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

RECEIVED
OCT 29 2018
OFFICE OF THE SECRETARY

In the Matter of

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

Respondents.

RESPONDENT CAN-CAL RESOURCES LTD.'S SUPPLEMENT 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.eJones, Esq. of Jones Lovelock, hereby files the following Supplement in Support ofe Opposition to Division of Enforcement's ("Division") Motion for Summary Disposition ("Motion"), in accordance with the October 11, 2018 Order Adopting Proposal for Additional Briefing.

In this administrative proceeding, the Securities and Exchange Commission ("Commission") Division of Enforcement ("Division") seeks sanctions against Can-Cal, include the harsh and counterproductive sanction of deregistration. On November 3, 2017, the Division filed a Motion for Summary Disposition. On January 5, 2018, Can-Cal filed its Opposition to the Division's Motion and thereafter supplemented its Opposition with additional documents relevant to the Motion, including additional annual and quarterly EDGAR filings and documents relating to the separate civil matter brought by shareholders in state court in Clark County, Nevada. The Honorable Brenda Murray held a telephonic hearing on the Motion on May 7, 2018, but did not issue a ruling prior to the transfer of the matter.

Can-Cal has requested the opportunity to file this brief supplement to update the record since the filing of its Opposition more than ten months ago. In its Opposition, Can-Cal notified the Court that it was in the process of finalizing an audit in preparation of outstanding financial statements. That audit was completed earlier this year and the necessary annual and quarterly reports were filed with the Commission and made available to the public. Copies were also filed in this matter by way of supplements on May 16, 2018 and July 11, 2018. In addition, Can-Cal entered into a settlement agreement and other arrangements that ensured the financial viability of Can-Cal going forward and funding stream to ensure that Can-Cal meets its statutory reporting obligations. By way of example, attached hereto as **Exhibit 1** is Can-Cal's filed Form 10Q for the second quarter of 2018. Can-Cal's current board of directors is committed to complying with all of its statutory obligations in order to ensure that the public has access to required information concerning its financial status.

Can-Cal does not excuse its prior failings. Clearly it could and should have done better, regardless of its financial issues and internal strife. But the Division's punitive drive to de-list Can-Cal, even though it has taken every step necessary to comply with its obligations this year, in unnecessary and counterproductive. The express purpose of Section 12(j) of the Exchange Act, and the authority to suspend a company's securities registration, is the "protection of investors." 15 U.S.C. § 781(j). The power to suspend or revoke registration are permissive, and targeted at protecting investors. In assessing whether to exercise this power, the Commission looks to factors such as "the extent of the issuer's efforts to remedy its past violations and ensure future compliance, and credibility of its assurances, if any, against future violations." *Gateway Int'l Holdings, Inc.*, SEC LEXIS 1288 (May 31, 2006). Here, because of circumstances out of anyone's control, this matter has dragged on longer than anticipated. The result of that delay, though, is that the Commission now has the benefit of reviewing Can-Cal's efforts to remedy its past failings, and assess the credibility of its assurances to avoid future violations. Nearly one year ago, Can-Cal made representations to the Commission that it would get its house in order, make the required filings for past quarters, and then timely make future filings. And it has done exactly that. Accordingly, Can-Cal respectfully requests the Commission recognize the efforts that Can-Cal has made and exercise its discretion not to suspend or revoke Can-Cal's securities registration.

Respectfully submitted this 17th day of October, 2018.

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 FURTHER SUPPLEMENTAL DOCUMENTS IN SUPPORT OF OPPOSITION TO DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION** were served on this 17th day of October, 2018, in the manner indicated below:

By U.S. Mail:

The Honorable Cameron Elliot
Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2557

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Lorie Januskevicius

EXHIBIT "1"

EXHIBIT "1"

10-Q 1 cancal_10q-063018.htm QUARTERLY REPORT

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

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 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	86-0865852
(State or other jurisdiction of incorporation or organization)	(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 [X] 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 [X] 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	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ] (Do not check if a smaller reporting company)	Smaller reporting company	[X]
		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. 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 [X]

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 August 15, 2018.

CAN-CAL RESOURCES LTD.
FORM 10-Q

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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 June 30, 2018 include all adjustments necessary in order to ensure that the unaudited interim financial statements are not misleading.

Can-Cal Resources Ltd.
(An Exploration Company)
Balance Sheets
(Unaudited)

	June 30, 2018	December 31, 2017
Assets		
Current Assets		
Cash	$ 112	$ 769
Other current assets	5,790	5,790
Total Current Assets	5,902	6,559
Total Assets	$ 5,902	$ 6,559
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable	$ 287,619	$ 310,817
Accounts payable, related party	506	506
Accrued expenses	6,999	8,679
Accrued expenses, related party	102,867	117,913
Unearned revenues, related party	450,000	402,438
Notes payable, related parties	214,298	139,871
Total Current Liabilities	1,062,289	980,224
Total Liabilities	1,062,289	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 June 30, 2018 and December 31, 2017	43,667	43,667
Additional paid-in-capital	10,595,697	10,595,697
Accumulated deficit	(11,695,751)	(11,613,029)
Total Stockholders' Equity (Deficit)	(1,056,387)	(973,665)
Total Liabilities and Stockholders' Equity (Deficit)	$ 5,902	$ 6,559

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 June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Operating expenses				
Exploration costs	$ 1,251	$ 4,953	$ 1,251	$ 4,953
General and administrative expense	38,413	59,679	114,573	67,194
Director fees	18,750	–	37,500	–
Total operating expenses	58,414	64,632	153,324	72,147
Net loss from operations	(58,414)	(64,632)	(153,324)	(72,147)
Other income (expense)				
Interest expense, related party	(6,796)	(2,860)	11,226	(5,688)
Gain from sale of assets	–	9,000	–	9,000
Other income	–	700	–	700
Foreign exchange gain (loss)	352	(1,333)	391	(1,521)
Liability write-off	58,985	–	58,985	–
Total other income (expense)	52,541	5,507	70,602	2,491
Loss before provision for income taxes	(5,873)	(59,125)	(82,722)	(69,656)
Provision for taxes	–	–	–	–
Net loss	$ (5,873)	$ (59,125)	$ (82,722)	$ (69,656)
Loss per common share – Basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding, basic and diluted	43,667,060	42,867,060	43,667,060	42,867,060

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

Can-Cal Resources Ltd.
(An Exploration Company)
Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Operating activities		
Net loss for the year	$ (82,722)	$ (69,656)
Adjustments to reconcile net loss to net cash used in operating activities		
Changes in operating assets and liabilities		
Accounts payable and accrued expenses	(24,878)	10,927
Accounts payable and accrued expenses, related party	(15,046)	5,688
Unearned revenues, related party	47,562	48,954
Net cash (used in) operating activities	(75,084)	(4,087)
Financing activities		
Proceeds from issuance of loans payable	84,427	4,499
Repayment of loans payable	(10,000)	–
Proceeds from issuance of convertible notes payable	–	–
Net cash provided by financing activities	74,427	4,499
Net changes in cash and equivalents	(657)	412
Cash and equivalents at beginning of the period	769	–
Cash and equivalents at end of the period	$ 112	$ 412
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid in interest	$ 3,800	$ –
Cash paid for income taxes	$ –	$ –

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

Can-Cal Resources Ltd.
(An Exploration Company)
Notes to Unaudited Financial Statements
For the three and six months ended June 30, 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 $11,613,029 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.

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 $5,873 and $82,722 for the three and six months ended June 30, 2018, respectively, has used net cash in operating activities of $8,143,902 from inception and had a working capital deficit of $11,695,751 at June 30, 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 Candeo Lava Products Inc. ("Candeo"), which was amended on March 3, 2014 (the "Amended MSA"). Pursuant to the Amended MSA, Candeo 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, 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.

Unearned revenues as reflected on the Balance Sheet are a reflection of amounts received from Candeo based on the Amended MSA. Balances as at June 30, 2018 and December 31, 2017 were $450,000 and $402,438, respectively.

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 June 30, 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. No new stock options have been issued as of June 30, 2018. (Note 9)

4. NOTES PAYABLE, RELATED PARTIES

Notes payable, related parties consisted of the following as of June 30, 2018 and December 31, 2017, respectively:

	June 30, 2018	December 31, 2017
Note payable (1)	$ 146,885	$ 129,871
Promissory note payable (2)	–	10,000
Promissory note payable (3)	67,413	–
Total related party notes payable	$ 214,298	$ 139,871

(1) Note payable to the former CEO, unsecured, bearing interest at 10% and due on demand. Per the settlement of a lawsuit, the terms of this note were adjusted. Legal expenses incurred as a result of the lawsuit would bear interest at 10%, however, all other expenses would bear interest at 5%.

(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. Repaid on January 4, 2018.

(3) Promissory note payable originated on February 1, 2018 with Candeo, 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:

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Interest on notes payable, related parties	$ (6,796)	$ (2,860)	$ 11,226	$ (5,688)
Total interest expense	$ (6,796)	$ (2,860)	$ 11,226	$ (5,688)

The negative interest recognized in the six months ended June 30, 2018 is due to a recalculation on the loan per revisions to the agreement from the lawyers of the lawsuit recognized in the first three months of 2018. Previously omitted costs were added to the outstanding loan and the interest rate was left at 10% for legal expenses incurred but adjusted to 5% for all other expenses.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward-Looking Statements

This quarterly report contains "forward-looking statements". 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, statements regarding: the plans, strategies and objections of management for future operations; the future plans or business of our company; future economic conditions or performance; 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. Except as required by applicable law, we do not intend, and undertake no obligation, to update any forward-looking statement.

Although we believe the expectations reflected in the forward-looking statements in this report are reasonable, actual results could differ materially from those projected or assumed in any forward-looking statements. All 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:

- our current lack of working capital;
- a possible inability to raise additional financing;
- 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 our management to make estimates about matters that are inherently uncertain;
- deterioration in general or regional economic conditions;
- adverse state or federal legislation or regulations that increase the costs of compliance;
- inability to efficiently manage our operations; and
- the unavailability of funds for capital expenditures.

All financial information contained herein is shown in United States dollars unless otherwise stated. Our financial statements are prepared in accordance with United States generally accepted accounting principles.

In this quarterly report, unless otherwise specified, all references to "shares" refer to shares of common stock in the capital of our company.

As used in this quarterly report on Form 10-Q, the terms "we", "us" "our" and "Can-Cal" refer to Can-Cal Resources Ltd., a Nevada corporation, unless otherwise specified.

Corporate 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 June 30, 2018, we had cash on hand of approximately $112 available to sustain operations. At December 31, 2017, cash on hand was $769. 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.

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 and Six Months Ended June 30, 2018 Compared to the Three and Six Months Ended June 30, 2017

Results of Operations for the Three and Six Months Ended June 30, 2018 and 2017:

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Operating expenses				
Exploration costs	$ 1,251	$ 4,953	$ 1,251	$ 4,953
General and administrative expense	38,413	59,679	114,573	67,194
Director fees	18,750	–	37,500	–
Total operating expenses	58,414	64,632	153,324	72,147
Net loss from operations	(58,414)	(64,632)	(153,324)	(72,147)
Other income (expense)				
Interest expense, related party	(6,796)	(2,860)	11,226	(5,688)
Gain from sale of assets	–	9,000	–	9,000
Other income	–	700	–	700
Foreign exchange gain (loss)	352	(1,333)	391	(1,521)
Liability write-off	58,985	–	58,985	–
Total other income (expense)	52,541	5,507	70,602	2,491
Loss before provision for income taxes	(5,873)	(59,125)	(82,722)	(69,656)
Provision for taxes	–	–	–	–
Net loss	$ (5,873)	$ (59,125)	$ (82,722)	$ (69,656)

Exploration Costs:

Exploration costs were $1,251 and $1,251 for the three and six months ended June 30, 2018, respectively, and $4,953 and $4,953 for the three and six months ended June 30, 2017, respectively. The costs in both years were related to property taxes.

General and Administrative:

General and administrative expenses were $38,413 and $114,573 for the three and six months ended June 30, 2018, respectively, and $59,679 and $67,194 for 2017, respectively. The decrease in the three months ended June 30, 2018 from June 30, 2017 is due to high legal costs incurred in 2017 due to a lawsuit (Part II. Other Information - Item 1. Legal Proceedings), but the overall increase in general and administrative expense in 2018 was primarily due to management fees and filing fees.

Director Fees:

Director fees were $18,750 and $37,500 for the three and six months ended June 30, 2018, respectively, and $Nil and $Nil for the three and six months ended June 30, 2017, respectively. During the settlement of a 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 and six months ended June 30, 2018 was $58,414 or $0.00 per share and $70,602 or $0.00 per share, respectively, there was a net operating loss of $64,632 or $0.00 per share and $72,147 or $0.00 for the three and six months ended June 30, 2017, respectively. 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 and six months ended June 30, 2018 was an expense of $6,796 and a recovery of $11,226, respectively, and a $2,860 and $5,688 expense for 2017, respectively. The recovery in the six months ended June 30, 2018 was due to a recalculation of the related party loan outstanding with G. Michael Hogan that was recognized in the first three months of the year. 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%.

Gain on Sale of Assets:

Gain on sale of assets in 2017 occurred due to the sale of a truck that had been wholly depreciated on the books.

Other Income

Other income in 2017 was $700 received for a movie shoot on Can-Cal's property in May 2017.

Liability Write-off:

Certain liabilities were written off in the quarter as backup was provided showing that vendors had acknowledged a zero balance. Expense and payment transactions for these would have occurred during the period that the comprehensive Form 10-K had covered from October 1, 2015 to September 30, 2017 when backup for these payments had not previously been received.

Net Loss:

For the three months ended June 30, 2018, net loss, compared to net operating loss, was largely positively impacted by the liability write-off while the six months ended June 30, 2018 also benefitted from the interest recalculation in the first three months of 2018. The three and six months ended June 30, 2017 saw a $9,700 positive impact from the gain on sale of assets and other income.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes total assets, accumulated deficit, stockholders' equity (deficit) and working capital at June 30, 2018 and December 31, 2017.

	June 30, 2018	December 31 2017
Total Assets	$ 5,902	$ 6,559
Accumulated (Deficit)	(1,062,289)	(11,613,029)
Stockholders' Equity (Deficit)	(1,056,387)	(973,665)
Working Capital (Deficit)	$ (1,056,387)	$ (973,665)

At June 30, 2018, the Company had total assets of $5,902, consisting of prepaid expenses and cash, compared to assets of $6,559 at December 31, 2017. The Company has implemented financial controls in the business to ensure each expense is warranted and needed. The Company had $112 of cash on hand at June 30, 2018.

Off Balance Sheet Arrangements

The Company does 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 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 June 30, 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

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.

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.

As was press released, published as legal notice in several newspapers, mailed out to shareholders and made available for viewing on Defendants' Counsel's websites (www.hollandandhart.com and www.joneslovelock.com) as well as on Plaintiffs' Counsel's website (www.sklarlaw.com/notices/Can-Cal), a Settlement Hearing was held in the Eighth Judicial District Court of the State of Nevada in and for Clark County in Las Vegas, Nevada on July 9, 2018, before the Honorable Elizabeth Goff Gonzalez. The terms of the "Stipulation and Agreement of Settlement" were generally upheld and confirmed, except that a stock award was not granted to the Plaintiffs' Counsel. The settlement allow for:

- the end of the current litigation
- the ratification of the Second Amended and Restated Material Supply Agreement with Candeo Lava Products Inc., which sets out immediate and future lava product sales to it, the receipts of which will cover accounts payables as well as near term basic operating costs
- the creation of a new board of directors

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 June 30, 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 June 30, 2018, we have had no senior securities issued and outstanding.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit	Exhibit Description	Filed herewith	Incorporated by reference			
			Form	Period ending	Exhibit	Filing date
3.1	Articles of Incorporation		Form 10-SB	N/A	3.0	7/9/1999
3.2	Amendment to the Articles of Incorporation		Form 10-SB	N/A	3.1	7/9/1999
3.3	By-Laws		Form 10-SB	N/A	3.2	7/9/1999
10.1	Form of Mineral Lease Agreement		10-K	12/31/2014	10.1	1/7/2016
10.2	Form of Promissory Note with FutureWorth Capital		10-K	12/31/2014	10.2	1/7/2016
10.3	Form of Subscription Agreement for Promissory Note with FutureWorth Capital		10-K	12/31/2014	10.3	1/7/2016
10.4	Form of Warrant Certificate with FutureWorth Capital		10-K	12/31/2014	10.4	1/7/2016
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act	X				
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act	X				
32.1	Certification of Principal Executive Officer/Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act	X				
99.1	Summary of Significant Details Regarding Pisgah, Wikieup, Cerbat and the Owl Canyon Properties		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: August 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, Director
Date: August 15, 2018
Gary Oosterhoff

/s/ Cornelus Korver, Director
Date: August 15, 2018

Cornelus Korver