a Board of Director's consulting firm, For Life Financial. The terms of the agreement include monthly compensation of \$2,100 CAD for managing the Company. On September 10, 2016, the Company amended the agreement to include additional annual compensation \$50,000 USD, payable monthly as the scope of work increased.

Stock-Based Compensation

All warrants previously issued by the Company have expired as of the fiscal year ending December 31, 2014. No new warrants have been issued as of December 31, 2017.

On December 31, 2017, 650,000 Stock Options and 800,000 shares were issued as compensation for work done by consultants and directors of the Company. (Note 9)

NOTE 4 – PREPAID EXPENSES

Prepaid expenses consisted of the following as of December 31, 2017 and 2016, respectively:

	December 31,	
	2017	2016
County taxes	\$ 1,290	\$ 1,290
Audit fees	4,500	-
Total prepaid expenses	\$ 5,790	\$ 1,290

NOTE 5 – NOTES PAYABLE, RELATED PARTIES

Notes payable, related parties consisted of the following as of December 31, 2017 and 2016, respectively:

	December 31,	
	2017	2016
Note payable ⁽¹⁾	\$ 129,871	\$ 122,239
Promissory note payable ⁽²⁾	10,000	10,000
Total related party notes payable	\$ 139,871	\$ 132,239

(1) Note payable to the former CEO, unsecured, bearing interest at 10% and due on demand.

(2)e Promissory note payable originated on November 30, 2012 with FutureWorth Capital Corp., a consulting firm owned by our former Chairman of the Board of Directors, unsecured, bearing interest at 10%, matures on November 29, 2013. In connection with the promissory note, the Company granted warrants to purchase 20,000 shares of the Company's common stock at an exercise price of \$0.10. The warrants expired on November 29, 2014.e

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 2 – GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As shown in the accompanying financial statements, the Company had a net loss of \$349,237 for the year ended December 31, 2017, has used net cash in operating activities of \$8,068,818 from inception and had a working capital deficit of \$973,665 at December 31, 2017. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations from the development of its new business opportunities. Management has plans to seek additional capital through private placements and public offerings of its common stock. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

The ability of the Company to continue as a going concern is dependent on securing additional sources of capital and the success of the Company's plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 – RELATED PARTY TRANSACTIONS

Material Supply Agreement

On April 9, 2013, the Company entered into a material supply agreement (the "the Original MSA") with Candeco Lava Products Inc. ("Candeco"), which was amended on March 3, 2014 (the "Amended MSA"). Pursuant to the Amended MSA, Candeco is entitled to purchase material ("Material") from the Pisgah Property at a price equal to the greater of \$15 per ton and the net sales margin per ton removed from the Pisgah Property realized as follows: (i) 35% of the net sales margins during the first year of mining; and (ii) 50% of the net sales margins for the subsequent years during the term of the Amended MSA. Under the Amended MSA, Candeco has the right to remove an Initial Amount of up to 1,000,000 tons of Material from the Pisgah Property and Additional Amounts of 1,000,000 tons each, upon the successful removal of the Initial Amount from the Pisgah Property. Candeco's right to remove the Additional Amounts from the Pisgah Property is on the basis that once Candeco has removed the first Additional Amount of the Material from the Pisgah Property, it shall have the right to remove subsequent Additional Amounts of Material from the Property, so long as it removes its then current Additional Amount. As such, Candeco's right to extend the term of the Amended MSA is entirely based on Candeco's successful performance of its Material removal commitments under the terms of the Amended MSA.

Under the Amended MSA, Candeco is required to purchase a minimum of ten thousand (10,000) tons of Material during each of the first three years of the term of the agreement, all at a purchase price of \$15.00 per ton, for a total payment of \$150,000 per year in each of the first three years of the Term, with credit being given by the Company to Candeco for all pre-paid tons of Material that have already been purchased and paid for under the Original MSA. The Pre-Purchased Material will remain on the Pisgah Property until Candeco commences its production operations or engages the Company to mine and remove Material on Candeco's behalf. In the event that Candeco engages the Company to mine and remove any of the Material, Candeco shall pay all of the Company's reasonable costs and expenses in conducting such mining and removal operations plus a fee of 15%. All mining and removal operations on the Pisgah Property will be subject to all necessary regulatory and other third-party approvals being obtained. The Pre-Purchased Payments will not be refundable to Candeco but shall be credited against the first Production Payments.

The term of the Amended MSA has been extended from an initial term of ten (10) years to twenty (20) years (the "Primary Term") and Candeco has the option to extend the term for an additional thirty (30) years exercisable at any time with no less than three (3) months written notice prior to the expiration of the Primary Term, provided that Candeco is not in default under any of the provisions of the Amended MSA and that the whole of the Initial Amount has been removed from the Property.

Unearned revenues as reflected on the Balance Sheet are a reflection of amounts received from Candeco based on the Amended MSA.

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

Capitalized Mineral Costs

Mineral rights are recorded at cost of acquisition. When there is little likelihood of a mineral right being exploited; the value of mineral rights has diminished below cost, or the economic feasibility of extraction is limited, a write-down is affected against income in the period that such determination is made. Non-mining assets are recorded at cost of acquisition. These assets include the assets of the mining operation not included in the previous categories and all the assets of the non-mining operations. Mining assets, including mine development and infrastructure costs and mine plant facilities, are recorded at cost of acquisition. Expenditures incurred to evaluate and develop new ore bodies, to define mineralization in existing ore bodies, to establish or expand productive capacity, is capitalized until commercial levels of production are achieved, at which time the costs will be amortized.

Recent Accounting Pronouncements

Intangibles - Goodwill and Other (Topic 350). In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-04. The update simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Under the amendment an entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Effective for public business entities that are SEC filers for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. We are currently evaluating whether the adoption of this new guidance will have a significant impact on our consolidated financial statements and related disclosures.

Cash Flows: Statement of Cash Flows (Topic 230) - Restricted Cash. In November 2016, ASU 2016-18 was issued. The update requires that a statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating whether the adoption of this new guidance will have a significant impact on our consolidated financial statements and related disclosures.

Leases (Topic 842). In February 2016, ASU 2016-02, Leases, was issued. This standard will require all lessees to recognize a right of use asset and a lease liability on the balance sheet, except for leases with durations that are less than twelve months. Effective for Public business entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (i.e., January 1, 2019, for a calendar year entity). Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity), and interim periods within fiscal years beginning after December 15, 2020. We are currently evaluating whether the adoption of this new guidance will have a significant impact on our consolidated financial statements and related disclosures.

Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. In January 2016, ASU 2016-01 was issued to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The ASU supersedes the guidance to classify equity securities with readily determinable fair values into different categories and requires equity securities (except those that are accounted for under the equity method or those that result in consolidation of the investee) to be measured at fair value with changes in the fair value recognized through net income. It also simplifies the impairment assessment of equity investments without readily determinable fair values by requiring assessment for impairment qualitatively at each reporting period. Effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We are currently evaluating whether the adoption of this new guidance will have a significant impact on our consolidated financial statements and disclosures.

Revenue Recognition (Topic 606): Revenue from Contracts with Customers. In May 2014, ASU 2014-09 was issued. Under this ASU and subsequently issued amendments, an entity is required to recognize the amount of revenue it expects to be entitled to for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP. This ASU provides alternative methods of transition, a full retrospective and a modified retrospective approach. The modified retrospective approach would result in recognition of the cumulative impact of a retrospective application as of the beginning of the period of initial application. Public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance in ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period.

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

Stock-Based Compensation

The Company has adopted FASB guidance on stock-based compensation. Under FASB ASC 718-10-30-2, all stock-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values.

Modification of Warrants

There has been no recognition of any stock-based finance charges for the years ended December 31, 2017 and 2016.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Uncertain Tax Positions

In accordance with ASC 740, "Income Taxes" ("ASC 740"), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company's income tax returns. These audits include questions regarding the Company's tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company's tax position relies on the judgment of management to estimate the exposures associated with the Company's various filing positions.

Mineral Claim Payments and Exploration Expenditures

The Company is primarily engaged in the acquisition and exploration of mining properties. Mineral property exploration costs are expensed as incurred. Mineral property acquisition costs are initially capitalized when incurred. We assess the carrying cost for impairment under the FASB ASC topic 360 at each fiscal quarter end. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs subsequently incurred to develop such property are capitalized. Such costs will be amortized using the units-of-production method over the established life of the proven and probable reserves. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include money market accounts which have maturities of three months or less. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Cash equivalents are stated at cost plus accrued interest, which approximates market value.

Long-Lived Assets

Fixed assets are recorded at the lower of cost or estimated net recoverable amount, and is depreciated using the straight-line method over the estimated useful life of the related asset as follows:

Machinery and equipment	10 years
Transportation equipment	5 years
Furniture and fixtures	7 years

Maintenance and repairs will be charged to expense as incurred. Significant renewals and betterments will be capitalized. At the time of retirement or other disposition of equipment, the cost and accumulated depreciation will be removed from the accounts and the resulting gain or loss, if any, will be reflected in operations.

The Company will assess the recoverability of equipment by determining whether the depreciation and amortization of these assets over their remaining life can be recovered through projected undiscounted future cash flows. The amount of equipment impairment, if any, will be measured based on fair value and is charged to operations in the period in which such impairment is determined by management.

Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, accounts payable and accrued expenses reported on the balance sheets are estimated by management to approximate fair value primarily due to the short-term nature of the instruments. The Company had no items that required fair value measurement on a recurring basis.

Basic and Diluted Loss per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For 2017 and 2016 potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Can-Cal Resources Ltd. (“Can-Cal” or the “Company”) is a Nevada corporation incorporated on March 22, 1995.

The Company is an exploration company engaged in the exploration for precious metals, specifically focused on mineral exploration projects. We have examined various prospective mineral properties for precious metals and acquired those deemed promising. We currently own, lease or have mining interest in two mineral properties in the southwestern United States (California and Arizona, as follows: Cerbat, Arizona and Pisgah, California). The Company previously had mineral rights in Owl Canyon, California and Wikieup, Arizona, which have now been abandoned.

As an exploration stage enterprise, the Company discloses the deficit accumulated during the exploration stage. An entity remains in the exploration stage until such time as proven or probable reserves have been established for its deposits. Upon the location of commercially mineable reserves, the Company plans to prepare for mineral extraction and enter the development stage. To date, the exploration stage of the Company’s operations consists of contracting with geologists who sample and assess the mining viability of the Company’s claims.

Summary of Significant Accounting Policies

Basis of Presentation

These financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States. The Company’s fiscal year-end is December 31.

The Company’s functional and reporting currency is the United States dollar (USD). Monetary assets and liabilities denominated in foreign currencies are translated in accordance with ASC 820, using the exchange rate prevailing at the balance sheet date. Gains and losses arising on settlement of foreign currency denominated transactions or balances are included in the determination of income. Foreign currency transactions are primarily undertaken in the Canadian dollar (CDN). The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation.

Exploration Stage Company

The Company is currently an exploration stage company. As an exploration stage enterprise, the Company discloses the deficit accumulated during the exploration stage and the cumulative statements of operations and cash flows from inception to the current balance sheet date. The Company has incurred an accumulated deficit of \$11,613,029 for the period from inception (March 22, 1995) through December 31, 2017. An entity remains in the exploration stage until such time as proven or probable reserves have been established for its deposits. Upon the location of commercially mineable reserves, the Company plans to prepare for mineral extraction and enter the development stage. To date, the exploration stage of the Company’s operations consists of contracting with geologists who sample and assess the mining viability of the Company’s claims.

Revenue

Revenue is generated from the lease of mineral properties under our control. Revenue is recognized monthly over the term of the lease.

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CASH FLOW

	Year ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (349,237)	\$ (168,105)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	30,500	-
Decrease (increase) in assets:		
Prepaid expenses	(4,500)	-
Increase (decrease) in liabilities:		
Accounts payable	153,451	89,716
Accrued expenses	1,799	3,480
Accrued expenses, related parties	12,451	12,502
Unearned revenues	-	(9,167)
Unearned revenues, related party	148,673	54,106
Net cash used in operating activities	<u>(6,863)</u>	<u>(17,468)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable, related parties	<u>7,632</u>	<u>15,563</u>
Net cash provided by (used in) financing activities	<u>7,632</u>	<u>15,563</u>
Net increase (decrease) in cash	769	(1,905)
Cash, beginning of period	-	1,905
Cash, end of period	<u>\$ 769</u>	<u>\$ -</u>
CASH PAID FOR		
Interest expense	-	-
Income taxes	-	-

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

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
December 31, 2017 and 2016

	<u>Common stock</u>		<u>Additional</u>	<u>(Deficit)</u> <u>Accumulated</u>	<u>Total</u>
	<u>Number of</u>	<u>Amount</u>	<u>Paid-in</u>	<u>during</u>	<u>Stockholders'</u>
	<u>Shares</u>	<u></u>	<u>Capital</u>	<u>Exploration</u>	<u>Deficit</u>
	<u></u>	<u>\$</u>	<u></u>	<u>Stage</u>	<u></u>
Balance, December 31, 2015	<u>42,867,060</u>	<u>\$ 42,867</u>	<u>\$ 10,565,997</u>	<u>\$ (11,095,687)</u>	<u>\$ (486,823)</u>
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(168,105)</u>	<u>(168,105)</u>
Balance, December 31, 2016	<u>42,867,060</u>	<u>42,867</u>	<u>10,565,997</u>	<u>(11,263,792)</u>	<u>(654,928)</u>
Stock-based compensation	<u>800,000</u>	<u>800</u>	<u>29,700</u>	<u>-</u>	<u>30,500</u>
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(349,237)</u>	<u>(349,237)</u>
Balance, December 31, 2017	<u>43,667,060</u>	<u>\$ 43,667</u>	<u>\$ 10,595,697</u>	<u>\$ (11,613,029)</u>	<u>\$ (973,665)</u>

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

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF OPERATIONS
For the years ended December 31, 2017 and 2016

	2017	2016
Rental Income	\$ —	\$ 9,167
Operating expenses:		
Exploration costs	8,738	17,096
General and administrative	228,747	147,346
Depreciation	—	—
Officer salary and director fees	75,000	—
Stock-based compensation	30,500	—
Total operating expenses	<u>342,983</u>	<u>164,442</u>
Net operating loss	<u>(342,983)</u>	<u>(155,275)</u>
Other income (expense):		
Interest expense	(12,451)	(13,243)
Gain on sale of assets	9,000	—
Foreign exchange gain (loss)	(3,503)	145
Non-recurring income	700	268
Total other income (expense)	<u>(6,254)</u>	<u>(12,830)</u>
Loss before provision for income taxes	(349,237)	(168,105)
Provision for income taxes	—	—
Net loss	<u>\$ (349,237)</u>	<u>\$ (168,105)</u>
Weighted average number of common shares outstanding – basic and fully diluted	<u>42,869,252</u>	<u>42,867,060</u>
Net loss per share – basic and fully diluted	<u>\$ (0.01)</u>	<u>(0.00) ⁽¹⁾</u>

(1) Value is a negative amount less than 0.01.0

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

CAN-CAL RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
BALANCE SHEETS

	December 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash	\$ 769	\$ —
Other current assets	<u>5,790</u>	<u>1,290</u>
Total current assets	<u>6,559</u>	<u>1,290</u>
Total assets	<u>\$ 6,559</u>	<u>\$ 1,290</u>
LIABILITIES AND STOCKHOLDERS' (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 310,817	\$ 157,366
Accounts payable, related parties	506	506
Accrued expenses	8,679	6,880
Accrued expenses, related parties	117,913	105,462
Unearned rental revenues	—	—
Unearned revenues, related party	402,438	253,765
Notes payable, related parties	<u>139,871</u>	<u>132,239</u>
Total current liabilities	<u>980,224</u>	<u>656,218</u>
Total liabilities	<u>980,224</u>	<u>656,218</u>
Commitments and contingencies (See Note 8)		
Stockholders' (deficit):		
Preferred stock ⁽¹⁾	—	—
Common stock ⁽²⁾	43,667	42,867
Additional paid-in capital	10,595,697	10,565,997
(Deficit) accumulated during exploration stage	<u>(11,613,029)</u>	<u>(11,263,792)</u>
Total stockholders' (deficit)	<u>(973,665)</u>	<u>(654,928)</u>
Total liabilities and stockholders' (deficit)	<u>\$ 6,559</u>	<u>\$ 1,290</u>

(1) Preferred stock, \$0.001 par value, 10,000,000 shares authorized, no shares issued and outstanding

(2) Common stock, \$0.001 par value, 100,000,000 shares authorized, 43,667,060 issued and outstanding as of December 31, 2017 and 42,867,060 issued and outstanding as of December 31, 2016.

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Can-Cal Resources Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Can-Cal Resources Ltd. ("the Company") as of December 31, 2017 and 2016 and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2017, in conformity with generally accepted accounting principles.

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 audits. 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 audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Can-Cal Resources Ltd. as of December 31, 2017 and 2016 and the results of their operations and their cash flows for each of the years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Matter of Emphasis

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

/s/ Thayer O'Neal Company, LLC

Thayer O'Neal Company, LLC

We have served as the Company's auditor since 2013

Houston, Texas
March 31, 2018

F-1n

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, as amended, and Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed by the following persons in the capacities indicated on the dates indicated.

/s/ Gary Oosterhoff, Director

April 10, 2018

Gary Oosterhoff

/s/ Cornelus Korver, Director

April 10, 2018

Cornelus Korver

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAN-CAL RESOURCES LTD.

By: /s/ Casey Douglass

Casey Douglass, Chairman of the Board of Directors

Date: April 10, 2018

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

The following information required under this item is filed as part of this report:

(a) D. Financial Statements⁰

	<u>Page</u>
<u>Management's Report on Internal Control Over Financial Reporting</u>	25
<u>Report of Independent Registered Public Accounting Firm</u>	F-10
<u>Balance Sheets</u>	F-20
<u>Statements of Operations</u>	F-3
<u>Statements of Stockholders' (Deficit)</u>	F-4
<u>Statements of Cash Flows</u>	F-50
<u>Notes to Financial Statements</u>	F-60

(b) 2. Financial Statement Schedules

None.

(c) B. Exhibit Index⁰

<u>Exhibit</u>	<u>Exhibit Description</u>	<u>Filed herewith</u>	<u>Incorporated by reference</u>			
			<u>Form</u>	<u>Period ending</u>	<u>Exhibit</u>	<u>Filing date</u>
3.1	<u>Articles of Incorporation</u>		Form 10-SB	N/A	3.0	7/9/1999
3.2	<u>Amendment to the Articles of Incorporation</u>		Form 10-SB	N/A	3.1	7/9/1999
3.3	<u>By-Laws</u>		Form 10-SB	N/A	3.2	7/9/1999
10.1	<u>Form of Mineral Lease Agreement</u>		10-K	12/31/2014	10.1	1/7/2016
10.2	<u>Form of Promissory Note with Future Worth Capital</u>		10-K	12/31/2014	10.2	1/7/2016
10.3	<u>Form of Subscription Agreement for Promissory Note with Future Worth Capital</u>		10-K	12/31/2014	10.3	1/7/2016
10.4	<u>Form of Warrant Certificate with Future Worth Capital</u>		10-K	12/31/2014	10.4	1/7/2016
31.1	<u>Certification of Principal Executive Officer/Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act</u>	X				
32.1	<u>Certification of Principal Executive Officer/Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act</u>	X				
99.1	<u>Summary Regarding Pisgah, Wikieup, Cerbat and the Owl Canyon Properties</u>		10-KSB/A0	12/31/07	99.1	03/11/09
101.INS	<u>XBRL Instance Document</u>	X				
101.SCH0	<u>XBRL Schema Document</u>	X				
101.CAL0	<u>XBRL Calculation Linkbase Document</u>	X				
101.DEF0	<u>XBRL Definition Linkbase Document</u>	X				
101.LAB	<u>XBRL Labels Linkbase Document</u>	X				
101.PRE	<u>XBRL Presentation Linkbase Document</u>	X				

Since August 2012, G. Michael Hogan, the former CEO and former Chairman of the Board, has been providing funds to the Company to pay for ongoing operations. The amount received is a note payable, is unsecured, bears interest at 10%, and is due on demand. At December 31, 2017, the amount outstanding, including interest, is \$179,409.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The Board of Directors has not established an audit committee. However, the Board of Directors, as a group, carries out the responsibilities, which an audit committee would have. In this respect the Board of Directors has the responsibility of reviewing our financial statements, exercising general oversight of the integrity and reliability of our accounting and financial reporting practices, and monitoring the effectiveness of our internal control systems. The Board of Directors also recommends selection of the auditing firm and exercises general oversight of the activities of our independent auditors, principal financial and accounting officers and employees and related matters.

Until his resignation, the Board of Directors delegated management of the Company to Mr. G. Michael Hogan and the Board of Directors. The responsibility was then passed on to the Chairman of the Board to manage the terms of engagement, before we engage independent auditor for audit and non-audit services, except as to engagements for services outside the scope of the original terms, in which instances the services have been provided pursuant to preapproval policies and procedures, established by management. These pre-approval policies and procedures are detailed as to the category of service and the Board of Directors is kept informed of each service provided.

(7) Thayer O'Neal Company, LLC, was retained as our auditing firm by the Board of Directors for the fiscal years ended December 31, 2016 and 2017. Thayer O'Neal Company, LLC billed us as follows for the years ended December 31, 2017 and 2016, respectively:

(\$ dollars)	For the Fiscal Years Ended December 31,	
	2017	2016
Audit Fees ^(a)	28,582	25,443
Audit-Related Fees ^(b)	-	-
Tax Fees ^(c)	-	-
All Other Fees ^(d)	-	-
Total fees paid or accrued	<u>28,582</u>	<u>25,443</u>

a) Includes fees for audit of the annual financial statements and review of quarterly financial information filed with the Securities and Exchange Commission.

b) For assurance and related services that were reasonably related to the performance of the audit or review of the financial statements, which are not included in the Audit Fees category. The Company had no Audit-Related Fees for the periods ended December 31, 2017 and 2016.

c) For tax compliance, tax advice, and tax planning services, relating to any and all federal and state tax returns as necessary for the periods ended December 31, 2017 and 2016, respectively.

d) For services in respect of any and all other reports as required by the SEC and other governing agencies.

Name and Address of Beneficial Owner, Officer or Director ^{Notes (1) & (3)}	2017	
	Number of Shares	Percentage of Outstanding Common Stock ^{Note (2)}
Beneficial Owners, Officers and Directors:		
G Michael Hogan, Former CEO, President and Director	3,760,419	8.6%
Casey Douglass, Director	463,000 (4)	1.1%
Gary Oosterhoff, Director	300,000 (4)	0.7%
Cornelus (Case) Korver, Director	300,000 (4)	0.7%
All Current Directors and Executives as a Group	1,063,000 (4)	2.5%

(1) As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security).

(2) Figures are rounded to the nearest tenth of a percent.

(3) The address of each person is care of Can-Cal: 42 Springfield Avenue, Red Deer, Alberta, Canada T4N 0C7.0

(4) These amounts include the 100,000 of stock options that each of the directors have that are vested and exercisable within 60 days after December 31, 2017.

Name and Address of Beneficial Owner, Officer or Director ^{Notes (1) & (3)}	2016	
	Number of Shares	Percentage of Outstanding Common Stock ^{Note (2)}
Beneficial Owners, Officers and Directors:		
G Michael Hogan, Former CEO, President and Director	2,960,419	6.9%
Casey Douglass, Director	263,000	0.6%
Gary Oosterhoff, Director	100,000	0.2%
Cornelus (Case) Korver, Director	100,000	0.2%
All Current Directors and Executives as a Group	463,000	1.0%

(1) As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security).

(2) Figures are rounded to the nearest tenth of a percent.

(3) The address of each person is care of Can-Cal: 42 Springfield Avenue, Red Deer, Alberta, Canada T4N 0C7.0

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Starting June 10, 2016, For Life Financial, a company owned by Casey Douglass, one of the directors, was hired to manage the day-to-day operations of the Company. The agreement was signed for a monthly rate of \$2,100 CAD per month. On September 20, 2016, a second agreement to wholly manage the Company was added at a rate of \$50,000 USD per annum.

Casey Douglass, a director of the Company has a 2% ownership in Candeo Lava Products Inc. The Company has a material supply agreement with Candeo Lava Products Inc. for the Pisgah Property, pursuant to which Candeo will pay for and acquire 30,000 tons, and then it will pre-purchase a minimum of ten thousand (10,000) tons per year at a purchase price of fifteen dollars (\$15.00 USD) per ton for a total payment of \$150,000 USD per year in each of the first three years of the term.

25. PARTIAL INVALIDITY. If any term or provision of this Second Amended MSA shall to any extent be held invalid or unenforceable, then the remaining terms and provisions of this Second Amended MSA shall not be affected thereby, but each term and provision of this Second Amended MSA shall be valid and be enforced to the fullest extent permitted by law. In the event that any provision of this Second Amended MSA relating to the time periods shall be declared by a court of competent jurisdiction to exceed the maximum time period that such court deems reasonable and enforceable, the time period deemed reasonable and enforceable by the court shall become and thereafter be the maximum time period.

26. GOVERNING LAW. This Second Amended MSA shall be governed by the laws of the State of Nevada.

27. CAPTIONS. The captions of this Second Amended MSA are for convenience only and are not to be construed as part of this Second Amended MSA and shall not be construed as defining or limiting in any way the scope or intent of the provisions of this Second Amended MSA.

28. NO WAIVER. No waiver of any covenant or condition contained in this Second Amended MSA or of any breach of any such covenant or condition shall constitute a waiver of any subsequent breach of such covenant or condition by either party or justify or authorize the non-observance on any other occasion of the same or any other covenant or condition.

29. ENTIRE AGREEMENT; MODIFICATION. This Second Amended MSA represents the entire understanding and agreement between the parties with respect hereto and supersedes all prior written instruments or memoranda with respect to the subject matter of this Second Amended MSA. No modification of this Second Amended MSA shall be binding unless it is in writing and executed by an authorized representative of Can-Cal and Candeo.

30. COUNTERPARTS. This Second Amended MSA may be executed in one or more counterparts which, together, shall constitute an original and binding agreement on the parties hereto.

31. RELATIONSHIP OF THE PARTIES. Nothing contained in this Second Amended MSA shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent, partnership, or joint venture between the parties hereto, it being understood and agreed that no provision contained in this Second Amended MSA nor any acts of the parties hereto shall be deemed to create any relationship other than the relationship of supplier and customer.


32. INCORPORATION OF EXHIBITS. This Second Amended MSA shall be deemed to have incorporated by reference all of the Exhibits referred to herein to the same extent as if such Exhibits were fully set forth herein.

[signature page follows]

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day and year first above written.

Executed effective as of the date first above written.

CANDEO LAVA PRODUCTS INC.

Per: 
Name: WILLIAM T. HOGAN
Title: CHAIRMAN & CEO

CAN-CAL RESOURCES, LTD.

Per: _____
Name:
Title:

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day and year first above written.

Executed effective as of the date first above written.

CANDEO LAVA PRODUCTS INC.

Per: _____
Name;
Title:

CAN-CAL RESOURCES, LTD.


Per: 
Name: Casey Douglas
Title: Chairman of Board

Exhibit A

The Pisgah Mine Project is located in San Bernardino County, 72 kilometers (45 miles) east of the city of Barstow, California, and 307 kilometers (192 miles) south-southeast of Las Vegas, Nevada, United States. Barstow lies near the southwest border of California, east of the junction of Interstate 15, Interstate 40 and U.S. Route 66. The Project is centered at Latitude $34^{\circ} 44' 47''$ North, Longitude $116^{\circ} 22' 29''$ West, or UTM (metric) co-ordinates 55700 E/384500 N in Zone 11, datum point NAD 27. It lies within Section 32, Township 8 North, Range 6 East from San Bernardino Meridian. It has an area of 48.4 hectares (120.2 acres). In 1997 Can-Cal Resources Ltd., a Las Vegas, NV based exploration company, gained 100% ownership of the claim which covers the Pisgah property.

Access to the Pisgah Project is by the paved 2-lane paved road from the junction of Interstate 15 and Interstate 40 just east of Barstow, California travel east along Interstate 40 for 52 kilometers (32.5 miles). Take the Hector Rd. Exit and turn right onto Hector Rd. From here turn left onto Historic Route 66 for 7.4 kilometers (4.6 miles), and then turn right (south) onto the Pisgah Crater road. Follow this road for 3.2 kilometers (2.0 miles) to the Pisgah Crater workings.

The Pisgah Mining Property lies near the south end of the Mojave Desert. The region forms the southwestern extent of Precambrian continental North America and rests at the present plate edge formed by the San Andreas transform fault. An oceanic plate has bordered the region since late Precambrian time. Starting in late Miocene time the Mojave Desert area was dissected by NW-trending right-lateral strike-slip faults with local areas of E-trending left-lateral strike-slip faults.

Exhibit B

[Approved Form of UCC Financing Statement Attached]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
Lori Argall Holland & Hart LLP 5441 Kietzko Lane Second Floor Reno, NV 89511

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); If any part of the Individual Debtor's name will not fit in line 1b, leave all of Item 1 blank, check here and provide the Individual Debtor Information in Item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME Can-Cal Resources Ltd.			
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
1c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY E

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); If any part of the Individual Debtor's name will not fit in line 2b, leave all of Item 2 blank, check here and provide the Individual Debtor Information in Item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME			
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
2c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME Candeo Lava Products Inc.			
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
3c. MAILING ADDRESS 1712 - 25 St. S.W.		CITY Calgary, Alberta	STATE POSTAL CODE COUNTRY T3C 1J6 CAN

4. COLLATERAL: This financing statement covers the following collateral:

The collateral consists of (i) all Material that Secured Party has previously purchased until such Material is removed from the Property, (ii) all Material that Secured Party in the future purchases under the Second Amended MSA until such Material is removed from the Property, and (iii) all rights of Secured Party under the Second Amended MSA to purchase Material. As used herein, (i) "Second Amended MSA" means that Second Amended and Restated Material Supply Agreement, dated as of March 15, 2018, between Debtor and Secured Party, (ii) "Material" means the volcanic lava, cinders, gravel, rock, sediments, and other material on or under the Property that Debtor may lawfully sell under the Second Amended MSA, and (iii) "Property" means the approximately 120 acres of property situated 45 miles east of Barstow, California and more particularly described in attached Exhibit "A".

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, Item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box: Public-Finance Transaction Manufactured-Home Transaction A Debtor Is a Transmitting Utility

6b. Check only if applicable and check only one box: Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignor/Consignee Seller/Buyer Bailor/Ballor Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:

85517.0001

Exhibit A

The Pisgah Mine Project is located in San Bernardino County, 72 kilometers (45 miles) east of the city of Barstow, California, and 307 kilometers (192 miles) south-southeast of Las Vegas, Nevada, United States. Barstow lies near the southwest border of California, east of the junction of Interstate 15, Interstate 40 and U.S. Route 66. The Project is centered at Latitude 34° 44' 47" North, Longitude 116° 22' 29" West, or UTM (metric) co-ordinates 55700 E/384500 N in Zone 11, datum point NAD 27. It lies within Section 32, Township 8 North, Range 6 East from San Bernardino Meridian. It has an area of 48.4 hectares (120.2 acres). In 1997 Can-Cal Resources Ltd., a Las Vegas, NV based exploration company, gained 100% ownership of the claim which covers the Pisgah property.

Access to the Pisgah Project is by the paved 2-lane paved road from the junction of Interstate 15 and Interstate 40 just east of Barstow, California travel east along Interstate 40 for 52 kilometers (32.5 miles). Take the Hector Rd. Exit and turn right onto Hector Rd. From here turn left onto Historic Route 66 for 7.4 kilometers (4.6 miles), and then turn right (south) onto the Pisgah Crater road. Follow this road for 3.2 kilometers (2.0 miles) to the Pisgah Crater workings.

The Pisgah Mining Property lies near the south end of the Mojave Desert. The region forms the southwestern extent of Precambrian continental North America and rests at the present plate edge formed by the San Andreas transform fault. An oceanic plate has bordered the region since late Precambrian time. Starting in late Miocene time the Mojave Desert area was dissected by NW-trending right-lateral strike-slip faults with local areas of E-trending left-lateral strike-slip faults.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
Lori Argalle Holland & Hart LLP 5441 Kietzke Lane Second Floor Reno, NV 89511

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in Item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME Can-Cal Resources Ltd.				
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in Item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME Candeo Lava Products Inc.				
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS 1712 - 25 St. S.W.		Calgary, Alberta	T3C 1J6	CAN

4. COLLATERAL: This financing statement covers the following collateral:

The collateral consists of (i) all Material that Secured Party has previously purchased until such Material is removed from the Property, (ii) all Material that Secured Party in the future purchases under the Second Amended MSA until such Material is removed from the Property, and (iii) all rights of Secured Party under the Second Amended MSA to purchase Material. As used herein, (i) "Second Amended MSA" means that Second Amended and Restated Material Supply Agreement, dated as of March 15, 2018, between Debtor and Secured Party, (ii) "Material" means the volcanic lava, cinders, gravel, rock, sediments, and other material on or under the Property that Debtor may lawfully sell under the Second Amended MSA, and (iii) "Property" means the approximately 120 acres of property situated 45 miles east of Barstov, California and more particularly described in attached Exhibit "A".

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, Item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box: Public Finance Transaction Manufactured Home Transaction A Debtor is a Transmilling Utility

6b. Check only if applicable and check only one box: Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailor/Bailee Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:
85517.0001e

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME Can-Cal Resources Ltd.	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX e

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX

10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
----------------------	------	-------	-------------	---------

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME			
OR			
11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):
 The collateral consists of (I) all Material that Secured Party has previously purchased until such Material is removed from the Property, (II) all Material that Secured Party in the future purchases under the Second Amended MSA until such Material is removed from the Property, and (III) all rights of Secured Party under the Second Amended MSA to purchase Material. As used herein, (i) "Second Amended MSA" means that Second Amended and Restated Material Supply Agreement, dated as of March 15, 2018, between Debtor and Secured Party, (ii) "Material" means the volcanic lava, cinders,

13. This FINANCING STATEMENT is to be filed (or recorded) in the REAL ESTATE RECORDS (if applicable)

15. Name and address of a RECORD OWNER of real estate described in Item 10 (if Debtor does not have a record interest):
Can-Cal Resources Ltd.

14. This FINANCING STATEMENT:
 covers timber to be cut covers ex-extracted collateral is filed as a future filing

16. Description of real estate:
See attached Exhibit A

17. MISCELLANEOUS:
 85517.0001

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME Can-Cal Resources Ltd.	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX			
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR-SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):
 gravel, rock, sediments, and other material on or under the Property that Debtor may lawfully sell under the Second Amended MSA, and (ii) "Property" means the approximately 120 acres of property situated 45 miles east of Barstov, California and more particularly described in attached Exhibit "A".

<p>13. <input checked="" type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS (if applicable)</p> <p>15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):</p>	<p>14. This FINANCING STATEMENT: <input type="checkbox"/> covers timber to be cut <input type="checkbox"/> covers as-extracted collateral <input checked="" type="checkbox"/> is filed as a future filing</p> <p>16. Description of real estate:</p>
---	---

17. MISCELLANEOUS:

Exhibit A

The Pisgah Mine Project is located in San Bernardino County, 72 kilometers (45 miles) east of the city of Barstow, California, and 307 kilometers (192 miles) south-southeast of Las Vegas, Nevada, United States. Barstow lies near the southwest border of California, east of the junction of Interstate 15, Interstate 40 and U.S. Route 66. The Project is centered at Latitude 34° 44' 47" North, Longitude 116° 22' 29" West, or UTM (metric) co-ordinates 55700 E/384500 N in Zone 11, datum point NAD 27. It lies within Section 32, Township 8 North, Range 6 East from San Bernardino Meridian. It has an area of 48.4 hectares (120.2 acres). In 1997 Can-Cal Resources Ltd., a Las Vegas, NV based exploration company, gained 100% ownership of the claim which covers the Pisgah property.

Access to the Pisgah Project is by the paved 2-lane paved road from the junction of Interstate 15 and Interstate 40 just east of Barstow, California travel east along Interstate 40 for 52 kilometers (32.5 miles). Take the Hector Rd. Exit and turn right onto Hector Rd. From here turn left onto Historic Route 66 for 7.4 kilometers (4.6 miles), and then turn right (south) onto the Pisgah Crater road. Follow this road for 3.2 kilometers (2.0 miles) to the Pisgah Crater workings.

The Pisgah Mining Property lies near the south end of the Mojave Desert. The region forms the southwestern extent of Precambrian continental North America and rests at the present plate edge formed by the San Andreas transform fault. An oceanic plate has bordered the region since late Precambrian time. Starting in late Miocene time the Mojave Desert area was dissected by NW-trending right-lateral strike-slip faults with local areas of E-trending left-lateral strike-slip faults.

EXHIBIT A-1

**RECORDING REQUESTED BY
AND WHEN RECORDED PLEASE
RETURN TO:**

Holland & Hart
9555 Hillwood Drive, Second Floor
Las Vegas, Nevada 89134
Attention: Patrick J. Reilly, Esq.

MATERIAL STORAGE LICENSE AGREEMENT

THIS MATERIAL STORAGE LICENSE (this "Agreement") is made as of March 15, 2018 by and between **CAN-CAL RESOURCES, LTD.**, a Nevada corporation, as supplier ("Can-Cal"), and **CANDEO LAVA PRODUCTS INC.**, an Alberta corporation, as customer ("Candeo") (the foregoing parties are collectively the "Parties" and each is a "Party").

RECITALS:

A. Can-Cal is the owner of the approximately 120 acres of property situated 45 miles east of Barstow, California and more particularly described in attached Exhibit "A" (the "Property").

B. The Parties have entered into that Second Amended and Restated Material Supply Agreement (the "Second Amended MSA"), dated on or about the date hereof, providing for the sale by Can-Cal to Candeo from time to time of volcanic lava, cinders, gravel, rock, sediments and other material on or under the Property that Can-Cal can legally sell (collectively, "Material").

C. Candeo desires a license to store Material that Candeo has purchased or will purchase under the Second Amended MSA (and previous agreements that were superseded by the Second Amended MSA) on the Property until such time as Candeo elects to remove the same from the Property.

D. Can-Cal has agreed to grant such license to Candeo as provided herein.

NOW, THEREFORE, the Parties agree as follows:

1. Capitalized Terms. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Second Amended MSA.

2.0 Grant of License. Can-Cal hereby grants to Candeo a license (the "License") to store on the Property during the License Term (as defined below) any Material that Candeo has previously purchased or that Candeo in the future purchases under the Second Amended MSA; provided, however, that (i) Candeo shall remove any Material that Candeo has previously purchased from the Property prior to the end of the fourth (4th) year of the License Term, and (ii) Candeo shall remove any Material that Candeo in the future purchases under the Second Amended MSA from the Property prior to the later of (a) the end of the fourth (4th) year of the License Term, or (b) the date two (2) years after Candeo purchases such Material.

3.0 Consideration. Candeo shall not be required to pay Can-Cal any consideration for the License other than the applicable Purchase Payment for Material purchased by Candeo under the Second Amended MSA and stored on the Property hereunder.

4.0 Term. The term of the License (the "License Term") shall commence as of the date hereof and end on the earlier of (i) the first date after the expiration or sooner termination of the Second Amended MSA that there is no longer any Material purchased by Candeo on the Property, or (ii) the date two (2) years after the expiration or sooner termination of the Second Amended MSA.

5. Security and Access. Candeo shall be solely responsible for securing any Material stored on the Property by Candeo hereunder, and Can-Cal shall have no obligations or liabilities with respect thereto. Candeo shall be entitled at all times to reasonable access to the Property to remove the purchased Material and, if requested by Candeo, Can-Cal shall grant in favor of Candeo, for no additional consideration, any access license on the Property reasonably necessary for such purposes.

6.0 Incorporation of Terms. Candeo's use of the License shall be subject to all of the terms and conditions of the Second Amended MSA, all of which are incorporated herein by this reference. Without limiting the foregoing, the terms and conditions of the Second Amended MSA governing the rights and obligations of each of Candeo and Can-Cal applicable to Candeo's use of the Property (including, without limitation, Sections 5, 8(b), 9(a), 10, 11(a), 13(a), 14 and 15 of the Second Amended MSA) shall, for the purposes of this Agreement, survive the expiration or sooner termination of the Second Amended MSA.

7.0 Governing Law. The validity, construction, performance and effect of this Agreement shall be governed by the laws of the State of Nevada to the maximum extent permissible by law, and otherwise shall be governed by the laws of the State of California.

[SIGNATURE PAGE FOLLOWS]

EXHIBIT "A"

DESCRIPTION OF PROPERTY

The Pisgah Mine Project is located in San Bernardino County, 72 kilometers (45 miles) east of the city of Barstow, California, and 307 kilometers (192 miles) south-southeast of Las Vegas, Nevada, United States. Barstow lies near the southwest border of California, east of the junction of Interstate 15, Interstate 40 and U.S. Route 66. The Project is centered at Latitude 34° 44' 47" North, Longitude 116° 22' 29" West, or UTM (metric) co-ordinates 55700 E/384500 N in Zone 11, datum point NAD 27. It lies within Section 32, Township 8 North, Range 6 East from San Bernardino Meridian. It has an area of 48.4 hectares (120.2 acres). In 1997 Can-Cal Resources Ltd., a Las Vegas, NV based exploration company, gained 100% ownership of the claim which covers the Pisgah property.

Access to the Pisgah Project is by the paved 2-lane paved road from the junction of Interstate 15 and Interstate 40 just east of Barstow, California travel east along Interstate 40 for 52 kilometers (32.5 miles). Take the Hector Rd. Exit and turn right onto Hector Rd. From here turn left onto Historic Route 66 for 7.4 kilometers (4.6 miles), and then turn right (south) onto the Pisgah Crater road. Follow this road for 3.2 kilometers (2.0 miles) to the Pisgah Crater workings.

The Pisgah Mining Property lies near the south end of the Mojave Desert. The region forms the southwestern extent of Precambrian continental North America and rests at the present plate edge formed by the San Andreas transform fault. An oceanic plate has bordered the region since late Precambrian time. Starting in late Miocene time the Mojave Desert area was dissected by NW-trending right-lateral strike-slip faults with local areas of E-trending left-lateral strike-slip faults.

EXHIBIT B

EXHIBIT B-1

**CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION
(AFTER ISSUANCE OF STOCK)**

CAN-CAL RESOURCES LTD.

The undersigned, _____, Secretary of Can-Cal Resources, Ltd., does hereby certify:

1.d That the board of directors of said corporation at a meeting duly convened, held on _____, 2018, adopted a resolution to amend the original Articles of Incorporation, as modified to date, by adding new Article FOURTEENTH, as follows:d

"FOURTEENTH: Notwithstanding any other provision of this Certificate of Amendment of Articles of Incorporation or the By-laws of the corporation, and in addition to any affirmative vote of the holders of any particular class of stock of the corporation required by applicable law, the Articles of Incorporation or the By-laws of the corporation, the affirmative vote of the holders of at least 90% of the voting power of the shares of the then outstanding voting stock of the corporation, voting together as a single class, shall be required to authorize any of the Supermajority Matters. For purposes hereof, the "Supermajority Matters" are: (i) authorization of the corporation to file a voluntary petition for relief under the provisions of Chapter 11 of Title 11 of the United States Code (i.e., the U.S. Bankruptcy Code); (ii) modification of that certain Second Amended Material Supply Agreement by and between the corporation and Candeo Lava Products, Inc.; (iii) increase to the corporation's outstanding voting capital securities to more than 100 million outstanding votes, in the aggregate; and (iv) the Amendment or repeal of any provisions of this Article FOURTEENTH or the adoption of any provisions inconsistent with this Article FOURTEENTH."

2.d That the number of shares of the corporation outstanding and entitled to vote on the above amendment to the Articles of Incorporation was _____; andd

3.d That the said amendment have been consented to and approved by a majority vote of d the stockholders holding at least a majority of each class outstanding and entitled to d vote thereon, at the _____ meeting of shareholders held _____, 2018.d

_____, 2018

_____, Secretary

EXHIBIT B-2

IRREVOCABLE PROXY COUPLED-WITH-AN-INTEREST

THIS IRREVOCABLE PROXY COUPLED-WITH-AN-INTEREST (this "Proxy") is granted this ___ day of _____, 2018, by _____ ("Stockholder") to _____ ("Proxy Holder") with respect to the "Subject Shares" (as defined below) in Can-Cal Resources, Ltd., a Nevada corporation (the "Company"), and is delivered pursuant to, and as an element of the consummation of, that certain Stipulation and Agreement of Settlement in *Ronald D. Sloan, et al. v. Can-Cal Resources, Ltd., et al.*, Eighth Judicial District Court of Clark County, Nevada, Case No. A-14-701465-B (the "Lawsuit"), for the purpose of reaching a settlement of the Lawsuit (the "Settlement").e

1.e Grant of Proxy. The undersigned Stockholder does hereby irrevocably constitute and appoint Proxy Holder, for a term of seven years from the date hereof (the "Term"), with full powers of substitution, as Stockholder's true and lawful proxy and attorney-in-fact, for and in Stockholder's name, place and stead, to vote all of the Subject Shares and any and all other equity interests in the Company owned by Stockholder, beneficially or of record, now owned or hereafter acquired ("Other Equity Interests"), with respect to any and all matters whatsoever, including, without limitation, e Stockholder's rights to appoint and to replace members of the Board of Directors of the Company; e provided, however, that the rights granted hereunder are not applicable to any vote as to any Supermajority Matters, as that term is defined in the Certificate of Amendment of Articles of Incorporation of the Company filed with the Nevada Secretary of State on _____, 2018.e

2.e Irrevocable Proxy Coupled-With-An-Interest. Stockholder hereby acknowledges that this Proxy is irrevocable and coupled-with-an-interest, within the meaning of that term under the laws of the State of Nevada, it being understood and agreed that the grant of this Proxy was a part of the consideration required under the terms of the Settlement and that this Proxy cannot be revoked or limited in any respect whatsoever (including the bankruptcy of the undersigned Stockholder) for the Term hereof. This Proxy shall be binding upon any transferee or assignee of the undersigned Stockholder or other successor owner of the Subject Shares or Other Equity Interests.

3.e Revocation of Prior Proxies and Acknowledgement of this Proxy. The undersigned Stockholder hereby revokes all other proxies and powers of attorney that the Stockholder may have granted or appointed with respect to the Subject Shares or Other Equity Interests and covenants not to grant any subsequent proxy or power of attorney (and if given, it will not be effective) and not to enter into any other voting agreement with respect to the Subject Shares or Other Equity Interests. The Company acknowledges the powers and proxy granted herein and hereby agrees that, except with respect to Supermajority Matters, the Proxy Holder shall have the sole right during the Term to vote the Subject Shares and any Other Equity Interests.

4. Subject Shares. For purposes hereof, the "Subject Shares" are those certain _____ shares of Common Stock, \$___ par value of the Company, evidenced by Stock Certificate(s) _____ (the "Stock Certificates"). The Company and the Stockholder each agree that each Stock Certificate, and each certificate, if any, that may hereafter from time to time evidence the Subject Shares and any Other Equity Interests, shall be marked by the Company with a restrictive legend as set forth herein. The Company shall place or cause to be placed the following legend on

each Stock Certificate and upon any new or replacement certificate that is issued by the Company representing Subject Shares and any Other Equity Interests:

"THE SHARES OF COMMON STOCK AND/OR OTHER EQUITY INTERESTS EVIDENCED HEREBY ARE SUBJECT TO AN IRREVOCABLE PROXY COUPLED-WITH-AN-INTEREST (A COPY OF WHICH MAY BE OBTAINED UPON REQUEST FROM THE COMPANY), AND BY ACQUIRING ANY INTEREST IN THE SHARES OF COMMON STOCK AND/OR OTHER EQUITY INTERESTS REPRESENTED BY THIS CERTIFICATE THE PARTY ACQUIRING SUCH INTEREST SHALL BE DEEMED TO AGREE TO AND SHALL BECOME BOUND BY ALL OF THE PROVISIONS OF SUCH PROXY."

During the Term hereof, the Company shall not remove, and will not permit to be removed (upon registration of transfer, reissuance, or otherwise), the above legend from any Stock Certificate, or other certificate representing the Subject Shares and any Other Equity Interests.

5. Miscellaneous. Stockholder hereby ratifies and confirms any and all actions that the Proxy Holder or any substitute or substitutes of Proxy Holder may lawfully do or cause to be done of by virtue of and in accordance with the provisions of this Proxy. Stockholder hereby consents to the execution and delivery of this Agreement by the Company and acknowledges that the Proxy Holder is an intended beneficiary hereof. This Proxy and any and all acts and transactions performed pursuant to this Proxy shall be governed, construed, interpreted and enforced under the laws of the State of Nevada, without regard to its principles of the conflict of laws. Neither this Proxy, nor any term, covenant, or condition expressed herein may be amended, waived, extended, delayed or terminated except by written agreement signed by all parties hereto.

STOCKHOLDER: .

(Sign name)

(Print name)

ACKNOWLEDGED AND AGREED BY COMPANY:

Can-Cal Resources, Ltd.,
a Nevada corporation

By: _____
Name: _____
Title: _____

ACCEPTED BY PROXY HOLDER:

(Sign name)

(Print name)

NOTARIZATION BLOCKS ON FOLLOWING PAGE

STATE OF _____)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2018, by _____
_____ as _____ of _____.

NOTARY PUBLIC

STATE OF _____)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2018, by _____
_____ as _____ of Can-Cal Resources, Ltd.

NOTARY PUBLIC

STATE OF _____)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2018, by _____
_____ as _____ of _____.

NOTARY PUBLIC

EXHIBIT C

1 STEPHEN R. HACKETT, ESQ.
 Nevada Bar No.: 5010
 2 JOHNATHON FAYEGHI, ESQ.
 Nevada Bar No.: 12736
 3 SKLAR WILLIAMS PLLC
 410 South Rampart Boulevard, Suite 3500
 4 Las Vegas, Nevada 89145
 Telephone: (702) 360-6000
 5 Facsimile: (702) 360-0000
 Email: shackett@sklar-law.com
 6 Email: jfayeghi@sklar-law.com

7 *Attorneys for Plaintiffs*

8 DISTRICT COURT

9 CLARK COUNTY, NEVADA

10 RONALD D. SLOAN; ROBIN SCHWARZ;
 GARY COLLINS; JILL BROWN; LARK
 11 TERRELL; NANCY HERBOLD; DANIEL
 R. SLOAN; BETTY ANN SLOAN; PEARL
 12 KIRK; JAMES BOAN; N O WAIT; LARRY
 ORWICK; PATRICIA LA SALLE; BRIANO
 13 WOLFE; STUART R. CAMERON;
 ROBERT WEBSTER; HUGO BONDI;
 14 JOAN BRATSETH; P A BRATSETH;
 DEREK MILANI; DEAN RACHEY; SAM
 15 BROUNSTEIN; SANDRA JANSEN; BRIAN
 JANSEN; RHONDA KIM NICHOLS;
 16 SCOTT NICHOLS; CARMEN ADAIR;
 KRISTA SCHOFIELD; MARK BRATSETH;
 17 ROSE TRUST 11; CLIFF OLSON; DON
 COLLINS; ROYCE NORDSTROM;
 18 NATALIE MAYZEL; DAVID JESSKE;
 THORNTON D. BARNES; JAMES HASON;
 19 SANDRA HASON; EDDIE GUILLET;
 RYAN GUILLET;

Case No.: A-14-701465-B
Dept. No.: XI

**[PROPOSED] ORDER PRELIMINARILY
APPROVING SETTLEMENT AND
PROVIDING FOR NOTICE**

20 ON BEHALF OF CAN-CAL RESOURCES,
21 LTD.,

22 Plaintiffs,

23 vs.

24 CAN-CAL RESOURCES, LTD., a Nevada
 corporation; WILLIAM J. HOGAN;
 25 THOMPSON MACDONALD; RONALD
 SCHINNOUR; MICHAEL HOGAN;
 26 CANDEO LAVA PRODUCTS, INC. a
 Canadian Corporation, and FUTUREWORTH
 27 CAPITAL CORP., a Canadian Corporation,

28 Defendants.

1 WHEREAS, the Parties to the above-captioned shareholder derivative action (the
2 "Derivative Action" or "Action") have submitted a Stipulation and Agreement of Settlement
3 seeking the preliminary approval of the settlement, as well as the Exhibits attached thereto and
4 the arguments by counsel for the parties in favor of preliminary approval of the Settlement;

5 WHEREAS, the Parties have made an application for an order: (i) preliminarily
6 approving the Settlement of the Action, in accordance with the Stipulation and agreement of
7 Settlement dated March 15, 2018 (the "Stipulation"), which, together with the exhibits annexed
8 thereto, sets forth the terms and conditions for the proposed Settlement and dismissal of the
9 Derivative Action with prejudice; and (ii) approving the form and content of (a) the Notice to
10 Current Can-Cal Shareholder (the "Notice") for posting on the websites of Sklar Williams PLLC,
11 Holland & Hart, and Jones Lovelock; (b) the Summary Notice to Current Can-Cal Shareholders
12 for filing by Can-Cal with the U.S. Securities and Exchange Commission ("SEC") via a Current
13 Report on Form 8-K; and (c) the publication of a Summary Notice once in the *Calgary Herald*
14 and the *Las Vegas Review Journal*, newspapers of general circulation in the areas where the
15 majority of the shareholders in Can-Cal are believed to reside;

16 WHEREAS, the Court having: (i) read and considered the Stipulation, as well as all the
17 exhibits attached thereto and (ii) heard and considered arguments by counsel for the Parties in
18 favor of preliminary approval of the Settlement;

19 WHEREAS, the Court finds, upon a preliminary evaluation, that the proposed Settlement
20 falls within the range of possible final approval criteria, as it provides a beneficial result for Can-
21 Cal and its shareholders and appears to be the product of good-faith, informed, and non-collusive
22 negotiations between experienced and capable counsel for the parties;

23 WHEREAS, the Court also finds, upon a preliminary evaluation, that Current Can-Cal
24 shareholders should be apprised of the Settlement through the proposed form of notice, allowed
25 to file objections, if any, thereto, and to appear at the Settlement Hearing; and

26 WHEREAS, all capitalized terms contained herein shall have the same meanings as set
27 forth in the Stipulation, unless otherwise defined herein; and

28 NOW THEREFORE, IT IS HEREBY ORDERED:

1 1.o This Court hereby preliminarily approves, subject to further consideration at the
2 Settlement Hearing described below, the Settlement set forth in the Stipulation, including the
3 terms and conditions for settlement and dismissal with prejudice of the Derivative Action.

4 2.o The Settlement Hearing pursuant to NRCP 23.1 shall be held before the
5 Honorable Elizabeth Goff Gonzalez, in Department 11 of this Court on _____, 2018 at
6 _____ .m. to consider: (i) whether the terms and conditions of the Settlement set forth in
7 the Stipulation are fair, reasonable, and adequate to Can-Cal and Current Can-Cal Shareholders
8 and should be finally approved by this Court; (ii) whether the Judgment approving the
9 Settlement, as provided for in paragraph 1.11 of the Stipulation and attached thereto as Exhibit F,
10 should be entered; (iii) whether Plaintiffs' Counsel's application for an award of attorneys' fees
11 and reimbursement of expenses should be approved; and (iv) such other matters as may be
12 necessary or proper.

13 3.o This Court approves as to form and content the Notice, attached as Exhibit D to
14 the Stipulation, and the Summary Notice, attached as Exhibit E to the Stipulation, and finds that
15 the provisions of the Notice and Summary Notice meet the requirements of Nevada law and due
16 process, is the best notice practicable under the circumstances, and shall constitute due and
17 sufficient notice to all Persons entitled thereto. Nonmaterial changes to the form of Notice may
18 be made without further approval of the Court.

19 4.o Within ten (10) business days following entry of this Order, Defendants shall
20 cause a copy of the Notice and Stipulation to be posted on their counsels' websites, Holland &
21 Hart and Jones Lovelock. Defendants shall maintain the Notice and Stipulation on their
22 counsels' websites until the date the Court enters the Judgment approving the Settlement.

23 5. Within ten (10) business days following entry of this Order, Can-Cal shall cause a
24 copy of the Summary Notice to be filed with the U.S. Securities and Exchange Commission
25 ("SEC") via a Current Report on Form 8-K.

26 6.o Within ten (10) business days following entry of this Order, Can-Cal shall cause a
27 copy of the Summary Notice to be published once in the *Calgary Herald* and the *Las Vegas*
28 *Review Journal* newspapers of general circulation in the areas where a majority of the

1 shareholders of Can-Cal are believed to reside. The costs associated with publishing the
2 Summary Notice shall be paid by Defendants.

3 7.d Within ten (10) business days following entry of this Order, Plaintiffs' Counsel
4 shall cause a copy of the Notice and Stipulation to be posted on the website of Sklar Williams
5 PLLC and shall maintain the Notice and Stipulation on its website until the date the Court enters
6 the Judgment approving the Settlement.

7 8.d This Court hereby finds that the notice procedures described in paragraphs 4-7d
8 above satisfy the requirements of due process, constitute reasonable notice under the
9 circumstances, and shall constitute due and sufficient notice to all Persons entitled to such notice
10 of the proposed Settlement and matters to be considered at the Settlement Hearing.

11 9.d All papers in support of the Settlement and the Fee and Expense Amount shall be
12 filed with this Court and served at least twenty-eight (28) calendar days prior to the Settlement
13 Hearing, and any reply papers, including in response to any objections, shall be filed with this
14 Court at least seven (7) calendar days prior to the Settlement Hearing.

15 10.d Any Current Can-Cal Shareholder may object and/or appear and show cause, if
16 he, she, or it has any concern why the Settlement should not be finally approved as fair,
17 reasonable, and adequate, or why the Judgment should not be entered, or why the Fee and
18 Expense Amount and the Can-Cal Share issuance should not be finally approved; provided,
19 however, unless otherwise ordered by this Court, no Current Can-Cal Shareholder shall be heard
20 or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved,
21 the Judgment to be entered thereon approving the same, or the Fee and Expense Amount, or the
22 Can-Cal Share issuance, unless that shareholder has, at least fourteen (14) calendar days prior
23 to the Settlement Hearing: (a) filed with the Clerk of this Court a signed, written objection to
24 the Settlement setting forth: (i) the nature of the objection; (ii) proof of ownership of Can-Cal
25 common stock through the date of the Settlement Hearing, including the number of shares of
26 Can-Cal common stock and the date of purchase; (iii) any documentation in support of such
27 objection; and (b) if a Current Can-Cal Shareholder intends to appear and requests to be heard at
28 the Settlement Hearing, such shareholder must have, in addition to the requirements of (a) above,

1 filed with the Clerk of this Court: (i) a written notice of such shareholder's intention to appear;
2 (ii) a statement that indicates the basis for such appearance; and (iii) the identities of any
3 witnesses the shareholder intends to call at the Settlement Hearing and a statement as to the
4 subjects of their testimony. If a Current Can-Cal Shareholder files a written objection and/or
5 written notice of intent to appear, such shareholder must also simultaneously serve copies of
6 such notice, proof, statement, and documentation, together with copies of any other papers or
7 briefs such shareholder files with this Court (either by hand delivery or by first class mail) at
8 least fourteen (14) calendar days prior to the Settlement Hearing upon each of the following:

9 Stephen R. Hackett, Esq.
10 SKLAR WILLIAMS PLLC
410 S. Rampart Blvd., Ste. 350
11 Las Vegas, NV 89145

Patrick J. Reilly, Esq.
HOLLAND & HART
9555 Hillwood Dr., 2nd Floor
Las Vegas, NV 89134

12 William R. Fishman, Esq.
2000 S. Colorado Blvd.
13 Tower 1, Ste. 900
Denver, CO 80222

Justin C. Jones, Esq.
JONES LOVELOCK
400 S. 4th St., Ste. 500
Las Vegas, NV 89101

14 *Counsel for Plaintiffs*

Counsel for Defendants

15
16 11.e Any current Can-Cal Shareholder who does not make his, her, or its objection in
17 the manner provided herein shall be deemed to have waived such objection and shall forever be
18 foreclosed from making any objection to the fairness, reasonableness, or adequacy of the
19 Settlement, or to the Fee and Expense Amount unless otherwise ordered by this Court, but shall
20 otherwise be bound by the Final Order and Judgment to be entered and the releases to be given.

21 12.e At least fourteen (14) calendar days prior to the Settlement Hearing, Defendants'e
22 Counsel shall file and serve on counsel in this Action and file with the Court affidavit(s) or
23 declaration(s) stating that the Summary Notice was filed as a Current Report on Form 8-K with
24 the SEC, that the Summary Notice was published in the *Calgary Herald* and the *Las Vegas*
25 *Review Journal*, and that the Notice and Stipulation were posted and maintained on Defendants'
26 counsels' websites.e

27 13.e At least fourteen (14) calendar days prior to the Settlement Hearing, Plaintiffs'e
28 Counsel shall file and serve on counsel in this Action affidavit(s) or declaration(s) stating that the

1 Notice and Stipulation were posted and maintained on the website of Sklar Williams PLLC.

2 14.e Pending final determination of whether the Settlement should be approved, noe
3 Current Can-Cal Shareholder, directly, representatively, or in any other capacity, shall institute,
4 commence or prosecute against any of the Defendants, or derivatively on behalf of Can-Cal, any
5 action or proceeding in any court or tribunal asserting any Released Claims.

6 15. All proceedings in this Derivative Action, except for those proceedings related to
7 the Settlement, shall be stayed and the current trial date vacated, until the resolution of all
8 Settlement-related proceedings.

9 16.e Neither the Stipulation (including any exhibits attached thereto) nor the
10 Settlement, nor any act performed or document executed pursuant to or in furtherance of the
11 Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be
12 offered or used in any way by the Parties as a presumption, a concession or an admission of, or
13 evidence of, the validity of any Released Claims, or of any fault, wrongdoing or liability of any
14 of the Parties, Plaintiffs' Counsel, Defendants' Counsel, or Released Persons; or (b) is or may be
15 deemed to be or may be offered, attempted to be offered or used in any way by the Parties or any
16 other Person as a presumption, a concession, or an admission of, or evidence of, any fault,
17 omission, wrongdoing or liability of any of the Parties, Plaintiffs' Counsel, Defendants' Counsel,
18 or Released Persons in any civil, criminal, or administrative proceeding in any court,
19 administrative agency, or other tribunal. The Parties, Plaintiffs' Counsel, Defendants' Counsel,
20 and Released Persons may file the Stipulation and/or this Order in connection with any
21 proceeding to enforce the terms of the Stipulation or this Order, including, but not limited to, the
22 filing of the Stipulation, and/or this Order by any Released Party to prevent or terminate
23 institution, commencement, or prosecution of any action that asserts Released Claims against any
24 of the Released Parties.

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17. This Court reserves the right to continue or adjourn the date of the Settlement Hearing or modify any other dates set forth herein without further notice to Current Can-Cal Shareholders, and retains jurisdiction to consider all further applications arising out of or connected with the Settlement. The Court may approve the Settlement and any of its terms, with such modifications as may be agreed to by the Parties, if appropriate, without further notice to Current Can-Cal Shareholders.

IT IS SO ORDERED.

DATED: _____

JUDGE OF THE EIGHTH JUDICIAL DISTRICT COURT

EXHIBIT D

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DISTRICT COURT
CLARK COUNTY, NEVADA

Case No.: A-14-701465-B
Dept. No.: XI

RONALD D. SLOAN; ROBIN SCHWARZ;
GARY COLLINS; JILL BROWN; LARK
TERRELL; NANCY HERBOLD; DANIEL
R. SLOAN; BETTY ANN SLOAN; PEARLO
KIRK; JAMES BOAN; N O WAIT; LARRY
ORWICK; PATRICIA LA SALLE; BRIAN
WOLFE; STUART R. CAMERON;
ROBERT WEBSTER; HUGO BONDI;
JOAN BRATSETH; P A BRATSETH;
DEREK MILANI; DEAN RACHEY; SAM
BROUNSTEIN; SANDRA JANSEN; BRIAN
JANSEN; RHONDA KIM NICHOLS;
SCOTT NICHOLS; CARMEN ADAIR;
KRISTA SCHOFIELD; MARK BRATSETH;
ROSE TRUST 11; CLIFF OLSON; DON
COLLINS; ROYCE NORDSTROM;
NATALIE MAYZEL; DAVID JESKE;
THORNTON D. BARNES; JAMES HASON;
SANDRA HASON; EDDIE GULLET;
RYAN GULLET;

NOTICE OF PROPOSED SETTLEMENT
AND SETTLEMENT HEARING

ON BEHALF OF CAN-CAL RESOURCES,
LTD.,

Plaintiffs,

vs.

CAN-CAL RESOURCES, LTD., a Nevada
corporation; WILLIAM J. HOGAN;
THOMPSON MACDONALD; RONALD
SCHINNOUR; MICHAEL HOGAN;
CANDEO LAVA PRODUCTS, INC. a
Canadian Corporation, and FUTUREWORTH
CAPITAL CORP., a Canadian Corporation,

Defendants.

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TO: ALL OWNERS OF CAN-CAL RESOURCES, LTD. ("CAN-CAL" OR "THE COMPANY") COMMON STOCK AS OF March 15, 2018 ("CURRENT CAN-CAL SHAREHOLDERS").¹⁰

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF SHAREHOLDER DERIVATIVE LITIGATION AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. YOUR RIGHTS MAY BE AFFECTED BY LEGAL PROCEEDINGS IN THIS DERIVATIVE ACTION.

IF THE COURT APPROVES THE SETTLEMENT AND DISMISSAL OF THE DERIVATIVE ACTION, CURRENT SHAREHOLDERS WILL BE FOREVER BARRED FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND FROM PURSUING THE SETTLED CLAIMS. THESE ACTIONS ARE NOT "CLASS ACTONS." THUS, THERE IS NO COMMON FUND UPON WHICH YOU CAN MAKE A CLAIM FOR A MONETARY PAYMENT.

THE COURT HAS MADE NO FINDINGS OR DETERMINATIONS WITH RESPECT TO THE MERITS OF THE DERIVATIVE ACTION. THE RECITATION OF THE BACKGROUND AND CIRCUMSTANCES OF THE SETTLEMENT CONTAINED HEREIN DOES NOT CONSTITUTE THE FINDINGS OF THE COURT. IT IS BASED ON REPRESENTATIONS MADE TO THE COURT BY COUNSEL FOR THE PARTIES.

IF YOU WERE NOT THE BENEFICIAL OWNER OF CAN-CAL COMMON STOCK ON THE DATE ABOVE, PLEASE TRANSMIT THIS NOTICE TO SUCH BENEFICIAL OWNER.

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the Eighth Judicial District Court of the State of Nevada in and for Clark County (the "Court"), that a proposed settlement agreement (the "Settlement") has been reached between Can-Cal, the Individual Defendants, the Corporate Defendants, and Plaintiffs, on behalf of themselves and derivatively on behalf of Can-Cal in connection with the following shareholder derivative action: *Ronald D. Sloan, et al. v. Can-Cal Resources, Ltd., et al.*, Case No. A-14-701465-B, pending in the above Court (the "Derivative Action").

¹ This Notice incorporates by reference the definitions in the Stipulation and Agreement of Settlement ("Stipulation") fully executed as of March 15, 2018, and all capitalized terms used herein, unless otherwise defined, shall have the same meanings as set forth in the Stipulation. The Stipulation may be inspected at the office of Clerk of the Eighth Judicial District Court of the State of Nevada in and for Clark County, located at 200 Lewis Avenue, Las Vegas, NV 89155, during business hours of each business day and is also available on the website of Defendants' Counsel at Holland & Hart at www.hollandhart.com/lasvegas/newsinsight and Jones Lovelock at www.joneslovelock.com/news/ and the website of Plaintiffs' Counsel at Sklar Williams PLLC at www.sklar-law.com/Notices/Can-Cal.

1 Plaintiffs filed the Derivative Action derivatively on behalf of Can-Cal and allege that the
2 Corporate Defendants and Individual Defendants breached their fiduciary duties to the Company
3 in connection with Can-Cal's property located in Pisgah, San Bernardino County, California,
4 known as the "Pisgah Property." The Pisgah Property is made up of a volcanic cinder material
5 known as the "Pisgah Material." In summary, Plaintiffs allege that the Defendants sought to
6 usurp a corporate opportunity through an Amended Material Supply Agreement ("Amended
7 MSA") entered into by Can-Cal with a company called Candeo Lava Products, Inc. ("Candeo").
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9 The proposed Settlement, if approved by the Court, would fully and forever resolve the
10 Derivative Action on the terms set forth in the Stipulation, which are summarized in this Notice,
11 and include the dismissal of the Derivative Action with prejudice.

12 As explained below, a hearing (the "Settlement Hearing") will be held before the Court in
13 the Derivative Action on _____, 2018 at _____m. to determine whether,
14 among other things, if the proposed Settlement is fair, reasonable, and adequate, and should be
15 finally approved by the Court. You have the right to object to the Settlement in the manner
16 provided herein. If you fail to object in the manner provided herein *at least fourteen (14)*
17 *calendar days prior to the Settlement Hearing*, you will be deemed to have waived your
18 objections and will be bound the Judgment to be entered and the releases to be given, unless
19 otherwise ordered by the Court.

20 This Notice is not intended to be and should not be construed as an expression of any
21 opinion by the Court with respect to the merits of the claims made in the Derivative Action but is
22 merely to advise you of the proposed Settlement and of your rights as a Current Can-Cal
23 Shareholder.

24 **I. INTRODUCTION**

25 **A. The Derivative Action**

26 Beginning on May 29, 2014, Plaintiffs filed a shareholder derivative complaint in this
27 Court, the Eighth Judicial District Court of the State of Nevada in and for Clark County, against
28 the Individual Defendants, the Corporate Defendants and nominal Defendant Can-Cal, styled as:

1 *Ronald D. Sloan, et al. v. Can-Cal Resources, Ltd., et al*, Case No. A-14-701465-B (the
2 "Derivative Action"). The Derivative Action alleges breaches of fiduciary duty, unjust
3 enrichment, abuse of control, gross mismanagement, and taking of corporate opportunities
4 relating to the events alleged in the Complaint. The Derivative Action seeks compensatory
5 damages, punitive damages, corporate governance reforms, restitution and disgorgement of
6 Defendants' alleged profits, equitable and/or injunctive relief, and costs and attorneys' fees.
7 Plaintiffs' fundamental claim is that Individual Defendants William Hogan, Ronald Schinnour,
8 Michael Hogan and Thompson MacDonald took from Can-Cal a corporate opportunity and
9 engaged in self-dealing by entering into favorable contracts for their personal benefit, awarding
10 themselves excessive compensation through stock and taking from the company its main
11 corporate asset and opportunity, the development of its Pisgah Material, located at the Pisgah
12 Property. Plaintiffs allege the Individual Defendants conspired to transfer the benefit of that
13 corporate opportunity and asset to former Chairman of the Board William Hogan and a company
14 under his control, Candeo Lava Products, Inc. ("Candeo"), through a Material Supply Agreement
15 ("MSA") entered into by and between Can-Cal and Candeo and an Amended Material Supply
16 Agreement ("Amended MSA"). Defendants have denied all liability and damages.

17 **B.e The Canadian Action**

18 On or about January 24, 2017, the Corporate Defendants and William J. Hogan,
19 collectively, filed a Statement of Claim commencing an action in the Court of Queen's Bench of
20 Alberta, Calgary, Canada, naming as defendants 36 of the 40 original individual Plaintiffs in the
21 Nevada Derivative Action (the "Canadian Action"). The Canadian Action alleges that the
22 primary purpose of the Derivative Action was a civil conspiracy among the Derivative Action
23e Plaintiffs to unlawfully interfere with the Amended MSA and Cadeo's research, developmente
24 and verification of the Pisgah Material. The Canadian Action seeks general damages of e
25e \$3,187,500.00, consequential damages for loss of business opportunities in an amount to be e
26 proven at trial, punitive damages in an amount to be proven at trial and costs and other relief as
27e deemed appropriate by the Court. The defendants in the Canadian Action have denied all liability e
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1 and damages.

2 **II. PLAINTIFFS' CLAIMS AND THE BENEFITS OF THE SETTLEMENT**

3 Plaintiffs believe that the Derivative Action has substantial merit and that the Canadian
4 Action is without merit. Plaintiffs' entry into this Stipulation and Settlement is not intended to be
5 and shall not be construed as an admission or concession concerning the relative strength or
6 merit of the claims alleged in the Derivative Action or the Canadian Action. Plaintiffs and
7 Plaintiffs' Counsel also acknowledge the significant risk, expense, and length of continued
8 proceedings necessary to defend the Canadian Action and prosecute the Derivative Action
9 against Defendants through trial and through possible appeals. Plaintiffs' Counsel have also taken
10 into account the substantial risks, costs, and delays involved in complex shareholder derivative
11 litigation, generally, as well as the unique challenges presented by the Derivative Action and the
12 defense of the Canadian Action, including pleading fraud with the requisite particularity, and the
13 significant challenges of meeting the burdens of proof applicable to the underlying claims and of
14 defeating the available affirmative defenses, including the business judgment rule and the
15 exculpation and indemnification rights afforded the Individual Defendants pursuant to Nevada
16 Law under NRS Chapter 78 and the Articles and By-Laws of Can-Cal.

17 Plaintiffs' Counsel have conducted an extensive investigation over the course of three
18 years, including: (i) reviewing Can-Cal's press releases, public statements, SEC filings, and
19 expert witnesses' reports about the Company and the potential economic value of the Pisgah
20 Material; (ii) reviewing Confidential information and test result and reports about the Pisgah
21 Material and its potential commercial uses and value; (iii) researching the applicable law with
22 respect to the claims alleged in the Derivative Action and the Canadian Action and the potential
23 claims and defenses thereto; (iv) preparing and filing the derivative complaint and numerous
24 Motions in the Derivative Action and the Canadian Action, including defending against the
25 removal of the Derivative Action to Federal Court in Nevada and its subsequent remand to state
26 court, multiple motions to dismiss the Derivative Action, a successful motion to compel an
27 annual meeting of the stockholders of Can-Cal, a successful motion to compel discovery, and
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1 numerous communications and letters regarding discovery matters and disputes; (v) conducting
2 damages analyses and expert witness analyses; (vi) participating in informal conferences with
3 Defendants' Counsel regarding the specific facts of the cases, the perceived strengths and
4 weaknesses of the cases, and other issues in an effort to facilitate negotiations and fact gathering;
5 (vii) evaluating the merits of, and Defendants' potential liability in connection with the
6 Derivative Action; (viii) reviewing and analyzing confidential document discovery produced by
7 Defendants; (ix) reviewing and analyzing relevant documents in the Derivative Action and
8 evaluating the merits thereof; (x) submitting numerous correspondence and other documents to
9 the SEC and filing formal motions to intervene and responses in the SEC Administrative
10 Proceeding involving Can-Cal to protect the stockholders' interests; (xi) submitting
11 comprehensive briefs prior to two separate Judicial Settlement Conferences, outlining their
12 position, and Plaintiffs' claims in the Derivative Action; (xii) participating in two (2) in-person
13 Judicial Settlement Conferences and meetings in the Derivative Action; (xiii) assisting Canadian
14 counsel in filing a defense and motion to adjourn in the Canadian Action; and (xiv) negotiating
15 this Settlement with Defendants at a day-long in-person meeting on November 13, 2017.s

16 Based on Plaintiffs' Counsel's thorough review and analysis of the relevant facts and
17 difficult circumstances, allegations, defenses, and controlling legal principles, Plaintiffs' Counsel
18 believe that the Settlement set forth in this Stipulation is fair, reasonable, and adequate, and
19 confers substantial benefits upon Can-Cal and its shareholders. Based on their evaluation,
20 Plaintiffs and Plaintiffs' Counsel have determined that the Settlement is in the best interests of
21 Can-Cal and its shareholders and have agreed to settle the Derivative Action and the Canadian
22 Action upon the terms and subject to the conditions set forth herein.

23 24 **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITYs**

25 Defendants have denied and continue to deny each and all of the claims, contentions, and
26 allegations made against them or that could have been made against them in the Derivative
27 Action and Defendants believe the Derivative Action has no merit and that the claims in the
28 Canadian Action do have merit. Defendants have expressly denied and continue to deny all

1 charges of wrongdoing or liability against them arising out of any of the conduct, statements,
2 acts, or omissions alleged, or that could have been alleged in the Derivative Action. Defendants
3 assert that they have satisfied their fiduciary duties and have acted in good faith and in the best
4 interest of Can-Cal and its shareholders at all relevant times. Defendants have entered into this
5 Stipulation and Settlement solely to avoid the continuing additional expense, inconvenience, and
6 distraction of the Derivative Action and the Canadian Action and to mitigate the risks and
7 uncertainty inherent in any legal proceedings. Defendants believe that it is desirable and
8 beneficial that the Derivative Action and the Canadian Action be settled in the manner and upon
9 the terms and conditions set forth in this Stipulation because, among other things, it will allow
10 the Company to conclude these legal proceedings on terms that are just and reasonable, including
11 the amendment of the Amended MSA to give Can-Cal substantial equity funds in a short period
12 of time, the completion of required audits for 2015, 2016 and through third quarter 2017 (which
13 were filed with the SEC on March 12, 2018) and which may enable Can-Cal's stock to continue
14 trading and resolve the SEC Administrative Proceeding, the adoption and maintenance of
15 corporate governance measures, including selection of a new Board of Directors, that the current
16 Board of Can-Cal has determined, in its business judgment, serve Can-Cal's and its
17 shareholders' best interests. Further, Can-Cal through its Board, acknowledges that the
18 Settlement is fair, reasonable, and adequate, and in the best interests of Can-Cal and its
19 shareholders.

20 Neither the Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor
21 any document or exhibit referred or attached to the Stipulation, nor any action taken to carry out
22 the Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the
23 Released Claims or an admission by or against Defendants of any fault, wrongdoing, or
24 concession of liability whatsoever.

25 **IV. THE SETTLEMENT HEARING**

26 The Settlement Hearing will be held before Department 11 of this Court on
27 _____, 2018 at ____ .m., located at the Eighth Judicial District Court of the State
28 of Nevada in and for Clark County, 200 Lewis Avenue, Las Vegas, NV 89155, to determine: (a)

1 whether the proposed Settlement, upon the terms set forth in the Stipulation, should be finally
2 approved in all respects as fair, reasonable, and adequate; (b) whether the Judgment approving
3 the Settlement should be entered; (c) whether Plaintiffs' Counsel's agreed-to Fee and Expense
4 Amount and Can-Cal's Share issuance should be finally approved; and (d) whether the corporate
5 governance and other changes to Can-Cal's operations should be approved. The Settlement
6 Hearing may be continued by the Court at the Settlement Hearing, or at any adjourned session
7 thereof without further notice.

8 **V. THE SETTLEMENT**

9 The terms and conditions of the proposed Settlement are set forth fully in the Stipulation
10 and its Exhibits. The Stipulation has been filed with the Court and the following is only a
11 summary of the terms of the settlement and the payments and corporate governance matters
12 addressed in the Stipulation.

13 As a result of the filing, prosecution, and settlement of the Derivative Action and the
14 Canadian Action, Can-Cal has already adopted and implemented and/or will adopt and
15 implement the Second Amended MSA, attached as Exhibit A to the Stipulation and the corporate
16 resolutions and amendments to the Articles of Incorporation and other corporate governance
17 measures described in Exhibit B to the Stipulation within thirty (30) calendar days after the
18 Effective Date of the Settlement. The Amended MSA and the corporate governance measures
19 were jointly developed and negotiated by the Parties through Counsel. Without admitting any
20 wrongdoing, Can-Cal, through its Board, acknowledges that the securing of the Second
21 Amended MSA and the corporate governance reform measures confer substantial benefits upon
22 the Company and its shareholders. Can-Cal, through its Board, also acknowledges that the
23 prosecution and settlement of the Derivative Action and the resolution of the Canadian Action
24 were substantial and material factors in the Board's decision to enter into the Second Amended
25 MSA and adopt and implement the corporate governance measures identified in Exhibit B to the
26 Stipulation.

27 Further, Can-Cal shall receive \$50,000 working capital from the Initial Settlement
28 Payment under the Stipulation and another \$150,000 pursuant to the Second Amended MSA

1 within six months of the Effective Date (plus additional revenues under the Second Amended
2 MSA) and Plaintiffs' Counsel will be paid in full for their services and reimbursed for their costs
3 and expenses as provided for in the Stipulation and the Board of Directors of Can-Cal will resign
4 and be replaced by a Board of Directors selected by Plaintiffs and Defendants.e

5 This Notice provides a summary of some, but not all, of the payments and benefits Can-
6 Cal will receive and the corporate governance reforms that Can-Cal has enacted or agreed to
7 enact as consideration for the Settlement. For a list of all of the payments, corporate governance
8 reforms and other benefits, please see the Stipulation and Exhibits A and B attached to the
9 Stipulation.

10 VI. DISMISSAL AND RELEASES^e

11 If the Court approves the Settlement at the Settlement Hearing, the Parties will jointly
12 request entry of the Judgment by the Court, the entry of which is a condition of the Stipulation:

13 (a) approving finally the Settlement set forth in the Stipulation as fair, adequate, and reasonable,
14 and directing its consummation pursuant to its terms; (b) dismissing with prejudice the
15 Derivative Action and all Released Claims against Released Persons²; and (c) permanently
16 barring and enjoining the institution, commencement, or prosecution by Released Persons and all
17 Current Can-Cal Shareholders against Released Persons of any Released Claims or any claims
18 arising from, relating to, or in connection with the institution, prosecution, assertion, defense,
19 settlement, or resolution of the Derivative Action.

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22 ² The terms Released Claims and Released Persons are defined as follows:d

23 ^e "Released Claims" means any and all suits, claims, debts, demands, controversies, obligations, losses,d
24 rights, liabilities, and causes of action of every nature, including both known and Unknown Claims (as
25 defined in paragraph 1.28 of the Stipulation), whether arising under federal, state, common or foreign law,d
26 at law or in equity, that were asserted or could have been asserted, directly or derivatively on behalf of Can-
e Cal, by Plaintiffs as shareholders or by any other Current Can-Cal Shareholder, or by Can-Cal, that arise
out of or relate to: (i) the allegations asserted in the Derivative Action; or (ii) the Settlement, except for any
claims to enforce the Settlement.d

27 ^d "Released Persons" means each and all of Can-Cal, the Corporate Defendants, the Individual Defendants,d
28 and their Related Persons.d

1 In consideration of the obligations and commitments undertaken by Defendants and the
2 releases by the Released Persons, which constitute good and valuable consideration, and subject
3 to the terms and conditions of the Stipulation, on the Effective Date, Plaintiffs and all Current
4 Can-Cal Shareholders (solely in their capacity as Can-Cal shareholders) shall fully, finally and
5 forever release, relinquish and discharge as against the Released Persons any and all of the
6 Released Claims (including Unknown Claims), and shall forever be barred and enjoined from
7 instituting, commencing, or prosecuting any and all Released Claims against the Released
8 Persons.

9 **VII. ATTORNEYS' FEES AND EXPENSES**

10 In recognition of the substantial benefits provided to Can-Cal and Current Can-Cal
11 Shareholders as a result of the initiation, prosecution, pendency, and settlement of the Derivative
12 Actions, including the entry of the Second Amended MSA and the corporate governance matters
13 referred to herein, Plaintiffs' Counsel will request, and Candeo has agreed to pay or cause to be
14 paid, subject to the Court's approval, attorneys' fees and expenses in the total amount of
15 \$375,000 (the "Fee and Expense Amount") to be paid by Candeo under the Second Amended
16 MSA, of which Can-Cal shall retain \$50,000 as capital. To date, Plaintiffs' Counsel have neither
17 received any payment for their services in conducting the Derivative Action, nor have they been
18 reimbursed for their out-of-pocket expenses incurred in excess of \$100,000.

19 Moreover, in light of the substantial benefits they have helped to create for Can-Cal and
20 all Current Can-Cal Shareholders, the Plaintiffs' Counsel shall be issued Can-Cal common stock
21 in the amount of \$375,000, calculated at U.S. \$0.17 per share, subject to adjustment, as set forth
22 more specifically in the Stipulation.

23 **VIII. THE RIGHT TO OBJECT AND/OR BE HEARD AT THE SETTLEMENT
24 HEARING**

25 Any Current Can-Cal Shareholder may object and/or appear and show cause, if he, she,
26 or it has any concern why the Settlement should not be finally approved as fair, reasonable, and
27 adequate, or why the Judgment should not be entered, or why the Fee and Expense Amount or
28 Can-Cal Share issuance should not be approved; provided, however, unless otherwise ordered by

1 the Court, no Current Can-Cal Shareholder shall be heard or entitled to contest the approval of
2 the terms and conditions of the Settlement, or, if approved, the Judgment to be entered thereon
3 approving the same, or the Fee and Expense Amount or Can-Cal Share issuance, unless that
4 shareholder has, *at least fourteen (14) calendar days prior to the Settlement Hearing*: (a) filed
5 with the Clerk of the Court a signed, written objection to the Settlement setting forth: (i) the
6 nature of the objection; (ii) proof of ownership of Can-Cal common stock through the date of the
7 Settlement Hearing, including the number of shares of Can-Cal common stock and the date of
8 purchase; and (iii) any and all documentation in support of such objection; and (b) if a Current
9 Can-Cal Shareholder intends to appear and requests to be heard at the Settlement Hearing, such
10 shareholder must have, in addition to the requirements of (a) above, filed with the Clerk of the
11 Court, Eighth Judicial District Court of the State of Nevada in and for Clark County, located at
12 the Regional Justice Center, 200 Lewis Avenue., Las Vegas, NV 89155: (i) a written notice of
13 such shareholder's intention to appear; (ii) a statement that indicates the basis for such
14 appearance; and (iii) the identities of any witnesses the shareholder intends to call at the
15 Settlement Hearing and a statement as to the subjects of their testimony. If a Current Can-Cal
16 Shareholder files a written objection and/or written notice of intent to appear, such shareholder
17 must also simultaneously serve copies of such notice, proof, statement, and documentation,
18 together with copies of any other papers or briefs such shareholder files with the Court (either by
19 hand delivery or by first class mail) at least fourteen (14) calendar days prior to the Settlement
20 Hearing upon each of the following:

21 Stephen R. Hackett, Esq.
22 SKLAR WILLIAMS PLLC
23 410 S. Rampart Blvd., Ste. 350
Las Vegas, NV 89145

24 William R. Fishman, Esq.
25 2000 S. Colorado Blvd.
Tower 1, Ste. 900
26 Denver, CO 80222

27 *Counsel for Plaintiffs*

Patrick J. Reilly, Esq.
HOLLAND & HART
9555 Hillwood Dr., 2nd Floor
Las Vegas, NV 89134

Justin C. Jones, Esq.
JONES LOVELOCK
400 S. 4th St., Ste. 500
Las Vegas, NV 89101

Counsel for Defendants

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1 Any Current Can -Cal Shareholder who does not make his, her, or its objection in the
2 manner provided herein shall be deemed to have waived such objection and shall forever be
3 foreclosed from making any objection to the fairness, reasonableness, or adequacy of the
4 Settlement, or the Fee and Expense Amount and Can-Cal Share issuance, unless otherwise
5 ordered by the Court, but shall otherwise be bound by the Judgment to be entered and the
6 releases to be given.

7 **IX. CONDITIONS FOR SETTLEMENT**

8 The Settlement is conditioned upon the occurrence of certain events described in the
9 Stipulation, which requires, among other things: (a) entry of the requested Judgment by this
10 Court; (b) expiration of the time to appeal from or alter or amend the Judgment; (c) dismissal
11 with prejudice of the Derivative Action; and (d) discontinuance of the Canadian Action. If, for
12 any reason, any one of the conditions described in the Stipulation is not met, the Stipulation
13 might be terminated and, if terminated, will become, subject to certain exceptions identified in
14 the Stipulation, null and void, and the Parties to the Stipulation will be restored to their
15 respective positions as of March 14, 2018.

16 **X. EXAMINATION OF PAPERS AND INQUIRIES**

17 This Notice contains only a summary of the terms of the Settlement. For a more detailed
18 statement of the matters involved in the Derivative Action, reference is made to the Stipulation,
19 which may be inspected at the office of the Clerk of the Eighth Judicial District Court of the
20 State of Nevada in and for Clark County, located at the Regional Justice Center, 200 Lewis
21 Avenue, Las Vegas, NV 89155, during business hours of each business day.

22 Any other inquiries regarding the Settlement or the Derivative Actions should be
23 addressed in writing to the following:

24 Stephen R. Hackett, Esq.
25 SKLAR WILLIAMS PLLC
26 410 S. Rampart Blvd., Ste. 350
27 Las Vegas, NV 89145

 William R. Fishman, Esq.
 2000 S. Colorado Blvd.
 Tower 1, Ste. 900
 Denver, CO 80222

28 *Counsel for Plaintiffs*

Counsel for Plaintiffs

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**PLEASE DO NOT TELEPHONE THE COURT OR CAN-CAL
REGARDING THIS NOTICE**

EXHIBIT E

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EXHIBIT E

**IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
IN AND FOR CLARK COUNTY**

Case No.: A-14-701465-B
Dept. No.: XI

RONALD D. SLOAN; ROBIN SCHWARZ;
GARY COLLINS; JILL BROWN; LARK
TERRELL; NANCY HERBOLD; DANIEL
R. SLOAN; BETTY ANN SLOAN; PEARLO
KIRK; JAMES BOAN; N O WAIT; LARRY
ORWICK; PATRICIA LA SALLE; BRIAN
WOLFE; STUART R. CAMERON;
ROBERT WEBSTER; HUGO BONDI;
JOAN BRATSETH; P A BRATSETH;
DEREK MILANI; DEAN RACHEY; SAM
BROUNSTEIN; SANDRA JANSEN; BRIAN
JANSEN; RHONDA KIM NICHOLS;
SCOTT NICHOLS; CARMEN ADAIR;
KRISTA SCHOFIELD; MARK BRATSETH;
ROSE TRUST 11; CLIFF OLSON; DON
COLLINS; ROYCE NORDSTROM;
NATALIE MAYZEL; DAVID JESSKE;
THORNTON D. BARNES; JAMES HASON;
SANDRA HASON; EDDIE GULLET;
RYAN GULLET;

**SUMMARY NOTICE OF PROPOSED
SETTLEMENT AND SETTLEMENT
HEARING**

ON BEHALF OF CAN-CAL RESOURCES,
LTD.,

Plaintiffs,

vs.

CAN-CAL RESOURCES, LTD., a Nevada
corporation; WILLIAM J. HOGAN;
THOMPSON MACDONALD; RONALD
SCHINNOUR; MICHAEL HOGAN;
CANDEO LAVA PRODUCTS, INC. a
Canadian Corporation, and FUTUREWORTH
CAPITAL CORP., a Canadian Corporation,

Defendants.

1 **TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF SHARES OF THE**
2 **COMMON STOCK OF CAN-CAL RESOURCES, LTD. AS OF March 15, 2018**
3 **WHO CONTINUE TO HOLD SUCH SHARES**

4 **THIS SUMMARY NOTICE RELATES TO A PROPOSED SETTLEMENT AND**
5 **DISMISSAL OF THE ABOVE-CAPTIONED DERIVATIVE LITIGATION**
6 **PENDING IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF**
7 **NEVADA IN AND FOR CLARK COUNTY (THE "DERIVATIVE ACTION")**

8 **YOU ARE HEREBY NOTIFIED** that the Parties have entered into a proposed
9 settlement to resolve the issues raised in the Derivative Action (the "Settlement").

10 If you are a Can-Cal shareholder, your rights to pursue certain derivative claims on behalf
11 of Can-Cal may be affected by this Settlement. This Summary Notice is not intended to be an
12 expression of any opinion by the Court with respect to the merits of the claims made in the
13 Derivative Action, but is merely to advise you of the pendency and proposed settlement of the
14 Derivative Action. In consideration for the settlement, Can-Cal has agreed to adopt significant
15 corporate governance reforms and enter into a Second Amended Material Supply Agreement
16 ("Second Amended MSA") with Candeo Lava Products, Inc. ("Candeo").

17 **PLEASE BE FURTHER ADVISED** that, pursuant to an Order of the Eighth Judicial
18 District Court of the State of Nevada in and for Clark County, a hearing will be held before the
19 Honorable Elizabeth Goff Gonzalez on _____, 2018 at _____m. in Department
20 11 of the Eighth Judicial District Court of the State of Nevada in and for Clark County, located at
21 the Regional Justice Center, 200 Lewis Avenue, Las Vegas, NV 89155. At the Settlement
22 Hearing, the Court will consider whether to grant final approval of the settlement and plaintiffs'
23 attorneys' fees and expenses and certain stock awards to Plaintiffs' Counsel ("Stock Awards").
24 The Court may adjourn the Settlement Hearing without further notice to Can-Cal shareholders.

25 This is a summary notice only. The Stipulation and Agreement of Settlement and the
26 detailed Notice of Proposed Settlement and Settlement Hearing ("Notice"), describing the
27 Derivative Action, the proposed Settlement, and the rights of Can-Cal shareholders with regard
28 to the settlement, has been filed with the Court and is available for viewing on Defendants'
Counsel's websites (www.hollandandhart.com and www.loneslovelock.com), or on Plaintiffs'
Counsel's website (www.sklarlaw.com/notices/Can-Cal).

1 If you wish to obtain additional information about the claims asserted in the Derivative
2 Action and the terms of the proposed Settlement, or a copy of the Stipulation, please contact
3 counsel for Plaintiffs in the Derivative Action:

4 Stephen R. Hackett, Esq.
5 SKLAR WILLIAMS PLLC
6 410 S. Rampart Blvd., Ste. 350
7 Las Vegas, NV 89145

William R. Fishman, Esq.
2000 S. Colorado Blvd.
Tower 1, Ste. 900
Denver, CO 80222

8 *Counsel for Plaintiffs*

Counsel for Plaintiffs

9 Any objections to the proposed Settlement or Plaintiffs' Counsels' application for
10 attorneys' fees and reimbursement of expenses, or the Plaintiffs' Counsels' request for the Stock
11 Awards, must be filed with the Clerk of the Court, Eighth Judicial District Court for the State of
12 Nevada in and for Clark County, Regional Justice Center, 200 Lewis Avenue, Las Vegas, NV
13 89155, by _____, 2018 and simultaneously served (either by hand delivery or by first
14 class mail) on Plaintiffs' Counsel and counsel for Defendants, in accordance with the procedures
15 set forth in the Notice and at the addresses set forth in the Notice. Unless the Court otherwise
16 directs, you shall not be entitled to object to the approval of the settlement, to plaintiffs'
17 attorneys' fees and expenses and the Stock Awards, or to otherwise be heard, except by serving
18 and filing a written objection and supporting papers and documents as prescribed in the Notice.
19 *If you fail to object in the manner and within the time prescribed in the Notice you shall be*
20 *deemed to have waived your right to object (including the right to appeal) and shall forever be*
21 *barred, in this proceeding or in any other proceeding, from raising such objection(s).*

22 **PLEASE DO NOT CALL, WRITE, OR OTHERWISE DIRECT QUESTIONS TO**
23 **EITHER THE COURT OR THE CLERK'S OFFICE REGARDING THIS SUMMARY**
24 **NOTICE.**

25 Dated: _____	26 BY ORDER OF THE EIGHTH JUDICIAL 27 DISTRICT COURT OF THE STATE OF 28 NEVADA IN AND FOR CLARK COUNTY
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EXHIBIT F

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IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NI
IN AND FOR CLARK COUNTY

Case No.: A-14-701465-B
Dept. No.: XI

RONALD D. SLOAN; ROBIN SCHWARZ;
GARY COLLINS; JILL BROWN; LARK
TERRELL; NANCY HERBOLD; DANIEL
R. SLOAN; BETTY ANN SLOAN; PEARLO
KIRK; JAMES BOAN; N O WAIT; LARRY
ORWICK; PATRICIA LA SALLE; BRIAN
WOLFE; STUART R. CAMERON;
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BRUNSTEIN; SANDRA JANSEN; BRIAN
JANSEN; RHONDA KIM NICHOLS;
SCOTT NICHOLS; CARMEN ADAIR;
KRISTA SCHOFIELD; MARK BRATSETH;
ROSE TRUST 11; CLIFF OLSON; DON
COLLINS; ROYCE NORDSTROM;
NATALIE MAYZEL; DAVID JESKE;
THORNTON D. BARNES; JAMES HASON;
SANDRA HASON; EDDIE GUILLET;
RYAN GUILLET;

[PROPOSED] FINAL JUDGMENT AND
ORDER OF DISMISSAL WITH PRJUDICE

ON BEHALF OF CAN-CAL RESOURCES,
LTD.,

Plaintiffs,

vs.

CAN-CAL RESOURCES, LTDQ a Nevada
corporation; WILLIAM J. HOGAN;
THOMPSON MACDONALD; RONALD
SCHINNOUR; MICHAEL HOGAN;
CANDEO LAVA PRODUCTS, INC. a
Canadian Corporation, and FUTUREWORTH
CAPITAL CORP., a Canadian Corporation,

Defendants.

1 This matter came before this Court for hearing pursuant to this Court's Preliminary
2 Approval Order dated _____ on the application of the Parties for final approval
3 of the Settlement set forth in the Stipulation and Agreement of Settlement dated March 15, 2018
4 (the "Stipulation"). Due and adequate notice having been given to Current Can-Cal Shareholders
5 as required in the Preliminary Approval Order, and this Court having considered all papers filed
6 and proceedings had herein and otherwise being fully informed in the premises and good cause
7 appearing therefore, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

8 1.a For purposes of this Final Judgment and Order of Dismissal (the "Judgment") thea
9 Court incorporates by reference the definitions in the Stipulation and all capitalized terms
10 contained herein shall have the same meanings as set forth in the Stipulation, unless otherwise
11 defined herein.

12 2.a This Judgment incorporates and makes a part hereof: (i) the Stipulation; and (ii)a
13 the Court-approved Notice which was filed with the Court as Exhibit D to the Stipulation.

14 3.a This Court has jurisdiction over the subject matter of the Derivative Action,a
15 including all matters necessary to effectuate the Settlement, and over all Parties.

16 4.a The Court finds that the Settlement, as set forth in the Stipulation, is fair,a
17 reasonable, and adequate to Can-Cal and Current Can-Cal Shareholders, and that it provides
18 substantial benefits to and is in the best interests of Can-Cal, Current Can-Cal Shareholders, the
19 Plaintiffs and the Parties. The Court hereby directs that the Settlement be consummated in
20 accordance with the terms and conditions of the Stipulation and hereby finally approves the
21 Settlement set forth in the Stipulation in all respects.

22 5. The Derivative Action and all claims therein are hereby dismissed as to alla
23 Defendants with prejudice. As among Plaintiffs, Can-Cal, the Corporate Defendants, and the
24 Individual Defendants, the Parties are to bear their own costs, except as provided in Paragraph 12
25 below.

26 6.a Upon the Effective Date, the Releasing Persons shall be deemed to have, and bya
27 operation of this Judgment shall have, fully, finally, and forever released, relinquished, and
28 discharged the Released Claims (including Unknown Claims) against the Released Persons.

1 ing herein shall in any way impair or restrict the rights of any Party to enforce the terms of
2 the Stipulation or this Judgment. Releasing Persons shall be deemed to have, and by operation of
3 this Judgment shall have, covenanted not to sue any Released Person with respect to any
4 Released Claims and shall be permanently barred and enjoined from instituting, commencing or
5 prosecuting the Released Claims against the Released Persons.

6 7.d Except as set forth in Paragraph 8 below, upon the Effective Date, each of the
7 Released Persons shall be deemed to have fully, finally, and forever released, relinquished, and
8 discharged Plaintiffs, Plaintiffs' Counsel, and Can-Cal from all claims (including Unknown
9 Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion,
10 settlement, or resolution of the Derivative Action or the Released Claims. Nothing herein shall in
11 any way impair or restrict the rights of any Party to enforce the terms of the Stipulation, the
12 Settlement, or this Judgment.

13 8.d Nothing in the Stipulation or in Paragraph 7 above constitutes or reflects a waiver
14 or release of any rights or claims of Defendants against their insurers, or their insurers'
15 subsidiaries, predecessors, successors, assigns, affiliates, or representatives, including, but not
16 limited to, any rights or claims of Defendants under any directors' and officers' liability insurance
17 or other applicable insurance coverage maintained by the Company, or to the Reimbursables, as
18 defined in section 3.4 of the Stipulation.

19 9.d This Court finds that the Notice of Proposed Settlement and Settlement Hearing
20 ("Notice") to Current Can-Cal Shareholders posted on Defendants' Counsels' websites, Holland
21 & Hart and Jones Lovelock, and the website of Plaintiffs' Counsel, Sklar Williams PLLC and the
22 Summary Notice to Current Can-Cal Shareholders ("Summary Notice") filed by Can-Cal with
23 the United States Securities and Exchange Commission via a Current Report on Form 8-K and
24 published once in the *Calgary Herald* and the *Las Vegas Review Journal*, satisfied the
25 requirements of due process, constituted the best notice practicable under the circumstances to
26 Can-Cal's shareholders, fully satisfied the requirements of Nevada law, due process under the
27 Nevada and United States Constitutions, and any other applicable law, and constituted due and
28 adequate notice to all persons entitled thereto.

1 10.e This Court finds that, during the course of the Derivative Action, the Parties and
2 their counsel at all times acted professionally and in good faith and in compliance with Nevada
3 Rule of Civil Procedure 11, and all other similar rules of professional conduct with respect to any
4 claims or defenses in the Action.

5 11.e This Court approves the Fee and Expense Amount of \$375,000 in accordance
6 with the Stipulation. Payment of the Fee and Expense Amount shall be made in accordance with
7 the terms and subject to the conditions of the Stipulation.

8 12.e The Court approves the Can-Cal Stock Award and share issuance in the amount
9 of \$375,000 in accordance with the terms and subject to the conditions of the Stipulation.

10 13.e Neither the Stipulation (including the exhibits attached thereto) nor the
11 Settlement, nor any act performed or document executed pursuant to or in furtherance of the
12 Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be
13 offered, or used in any way by the Parties as a presumption, a concession, or an admission of, or
14 evidence of, the validity of any Released Claims, or of any fault, wrongdoing or liability of any
15 of the Parties, Plaintiffs' Counsel, Defendants' Counsel, or Released Persons; or (b) is or may be
16 deemed to be or may be offered, attempted to be offered, or used in any way by the Parties or
17 any other Person as a presumption, a concession, or an admission of, or evidence of, any fault,
18 omission, wrongdoing, or liability of any of the Parties, Plaintiffs' Counsel, Defendants' Counsel
19 or Released Persons in any civil, criminal, or administrative proceeding in any court,
20 administrative agency, or other tribunal. The Parties, Plaintiffs' Counsel, Defendants' Counsel,
21 and Released Persons may file the Stipulation and/or this Judgment in any action that may be
22 brought against them in order to support a defense or counterclaim based on principles of claim
23 or issue preclusion, *res judicata*, collateral estoppel, release, good-faith settlement, judgment bar
24 or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or
25 counterclaim.

26 14.e Without affecting the finality of this Judgment in any way, this Court hereby
27 retains continuing jurisdiction over: (a) implementation of the Settlement; and (b) the Parties for
28 the purpose of construing, enforcing, and administering the Stipulation, including, if necessary,

1 setting aside and vacating this Judgment, on motion of a Party, to the extent consistent with and
2 in accordance with the Stipulation if the Effective Date fails to occur in accordance with the
3 Stipulation.

4 15. In the event that a termination and cancellation of the Settlement occurs pursuant
5 to the Stipulation: (a) the terms and provisions of the Stipulation shall have no further force and
6 effect, except as otherwise provided in the Stipulation; and (b) the Parties shall be deemed to
7 have reverted to their positions as of immediately prior to the execution of the Stipulation, or
8 March 14, 2018.

9 16.o Without further order of the Court, the Parties may agree to reasonable extensionso
10 of time to carry out any of the provisions of the Stipulation.

11 17. This Judgment is a final, appealable judgment and should be entered forthwith.

12 18.o The Court directs immediate entry of this final Judgment by the Clerk of the
13 Court.

14 **IT IS SO ORDERED.**

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17 DATED: _____

JUDGE OF THE EIGHTH JUDICIAL DISTRICT

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EXHIBIT 5



1 NOE
STEPHEN R. HACKETT, ESQ.
2 Nevada Bar No.: 5010
JOHNATHON FAYEGHI, ESQ.S
3 Nevada Bar No.: 12736
SKLAR WILLIAMS PLLC
4 410 South Rampart Boulevard, Suite 350
Las Vegas, Nevada 89145
5 Telephone: (702) 360-6000
Facsimile: (702) 360-0000
6 Email: shackett@sklar-law.com
Email: ifayeghi@sklar-law.com

7 *Attorneys for Plaintiffs*

88

DISTRICT COURT

9

CLARK COUNTY, NEVADA

10

11 RONALD D. SLOAN; ROBIN SCHWARZ;
GARY COLLINS; JILL BRWNS LARK
12 TERRELL; NANCY HERBOLD; DANIEL R.
SLOAN; BETTY ANN SLOAN; PEARL
13 KIRK; JAMES BOAN; N O WAIT; LARRY'S
ORWICK; PATRICIA LA SALLE; BRIAN'S
14 WOLFE; STUART R. CAMERON; ROBERT'S
WEBSTER; HUGO BONDI; JOAN'S
BRATSETH; P A BRATSETH; DEREK'S
15 MILANI; DEAN RACHEY; SAM'S
BROUNSTEIN; SANDRA JANSEN; BRIAN'S
16 JANSEN; RHONDA KIM NICHOLS;
SCOTT NICHOLS; CARMEN ADAIR; S
17 KRISTA SCHOFIELD; MARK BRATSETH;
ROSE TRUST 11; CLIFF OLSON; DON
18 COLLINS; ROYCE NORDSTROM;
NATALIE MAYZEL; DAVID JESSKE;
19 THORNTON D. BARNES; JAMES HASON;
SANDRA HASON; EDDIE GUILLET;
20 RYAN GUILLET;

Case No.: A-14-701465-BS
Dept. No.: XI

S

21 ON BEHALF OF CAN-CAL RESOURCES,
LTD.,

22

Plaintiffs,

23

vs.

24 CAN-CAL RESOURCES, LTD., a Nevada
corporation; WILLIAM J. HOGAN;
25 THOMPSON MACDONALD; RONALD'S
SCHINNOUR; MICHAEL HOGAN;
26 CANDEO LAVA PRODUCTS, INC. a
Canadian Corporation, and FUTUREWORTH'S
27 CAPITAL CORP., a Canadian Corporation,
Defendants.

28

Defendants.

NOTICE OF ENTRY

1 PLEASE TAKE NOTICE that on the 2nd day of April, 2018, an ORDER
2 PRELIMINARILY APPROVING SETTLEMENT AND PROVIDING FOR NOTICE was
3 entered in the above-entitled matter, a copy of which is attached hereto.
4

5 DATED thisday of 2nd April, 2018.

6 SKLAR WILLIAMS PLLC

7
8 By: 

9 STEPHEN R. HACKETT, ESQ.

10 Nevada Bar No. 5010

11 JOHNATHON FAYEGHI, ESQ.

12 Nevada Bar No. 12736

13 410 S. Rampart Boulevard, Ste. 350

14 Las Vegas, NV 89145

15 Telephone: (702) 360-6000

16 Facsimile: (702) 360-0000

17 *Attorneys for Plaintiffs*
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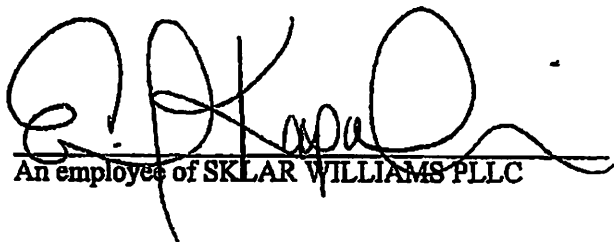
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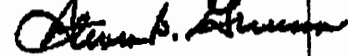
CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 2nd day of April, 2018 a true and correct copy of the above and forgoing *Notice of Entry* was submitted electronically for filing and service with the Eighth Judicial District Court. Electronic Service of the foregoing document shall be made to all parties listed on the **E-SERVICE MASTER LIST** in accordance with the Electronic Service and Filing Order.

E-Service Master List

Holland & Hart LLP	
Contact	Email
Andrea M. Champion	amchampion@hollandhart.com
Suzanne Thompson	sthompson@hollandhart.com
Yvonne J. Deke	yvdeke@hollandhart.com
Julie Linton	jlinton@hollandhart.com
Patrick J. Reilly	preilly@hollandhart.com
Jones Lovelock	
Contact	Email
Justin C. Jones	jjones@joneslovelock.com
Sklar Williams PLLC	
Contact	Email
Emily Repolna	erapolna@sklar-law.com
Jonathan Favechi, Esq.	jfavechi@sklar-law.com
Stephen R. Hackett, Esq.	shackett@sklar-law.com


An employee of SKLAR WILLIAMS PLLC



1 STEPHEN R. HACKETT, ESQ.
Nevada Bar No.: 5010
2 JOHNATHON FAYEGHI, ESQ.
Nevada Bar No.: 12736
3 SKLAR WILLIAMS PLLC
410 South Rampart Boulevard, Suite 350
4 Las Vegas, Nevada 89145
Telephone: (702) 360-6000
5 Facsimile: (702) 360-0000
Email: shackett@sklar-law.com
6 Email: jfayeghi@sklar-law.com

7 *Attorneys for Plaintiffs*

8 **DISTRICT COURTO**

9 **CLARK COUNTY, NEVADA**

10 RONALD D. SLOAN; ROBIN SCHWARZ;
GARY COLLINS; JILL BROWN; LARK
11 TERRELL; NANCY HERBOLD; DANIEL
R. SLOAN; BETTY ANN SLOAN; PEARL
12 KIRK; JAMES BOAN; N O WAIT; LARRY
ORWICK; PATRICIA LA SALLE; BRIAN
13 WOLFE; STUART R. CAMERON;
ROBERT WEBSTER; HUGO BONDI;
14 JOAN BRATSETH; P A BRATSETH;
DEREK MILANI; DEAN RACHEY; SAM
15 BROUNSTEIN; SANDRA JANSEN; BRIAN
JANSEN; RHONDA KIM NICHOLS;
16 SCOTT NICHOLS; CARMEN ADAIR;
KRISTA SCHOFIELD; MARK BRATSETH;
17 ROSE TRUST 11; CLIFF OLSON; DON
COLLINS; ROYCE NORDSTROM;
18 NATALIE MAYZEL; DAVID JESKE;
THORNTON D. BARNES; JAMES HASON;
19 SANDRA HASON; EDDIE GULLET;
RYAN GULLET;

20 ON BEHALF OF CAN-CAL RESOURCES,
21 LTD.,

22 **Plaintiffs,**

23 **vs.**

24 CAN-CAL RESOURCES, LTD., a Nevada
corporation; WILLIAM J. HOGAN;
25 THOMPSON MACDONALD; RONALD
SCHINNOUR; MICHAEL HOGAN;
26 CANDEO LAVA PRODUCTS, INC. a
Canadian Corporation, and FUTUREWORTH
27 CAPITAL CORP., a Canadian Corporation,

28 **Defendants.**

Case No.: A-14-701465-B
Dept. No.: XI

**ORDER PRELIMINARILY APPROVING
SETTLEMENT AND PROVIDING FOR
NOTICE**

1 WHEREAS, the Parties to the above-captioned shareholder derivative action (the
2 "Derivative Action" or "Action") have submitted a Stipulation and Agreement of Settlement
3 seeking the preliminary approval of the settlement, as well as the Exhibits attached thereto and
4 the arguments by counsel for the parties in favor of preliminary approval of the Settlement;

5 WHEREAS, the Parties have made an application for an order: (i) preliminarily
6 approving the Settlement of the Action, in accordance with the Stipulation and agreement of
7 Settlement dated March 15, 2018 (the "Stipulation"), which, together with the exhibits annexed
8 thereto, sets forth the terms and conditions for the proposed Settlement and dismissal of the
9 Derivative Action with prejudice; and (ii) approving the form and content of (a) the Notice to
10 Current Can-Cal Shareholder (the "Notice") for posting on the websites of Sklar Williams PLLC,
11 Holland & Hart, and Jones Lovelock; (b) the Summary Notice to Current Can-Cal Shareholders
12 for filing by Can-Cal with the U.S. Securities and Exchange Commission ("SEC") via a Current
13 Report on Form 8-K; and (c) the publication of a Summary Notice once in the *Calgary Herald*
14 and the *Las Vegas Review Journal*, newspapers of general circulation in the areas where the
15 majority of the shareholders in Can-Cal are believed to reside;

16 WHEREAS, the Court having: (i) read and considered the Stipulation, as well as all the
17 exhibits attached thereto and (ii) heard and considered arguments by counsel for the Parties in
18 favor of preliminary approval of the Settlement;

19 WHEREAS, the Court finds, upon a preliminary evaluation, that the proposed Settlement
20 falls within the range of possible final approval criteria, as it provides a beneficial result for Can-
21 Cal and its shareholders and appears to be the product of good-faith, informed, and non-collusive
22 negotiations between experienced and capable counsel for the parties;

23 WHEREAS, the Court also finds, upon a preliminary evaluation, that Current Can-Cal
24 shareholders should be apprised of the Settlement through the proposed form of notice, allowed
25 to file objections, if any, thereto, and to appear at the Settlement Hearing; and

26 WHEREAS, all capitalized terms contained herein shall have the same meanings as set
27 forth in the Stipulation, unless otherwise defined herein; and

28 NOW THEREFORE, IT IS HEREBY ORDERED:

1 1.s This Court hereby preliminarily approves, subject to further consideration at the
2 Settlement Hearing described below, the Settlement set forth in the Stipulation, including the
3 terms and conditions for settlement and dismissal with prejudice of the Derivative Action.

4 2.s The Settlement Hearing pursuant to NRCP 23.1 shall be held before the
5 Honorable Elizabeth Goff Gonzalez, in Department 11 of this Court on JULY 9, 2018 at 8:30
6 A.M. to consider: (i) whether the terms and conditions of the Settlement set forth in the
7 Stipulation are fair, reasonable, and adequate to Can-Cal and Current Can-Cal Shareholders and
8 should be finally approved by this Court; (ii) whether the Judgment approving the Settlement, as
9 provided for in paragraph 1.11 of the Stipulation and attached thereto as Exhibit F, should be
10 entered; (iii) whether Plaintiffs' Counsel's application for an award of attorneys' fees and
11 reimbursement of expenses should be approved; and (iv) such other matters as may be necessary
12 or proper.

13 3.s This Court approves as to form and content the Notice, attached as Exhibit D to
14 the Stipulation, and the Summary Notice, attached as Exhibit E to the Stipulation, and finds that
15 the provisions of the Notice and Summary Notice meet the requirements of Nevada law and due
16 process, is the best notice practicable under the circumstances, and shall constitute due and
17 sufficient notice to all Persons entitled thereto. Nonmaterial changes to the form of Notice may
18 be made without further approval of the Court.

19 4.s Within ten (10) business days following entry of this Order, Defendants shall
20 cause a copy of the Notice and Stipulation to be posted on their counsel's websites, Holland &
21 Hart and Jones Lovelock. Defendants shall maintain the Notice and Stipulation on their
22 counsel's websites until the date the Court enters the Judgment approving the Settlement.

23 5. Within ten (10) business days following entry of this Order, Can-Cal shall cause a
24 copy of the Summary Notice to be filed with the U.S. Securities and Exchange Commission
25 ("SEC") via a Current Report on Form 8-K.

26 6.s Within ten (10) business days following entry of this Order, Can-Cal shall cause a
27 copy of the Summary Notice to be published once in the *Calgary Herald* and the *Las Vegas*.
28 *Review Journal* newspapers of general circulation in the areas where a majority of the

1 shareholders of Can-Cal are believed to reside. The costs associated with publishing the
2 Summary Notice shall be paid by Defendants.

3 7.e Within ten (10) business days following entry of this Order, Plaintiffs' Counsel
4 shall cause a copy of the Notice and Stipulation to be posted on the website of Sklar Williams
5 PLLC and shall maintain the Notice and Stipulation on its website until the date the Court enters
6 the Judgment approving the Settlement.

7 8.e This Court hereby finds that the notice procedures described in paragraphs 4-7e
8 above satisfy the requirements of due process, constitute reasonable notice under the
9 circumstances, and shall constitute due and sufficient notice to all Persons entitled to such notice
10 of the proposed Settlement and matters to be considered at the Settlement Hearing.e

11 9. All papers in support of the Settlement and the Fee and Expense Amount shall be
12 filed with this Court and served at least twenty-eight (28) calendar days prior to the Settlement
13 Hearing, and any reply papers, including in response to any objections, shall be filed with this
14 Court at least seven (7) calendar days prior to the Settlement Hearing.

15 10.e Any Current Can-Cal Shareholder may object and/or appear and show cause, if
16 he, she, or it has any concern why the Settlement should not be finally approved as fair,
17 reasonable, and adequate, or why the Judgment should not be entered, or why the Fee and
18 Expense Amount and the Can-Cal Share issuance should not be finally approved; provided,
19 however, unless otherwise ordered by this Court, no Current Can-Cal Shareholder shall be heard
20 or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved,
21 the Judgment to be entered thereon approving the same, or the Fee and Expense Amount, or the
22 Can-Cal Share issuance, unless that shareholder has, at least fourteen (14) calendar days prior
23 to the Settlement Hearing: (a) filed with the Clerk of this Court a signed, written objection to
24 the Settlement setting forth: (i) the nature of the objection; (ii) proof of ownership of Can-Cal
25 common stock through the date of the Settlement Hearing, including the number of shares of
26 Can-Cal common stock and the date of purchase; (iii) any documentation in support of such
27 objection; and (b) if a Current Can-Cal Shareholder intends to appear and requests to be heard at
28 the Settlement Hearing, such shareholder must have, in addition to the requirements of (a) above,

1 filed with the Clerk of this Court: (i) a written notice of such shareholder's intention to appear;
2 (ii) a statement that indicates the basis for such appearance; and (iii) the identities of any
3 witnesses the shareholder intends to call at the Settlement Hearing and a statement as to the
4 subjects of their testimony. If a Current Can-Cal Shareholder files a written objection and/or
5 written notice of intent to appear, such shareholder must also simultaneously serve copies of
6 such notice, proof, statement, and documentation, together with copies of any other papers or
7 briefs such shareholder files with this Court (either by hand delivery or by first class mail) at
8 least fourteen (14) calendar days prior to the Settlement Hearing upon each of the following:

9 Stephen R. Hackett, Esq.
10 SKLAR WILLIAMS PLLC
410 S. Rampart Blvd., Ste. 350
11 Las Vegas, NV 89145

Patrick J. Reilly, Esq.
HOLLAND & HART
9555 Hillwood Dr., 2nd Floor
Las Vegas, NV 89134

12 William R. Fishman, Esq.
2000 S. Colorado Blvd.
13 Tower 1, Ste. 900
Denver, CO 80222

Justin C. Jones, Esq.
JONES LOVELOCK
400 S. 4th St., Ste. 500
Las Vegas, NV 89101

14 *Counsel for Plaintiffs*

Counsel for Defendants

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16 11.o Any current Can-Cal Shareholder who does not make his, her, or its objection in o
17 the manner provided herein shall be deemed to have waived such objection and shall forever be
18 foreclosed from making any objection to the fairness, reasonableness, or adequacy of the
19 Settlement, or to the Fee and Expense Amount unless otherwise ordered by this Court, but shall
20 otherwise be bound by the Final Order and Judgment to be entered and the releases to be given.

21 12. At least fourteen (14) calendar days prior to the Settlement Hearing, Defendants' o
22 Counsel shall file and serve on counsel in this Action and file with the Court affidavit(s) or
23 declaration(s) stating that the Summary Notice was filed as a Current Report on Form 8-K with
24 the SEC, that the Summary Notice was published in the *Calgary Herald* and the *Las Vegas*
25 *Review Journal*, and that the Notice and Stipulation were posted and maintained on Defendants'
26 counsels' websites.

27 13.o At least fourteen (14) calendar days prior to the Settlement Hearing, Plaintiffs' o
28 Counsel shall file and serve on-counsel in this Action affidavit(s) or declaration(s) stating that the

1 Notice and Stipulation were posted and maintained on the website of Sklar Williams PLLC.

2 14.o Pending final determination of whether the Settlement should be approved, noo
3 Current Can-Cal Shareholder, directly, representatively, or in any other capacity, shall institute,
4 commence or prosecute against any of the Defendants, or derivatively on behalf of Can-Cal, any
5 action or proceeding in any court or tribunal asserting any Released Claims.

6 15. All proceedings in this Derivative Action, except for those proceedings related to
7 the Settlement, shall be stayed and the current trial date vacated, until the resolution of all
8 Settlement-related proceedings.

9 16.o Neither the Stipulation (including any exhibits attached thereto) nor theo
10 Settlement, nor any act performed or document executed pursuant to or in furtherance of the
11 Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be
12 offered or used in any way by the Parties as a presumption, a concession or an admission of, or
13 evidence of, the validity of any Released Claims, or of any fault, wrongdoing or liability of any
14 of the Parties, Plaintiffs' Counsel, Defendants' Counsel, or Released Persons; or (b) is or may be
15 deemed to be or may be offered, attempted to be offered or used in any way by the Parties or any
16 other Person as a presumption, a concession, or an admission of, or evidence of, any fault,
17 omission, wrongdoing or liability of any of the Parties, Plaintiffs' Counsel, Defendants' Counsel,
18 or Released Persons in any civil, criminal, or administrative proceeding in any court,
19 administrative agency, or other tribunal. The Parties, Plaintiffs' Counsel, Defendants' Counsel,
20 and Released Persons may file the Stipulation and/or this Order in connection with any
21 proceeding to enforce the terms of the Stipulation or this Order, including, but not limited to, the
22 filing of the Stipulation, and/or this Order by any Released Party to prevent or terminate
23 institution, commencement, or prosecution of any action that asserts Released Claims against any
24 of the Released Parties.

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17. This Court reserves the right to continue or adjourn the date of the Settlement Hearing or modify any other dates set forth herein without further notice to Current Can-Cal Shareholders, and retains jurisdiction to consider all further applications arising out of or connected with the Settlement. The Court may approve the Settlement and any of its terms, with such modifications as may be agreed to by the Parties, if appropriate, without further notice to Current Can-Cal Shareholders.

IT IS SO ORDERED.

DATED: 2 Apr 18



JUDGE OF THE EIGHTH JUDICIAL DISTRICT COURT