Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

PetroSun, Inc.

2999 North 44th Street, Suite 620
Phoenix, AZ 85018

480-425-4290
www.petrosun.us
info@petrosun.us
SIC: 1311

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

As of September 30, 2022, the number of shares outstanding of our Common Stock was: 543,307,265

As of December 31, 2021, the number of shares outstanding of our Common Stock was: 389,237,771

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Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):
Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:
Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:
Yes: ☐ No: ☒

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report and Disclosure Statement contains forward-looking statements that involve risks and uncertainties and includes statistical data, market data and other industry data and forecasts, which we obtained from market research, publicly available information and independent industry publications and reports that we believe to be reliable sources.

Certain information included or incorporated by reference in this quarterly report may be deemed to be “forward-looking statements” within the meaning of applicable securities laws. Such forward-looking statements concern our anticipated results and progress of our operations in future periods, planned exploration and, if warranted, development of our properties and plans related to our business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. All statements contained herein that are not clearly historical in nature are forward-looking, and the words “anticipate,” “believe,” “expect,” “estimate,” “may,” “might,” “will,” “could,” “can,” “shall,” “should,” “would,” “leading,” “objective,” “intend,” “contemplate,” “design,” “predict,” “potential,” “plan,” “target” and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements. Forward-looking statements in this quarterly report include, but are not limited to, statements with respect to risks related to:

- our operations being further disrupted and our financial results being adversely affected by public health threats, including the novel coronavirus (“COVID-19”) pandemic;
- our limited operating history in the helium, oil and natural gas, and lithium industries;
- investment risk and operational costs associated with our exploration activities;
- our ability to develop and achieve production on our properties;
- our helium, oil and natural gas reserve quantities;
- the amount and nature of our capital expenditures;
- our future drilling and development plans and our potential drilling locations;
- the timing and amount of future capital and operating costs;
- production decline rates from our wells being greater than expected;
- business strategies and plans of management;
- our ability to efficiently integrate recent acquisitions;
- prospect development and property acquisitions;
- our status as an exploration-stage company, including our ability to identify lithium mineralization and achieve commercial lithium mining;
- our estimates of mineral resources and whether mineral resources will ever be developed into mineral reserves;
- mining, exploration and mine construction, if warranted, on our properties, including timing and uncertainties related to acquiring and maintaining mining, exploration, environmental and other licenses, permits, access rights or approvals in the State of Chihuahua, Mexico, as well as properties that we may acquire or obtain an equity interest in the future;
- our ability to access capital and the financial markets;
- recruiting, training and developing employees;
- possible defects in title of our properties;
- compliance with government regulations;

- environmental liabilities and reclamation costs;
- estimates of and volatility in prices for commodities relating to our business, including helium, oil, natural gas and lithium;
- our common stock price and trading volume volatility, as well as the development of an active trading market for our common stock;
- our status as an emerging growth company; and
- our failure to successfully execute our growth strategy, including any delays in our planned future growth.

All forward-looking statements reflect our beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on management's expectations regarding future activities, results of operations, performance, future capital and other expenditures, including the amount, nature and sources of funding thereof, competitive advantages, business prospects and opportunities. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, known and unknown, that contribute to the possibility that the predictions, forecasts, projections or other forward-looking statements will not occur. Although we have attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated, or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Except as otherwise required by the securities laws of the United States, we disclaim any obligation to subsequently revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. We qualify all the forward-looking statements contained in this quarterly report by the foregoing cautionary statements.

Cautionary Note Regarding Unaudited Financial Statements

This Quarterly Report and Disclosure Statement, including the Financial Statements and related footnotes, have not been the subject of a financial review or audit by a public accounting firm or other external auditor. As a result, any reader of this Quarterly Report and Disclosure Statement should consider whether the same reliance should be given to these financial statements that he or she would give to financial statements that have received an opinion from a public accounting firm regarding the fairness of the financial statements' presentation from a financial point of view.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer, any names used by predecessor entities, along with the dates of the name changes.

The issuer of this Quarterly Report and Disclosure Statement is PetroSun, Inc. ("we", "our", "us", "PetroSun" or the "Company"). The Company was incorporated in the state of Nevada on June 20, 2001 as JBO, Inc. On December 1, 2001, JBO, Inc. merged with LeBlanc Petroleum, Inc., a private Arizona corporation, and changed its name to LeBlanc Petroleum, Incorporated. On August 31, 2005, the Company changed its name to PetroSun Drilling, Inc. and on August 8, 2006 to PetroSun, Inc.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The Company is an active corporation incorporated on under the laws of the State of Nevada.

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

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

Not applicable.

2) Security Information

Trading symbol:	PSUD
Exact title and class of securities outstanding:	Common Stock
CUSIP:	71676G 108
Par or stated value:	$0.001
Total shares authorized:	750,000,000 as of date: September 30, 2022
Total shares outstanding:	543,307,265 as of date: September 30, 2022
Number of shares in the Public Float[2]:	75,889,436 as of date: September 30, 2022
Total number of shareholders of record:	136 as of date: September 30, 2022

All additional class(es) of publicly traded securities (if any):
None.

<u>Transfer Agent</u>

Name:	Sedona Equity Registrar & Transfer, Inc
Phone:	602-620-1554
Email:	salli.marinov@sedonaequity.com
Address:	143 W Helena Dr, Phoenix, AZ 85023

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

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

<u>Debt Conversion Agreement</u>

On February 3, 2022, the Company executed a Debt Conversion Agreement (the "DCA") that converted $11,496,100 in outstanding debt and $778,285 in accrued interest into common shares of the Company at a conversion price of $0.25 per share. Total shares issued under the DCA came to 36,289,428 common shares, excluding convertible debt that converted concurrently under the Stock Purchase Agreement discussed below. Including convertible debt that converted under the Stock Purchase Agreement, total debt and accrued interest that converted came to $12,274,384 and the related common shares issued were 49,097,535.

Stock Purchase Agreement

Concurrently with the Debt Conversion Agreement, the Company entered into a Stock Purchase Agreement ("SPA") with an existing shareholder and lender to the Company. Pursuant to the SPA, the purchaser agreed to acquire up to $15,000,000, or 60,000,000 shares, including the conversion of $2,650,000 in convertible promissory notes borrowed by the Company between November 22, 2021 and December 13, 2021, $500,000 borrowed on January 18, 2022, and accrued interest. The conversion of principal and interest due under these promissory notes occurred at a conversion price of $0.25 per share. Total shares issued upon the conversion of these promissory notes came to 12,808,109 shares.

The SPA also included a schedule for sales of common shares was scheduled to close between the execution date and June 30, 2022. Proceeds of the SPA may be used by the Company to fund helium and natural gas drilling and development projects in the Holbrook Basin of Arizona, the Four Corners region of New Mexico and the Golden Eagle Gas Field of Utah, to fund acquisition and development of the Company's lithium project in Mexico, and for other projects and operating and G&A expenses of the Company, subject to certain approval rights granted to the purchaser, and for other purposes and projects upon approval. As prescribed by the SPA, the Company received $3,950,000 in proceeds from a sale of 15,800,000 common shares in February 2022. As of the date of this Quarterly Report, two additional purchases scheduled under the SPA, which would have encompassed the sale of 31,395,343 common shares priced at the lesser of $0.25 per share and the ten-day average trading value of the Company's common shares, had not closed. For additional information relating to the Stock Purchase Agreement, see Note 6 to the Financial Statements attached to this Quarterly Report, "*Stockholders' Equity*".

Acquisition of Golden Eagle Oil & Gas, Inc.

On February 10, 2022, the Company paid $1.04 million and closed its previously announced acquisition in the Golden Eagle Gas Field of Grand County, Utah. As announced, the transaction was structured as a purchase of all of the equity held by Halcyon Oil & Gas Pty Ltd. ("Halcyon") in three subsidiaries. The acquired entities own a working interest of approximately 70% in approximately 26,800 gross acres, subject to an "earn-in" obligation to spend development capital of $30,000,000 on exploratory and developmental drilling. The Company had previously taken ownership of the three entities subject to the final closing of the acquisition, and the ownership of the two operating subsidiaries were transferred from Golden Eagle Oil & Gas Pty Ltd. to a new PetroSun subsidiary, PetroSun Golden Eagle, LLC.

Prior to closing, the Company and Halcyon executed a Second Amendment (the "Second Amendment") to the Acquisition Agreement, which was originally executed on June 15, 2018. Total funds due under the Acquisition Agreement were $1,800,000 in cash consideration, of which $760,000 had been funded before December 31, 2021. The Second Amendment extended the deadline to February 10, 2026 for the Company to satisfy the earn-in obligation. The amendment also expanded the types of spending to be credited toward the earn-in obligation to encompass gathering and processing infrastructure and other specified investments. Subsequent to the execution of the Second Amendment, the Company funded the remaining $1,040,000 of the purchase price for the acquisition and related broker fees of $90,000.

Rae Ann, LLC

On January 10, 2022, the Company executed an Agreement and Plan of Merger (the "Merger Agreement") with Rae Ann, LLC ("Rae Ann"), and its parent company, Rae Ann Holdings, LLC ("RA Holdings"), through which the Company acquired incremental interests in various projects and entities which PetroSun or its subsidiaries already hold interests. The transaction was effectuated through a merger of the Company with Rae Ann, and consideration consisted of 89,171,959 common shares issued by the Company to RA Holdings. Using the closing price of the

Company's common stock on January 10 of $0.40 per share, the value of the transaction was approximately $35.7 million.

The interests that the Company acquired encompassed equity held by Rae Ann in certain subsidiaries of PetroSun and working interests directly owned by Rae Ann in certain mineral leases, as described in the table below:

Entity / Asset	Rae Ann, LLC Share	Post-Closing PetroSun[1] Share
Acquired Equity Interests in PetroSun Subsidiaries:		
Princess Energy, LLC [2]	37.5%	75.0%
PetroSun Golden Eagle, LLC	25.0%	100.0%
Eau Resources, LLC	20.0%	50.0%
AgWater Solutions, LLC	20.0%	100.0%
Teche Mining, LLC	20.0%	100.0%

Acquired Leasehold Interests: Lease Location	Rae Ann, LLC Working Interest	Post-Closing Petrosun[1] Working Interest
Apache, Navajo & Coconino Counties, Arizona	12.0% [3]	52.7%
San Juan County, NM & La Plata County, CO	20.0% [4]	100.0% [4]
Socorro, Valencia & Santa Fe Counties, NM	25.0%	100.0%

1. Represents holdings of PetroSun, Inc. on a consolidated basis. Calculations are approximate.
2. Princess Energy, LLC is a subsidiary of the Company which holds working Interests in certain leases in New Mexico.
3. Includes economics from proposed projects relating to helium processing and distribution activities.
4. Subject to approval by tribal authorities.

Organic Transit, Inc. and Sun MicroMobility, LLC

In September 2021, we incorporated a new company under Nevada law using the "Organic Transit" trademark. Organic Transit, Inc. (NV) was subsequently merged into our corporate structure as a holding company for Sun MicroMobility, LLC ("Sun"). Sun was acquired by the Company on September 11, 2020, when the Company purchased all rights, title and interest to the assets, including intellectual property, of the bankruptcy estate of Organic Transit, Inc., a Delaware corporation ("Organic Transit DE"), from James B. Angell, Chapter 7 Trustee. Organic Transit DE designed, manufactured, marketed and sold a solar-rechargeable battery- and pedal-powered, micromobility vehicle prior to filing for bankruptcy protection. The purchase price paid for the assets was $2 million.

Proposed Spin-Off Transactions

The Company previously announced proposals to spin-off certain exploratory-stage subsidiaries that represent distinct businesses from our core businesses, which we consider to be our oil, natural gas and helium exploration and production operations and our prospective zeolite and lithum-mining business. Entities proposed for spin-off included TorusMed, Inc. and Organic Transit, Inc.

These subsidiaries and their businesses are early-stage and do not generate sufficient revenues or cash flow, if any, to support their respective operations on a standalone basis. As a result, there can be no assurance as to the timing, structure, or success of these proposed transactions, including any spin-off, joint venture or sale transaction relating to TorusMed, Inc. or Organic Transit, Inc., or whether the Company's equity in any standalone entity will be distributed to our shareholders rather than sold or retained by the Company.

The address of the issuer's principal executive office is:

2999 North 44th Street, Suite 620
Phoenix, AZ 85018

The address(es) of the issuer's principal place of business:
Check box if principal executive office and principal place of business are the same address: ☒

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

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

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

Shares Outstanding as of Second Most Recent Fiscal Year End: Opening Balance Date Dec 31, 2019 Common: 318,630,750 Preferred: None			**Right-click the rows below and select "Insert" to add rows as needed.*						
Date of Transaction	**Transaction type (e.g. new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issu-ance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).**	**Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided**	**Restricted or Unre-stricted as of this filing.**	**Exemption or Regis-tration Type.**
January 21, 2020	*New issuance*	*10,000,000*	*Common*	*$0.055*	*No*	*MarFam63, LLC[1]*	*Consulting*	*Restricted*	*Section 4(a)(2)*
April 23, 2020	*New issuance*	*3,000,000*	*Common*	*$0.01*	*Yes*	*Beangar, LLP[2]*	*Cash*	*Restricted*	*Section 4(a)(2)*
April 23, 2020	*New issuance*	*900,000*	*Common*	*$0.01*	*Yes*	*Pacific Life Policy Assets, LLC[3]*	*Cash*	*Restricted*	*Section 4(a)(2)*
April 23, 2020	*New issuance*	*450,000*	*Common*	*$0.01*	*Yes*	*Andrew A Levy*	*Cash*	*Restricted*	*Section 4(a)(2)*
April 23, 2020	*New issuance*	*450,000*	*Common*	*$0.01*	*Yes*	*Trust UWO Eugene H Levy*	*Cash*	*Restricted*	*Section 4(a)(2)*
April 23, 2020	*New issuance*	*600,000*	*Common*	*$0.01*	*Yes*	*Isabelle H Wright*	*Cash*	*Restricted*	*Section 4(a)(2)*
April 23, 2020	*New issuance*	*600,000*	*Common*	*$0.01*	*Yes*	*Doron Rafael Toledano*	*Cash*	*Restricted*	*Section 4(a)(2)*
April 23, 2020	*New issuance*	*8,125,000*	*Common*	*$0.05*	*No*	*Mark David Gulinson*	*Consulting*	*Restricted*	*Section 4(a)(2)*

October 5, 2020	*New issuance*	*245,000*	*Common*	*$0.001*	*Yes*	*Dana Epstein Collett*	*TA Error correction*	*Restricted*	*Section 4(a)(2)*
December 6, 2020	*Cancellation*	*(16,285,326)*	*Common*	*$0.001*	*No*	*PetroSun Treasury*	*Returned to Treasury & Cancelled*	*Restricted*	*Section 4(a)(2)*
December 29, 2020	*New issuance*	*2,000,000*	*Common*	*$0.01*	*Yes*	*Beangar, LLC*[2]	*Cash*	*Restricted*	*Section 4(a)(2)*
December 29, 2020	*New issuance*	*300,000*	*Common*	*$0.05*	*No*	*Sephardic Tora & Return Center Inc.*[3]	*Broker Incentive Fees*	*Restricted*	*Section 4(a)(2)*
January 21, 2021	*New issuance*	*250,000*	*Common*	*$0.05*	*No*	*R. Gerald Bailey*	*Director Fees*	*Restricted*	*Section 4(a)(2)*
January 21, 2021	*New issuance*	*2,000,000*	*Common*	*$0.01*	*No*	*Bakersfield Capital, LLC*[3]	*Cash*	*Restricted*	*Section 4(a)(2)*
January 21, 2021	*New issuance*	*200,000*	*Common*	*$0.05*	*No*	*Isabelle H Wright*	*Broker Incentive Fees*	*Restricted*	*Section 4(a)(2)*
January 28, 2021	*New issuance*	*300,000*	*Common*	*$0.05*	*No*	*Eugene H Levy*	*Broker Incentive Fees*	*Restricted*	*Section 4(a)(2)*
February 1, 2021	*New issuance*	*31,333,334*	*Common*	*$0.06*	*No*	*Beangar, LLC*[2]	*Cash*	*Restricted*	*Section 4(a)(2)*
February 9, 2021	*New issuance*	*5,000,000*	*Common*	*$0.05*	*No*	*Beangar, LLC*[2]	*Cash*	*Restricted*	*Section 4(a)(2)*
March 2, 2021	*New issuance*	*600,000*	*Common*	*$0.05*	*No*	*Doron Rafael Toledano*	*Broker Incentive Fees*	*Restricted*	*Section 4(a)(2)*
March 2, 2021	*New issuance*	*3,333,333*	*Common*	*$0.06*	*No*	*Bakersfield Capital, LLC*[3]	*Cash*	*Restricted*	*Section 4(a)(2)*
March 2, 2021	*New issuance*	*600,000*	*Common*	*$0.05*	*No*	*Star Venture Capital LLC*[3]	*Broker Incentive Fees*	*Restricted*	*Section 4(a)(2)*
March 2, 2021	*New issuance*	*400,000*	*Common*	*$0.05*	*No*	*Isabelle H Wright*	*Broker Incentive Fees*	*Restricted*	*Section 4(a)(2)*
March 2, 2021	*New issuance*	*600,000*	*Common*	*$0.05*	*No*	*Eugene H Levy*	*Broker Incentive Fees*	*Restricted*	*Section 4(a)(2)*
April 14, 2021	*New issuance*	*1,000,000* [4]	*Common*	*$0.15*	*No*	*Christopher Cothran*	*Acquisition*	*Restricted*	*Section 4(a)(2)*
April 14, 2021	*New issuance*	*0* [4]	*Common*	*$0.15*	*No*	*Paul Cothran*	*Acquisition*	*Restricted*	*Section 4(a)(2)*
April 14, 2021	*New issuance*	*1,000,000* [4]	*Common*	*$0.15*	*No*	*Paul Ross Jackson*	*Acquisition*	*Restricted*	*Section 4(a)(2)*
April 14, 2021	*New issuance*	*1,000,000* [4]	*Common*	*$0.15*	*No*	*Rernando Rivera*	*Acquisition*	*Restricted*	*Section 4(a)(2)*
June 18, 2021	*New issuance*	*600,000*	*Common*	*$0.01*	*No*	*Trust UWO Eugene H Levy*	*Cash*	*Restricted*	*Section 4(a)(2)*
June 18, 2021	*New issuance*	*600,000*	*Common*	*$0.01*	*No*	*Sephardic Tora & Return Center Inc.*[3]	*Cash*	*Restricted*	*Section 4(a)(2)*
June 18, 2021	*New issuance*	*400,000*	*Common*	*$0.01*	*No*	*Doron Rafael Toledano*	*Cash*	*Restricted*	*Section 4(a)(2)*
June 18, 2021	*New issuance*	*400,000*	*Common*	*$0.01*	*No*	*Isabelle H Wright*	*Cash*	*Restricted*	*Section 4(a)(2)*

July 13, 2021	*New issuance*	*833,333*	*Common*	*$0.12*	*No*	*Diana and Denny Walker*	*Cash*	*Restricted*	*Section 4(a)(2)*
July 13, 2021	*New issuance*	*833,333*	*Common*	*$0.12*	*No*	*Michael P Rogan, Revocable Trust*	*Cash*	*Restricted*	*Section 4(a)(2)*
August 8, 2021	*New issuance*	*60,606*	*Common*	*$0.33*	*No*	*Thomas and Kathleen Rogan, Trust*	*Cash*	*Restricted*	*Section 4(a)(2)*
August 8, 2021	*New issuance*	*303,030*	*Common*	*$0.33*	*No*	*Michael P Rogan, Revocable Trust*	*Cash*	*Restricted*	*Section 4(a)(2)*
August 8, 2021	*New issuance*	*30,303*	*Common*	*$0.33*	*No*	*Terrence and Valerie Rogan, Joint Tenants*	*Cash*	*Restricted*	*Section 4(a)(2)*
August 8, 2021	*New issuance*	*60,606*	*Common*	*$0.33*	*No*	*Kellen and Thomas Gallagher*	*Cash*	*Restricted*	*Section 4(a)(2)*
August 8, 2021	*New issuance*	*909,091*	*Common*	*$0.33*	*No*	*Diana and Denny Walker, Joint Tenants*	*Cash*	*Restricted*	*Section 4(a)(2)*
August 8, 2021	*New issuance*	*606,060*	*Common*	*$0.33*	*No*	*Doug and Linda Truckermiller, Joint Tenants*	*Cash*	*Restricted*	*Section 4(a)(2)*
August 8, 2021	*New issuance*	*1,515,152*	*Common*	*$0.33*	*No*	*Wells Revocable Trust*	*Cash*	*Restricted*	*Section 4(a)(2)*
August 20, 2021	*New issuance*	*50,000*	*Common*	*$0.15*	*No*	*Kelly Rex Hauser*	*Consulting Svc*	*Restricted*	*Section 4(a)(2)*
August 20, 2021	*New issuance*	*540,000*	*Common*	*$0.05*	*No*	*Darrell G Baxtier*	*Consulting Svc*	*Restricted*	*Section 4(a)(2)*
August 22, 2021	*New issuance*	*600,000*	*Common*	*$0.30*	*No*	*Raymond Stuart Hobbs*	*Acquisition*	*Restricted*	*Section 4(a)(2)*
September 2, 2021	*New issuance*	*800,000*	*Common*	*$0.25*	*No*	*Ariel Khanimov*	*Cash*	*Restricted*	*Section 4(a)(2)*
September 2, 2021	*New issuance*	*800,000*	*Common*	*$0.25*	*No*	*William Adhout* [5]	*Cash*	*Restricted*	*Section 4(a)(2)*
September 2, 2021	*New issuance*	*800,000*	*Common*	*$0.25*	*No*	*Beangar, LLC*[2]	*Cash*	*Restricted*	*Section 4(a)(2)*
September 2, 2021	*New issuance*	*1,660,000*	*Common*	*$0.25*	*No*	*Sephardic Tora & Return Center Inc.*[3]	*Cash*	*Restricted*	*Section 4(a)(2)*
September 22, 2021	*New issuance*	*100,000*	*Common*	*$0.40*	*No*	*Ralph W Stevens*	*Broker Incentive Fees*	*Restricted*	*Section 4(a)(2)*
September 22, 2021	*New issuance*	*15,000*	*Common*	*$0.40*	*No*	*Stephen M Preng*	*Broker Incentive Fees*	*Restricted*	*Section 4(a)(2)*
September 22, 2021	*New issuance*	*10,000*	*Common*	*$0.40*	*No*	*Laura E Preng*	*Broker Incentive Fees*	*Restricted*	*Section 4(a)(2)*
September 22, 2021	*New issuance*	*79,166*	*Common*	*$0.40*	*No*	*David E Preng*	*Broker Incentive Fees*	*Restricted*	*Section 4(a)(2)*
September 23, 2021	*New issuance*	*0* [6]	*Common*	*$0.40*	*No*	*Rae Ann, LLC* [6]	*Acquisition*	*Restricted*	*Section 4(a)(2)*
January 10, 2022	*New issuance*	*89,171,959*	*Common*	*NA*	*No*	*Rae Ann Holdings, LLC*	*Merger with Rae Ann, LLC*	*Restricted*	*Section 4(a)(2)*
February 3, 2022	*New issuance*	*3,015,817*	*Common*	*$0.25*	*Yes*	*Bakersfield, LLC*	*Equitization of Debt*	*Restricted*	*Section 4(a)(2)*

February 3, 2022	*New issuance*	*12,808,109*	*Common*	*$0.25*	*Yes*	*Beangar, LLP*	*Conversion of Debt*	*Restricted*	*Section 4(a)(2)*
February 3, 2022	*New issuance*	*19,826,082*	*Common*	*$0.25*	*Yes*	*Beangar, LLP*	*Equitization of Debt*	*Restricted*	*Section 4(a)(2)*
February 3, 2022	*New issuance*	*9,886,948*	*Common*	*$0.25*	*Yes*	*Gordon M. LeBlanc, Jr.*	*Equitization of Debt*	*Restricted*	*Section 4(a)(2)*
February 3, 2022	*New issuance*	*3,560,579*	*Common*	*$0.25*	*Yes*	*Rae Ann Holdings, LLC*	*Equitization of Debt*	*Restricted*	*Section 4(a)(2)*
February 17, 2022	*New issuance*	*15,800,800*	*Common*	*$0.25*	*Yes*	*Beangar, LLP*	*Cash*	*Restricted*	*Section 4(a)(2)*
Shares Outstanding on Date of This Report: Ending Balance: Date September 30, 2022 Common: 543,307,265 Preferred: None									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended September 30, 2020, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2018 through September 30, 2020 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

1. Managing member: John Marren
2. Manager Gary M. Wells
3. Manager Chaim Muskat
4. Reflects shares held under an agreement, subsequently rescinded, that was executed on April 14, 2021, with Western Energy Services LLC (“WES”) regarding entry into a joint venture. WES was a provider of oilfield equipment relating to oil and gas well completion operations, plugging and abandonment services and other oilfield services. Consideration for the transaction was intended to consist of 6 million shares conveyed to the equity owners of WES, in return for a 40% stake in the joint venture. Subsequent to the closing of the transaction, PetroSun learned of various undisclosed issues which undermined its rationale for entering the transaction. As a result, PetroSun and the equityholders of WES executed a rescission of the agreement on September 6, 2021. To date, 3 million of the 6 million shares issued as consideration have been cancelled.
5. Stock certificate had not been issued at September 30, 2022 due to lack of information regarding the purchaser.
6. Reflects issuance and subsequent rescission of shares issued as consideration for an acquisition of interests from Rae Ann, LLC under a Letter Agreement dated September 20, 2021. Rae Ann, LLC, a Delaware limited liability company (“Rae Ann“), was a private company that had co-invested in a number of the Company's projects since approximately 2014. Rae Ann also funded a number of loans to PetroSun, which used the loan proceeds to finance various acquisitions and project development activities. On September 20, 2021, the Company and Rae Ann (together with its subsidiary, Rae Ann Golden Eagle, LLC) agreed to enter into a series of transactions pursuant to which the Company would acquire from Rae Ann certain interests in various projects of PetroSun. Pursuant to the Letter Agreement, the Company issued a total of 89.2 million shares. Subsequent to the execution of the Letter Agreement, due to concerns regarding whether certain interests to be transferred to PetroSun were properly vested in Rae Ann and its subsidiaries at the time, the parties agreed to rescind the transfer of interests and the issuance of any share consideration that was provided as a result of such transaction. For further information relating to Rae Ann, LLC, see Item 2 to this Disclosure Statement. For additional information relating to Rae Ann, see Item 2 of this Quarterly Report. Rae Ann subsequently merged with the Company on January 10, 2022 pursuant to an agreement with its holding company, Rae Ann Holdings, LLC. The sole manager of Rae Ann Holdings, LLC was Robert Alexander.

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

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

Date of Note Issuance	Outstanding Balance ($)	Principal Amount at Issuance ($)	Interest Accrued ($)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
August 29, 2022	$67,587	$67.000	$0	November 30, 2022 [1]	None	Gary Wells	Loan
August 31, 2022	$97,545	$96,750	$0	November 30, 2022 [2]	None	Rae Ann Holdings, LLC	Loan
September 20, 2022	$15,542	$15,500	$0	November 30, 2022 [2]	None	Rae Ann Holdings, LLC	Loan

Use the space below to provide any additional details, including footnotes to the table above:

1. Subsequently refinanced under Convertible Promissory Note dated October 24, 2022. See Note 10 to the Consolidated Financial Statements attached to this Quarterly Report, "Subsequent Events".
2. The maturity dates for these promissory notes were stated as November 30, 2022, subject to extension in the event that an amendment to the Stock Purchase Agreement was not executed by that date. For additional information relating to the Stock Purchase Agreement, see Note 10 to the Consolidated Financial Statements attached to this Quarterly Report, "Subsequent Events".

For information relating to the Company's acquisition and cancellation of four loans to the Company and mutual release entered between the Company and its Chairman Gordon M. LeBlanc, Jr. relating to operational borrowings, please see Note 5 to the Consolidated Financial Statements attached to this Quarterly Report, *"Notes Payable and Due to Related Parties"*.

4) Financial Statements

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

☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual):

Name: Christopher Hewitt
Title: Chief Financial Officer
Relationship to Issuer: Officer and employee

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

C. Balance sheet;
D. Statement of income;
E. Statement of cash flows;
F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
G. Financial notes; and

H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

See Financial Statements of PetroSun, Inc. appended to this Quarterly Report and Disclosure Statement following Item 10.

5) Issuer's Business, Products and Services

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

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

We are an exploration-stage company focused primarily on exploring for and producing, processing and marketing helium, oil, natural gas, and lithium. We own mineral leases that are variously prospective for helium, oil and natural gas in the Holbrook Basin of Arizona, the Four Corners region of New Mexico, and in the Golden Eagle Gas Field of Utah. We have also agreed to acquire two mining concessions in the Mexican state of Chihuahua that are prospective for zeolite clay, which may be used as an agricultural soil amendment, and for lithium. Collectively, we believe that our energy and resource assets provide a diverse range of development targets through which we may capitalize on commodity price trends. In addition, the locations of our assets in the United States and Mexico position us to deliver any future production of helium, hydrocarbons, and other resources to diverse markets and customers in the United States.

Finally, we hold a range of investments relating to wastewater purification, intensive agriculture growth, solar thermal membrane filtration, and solar-rechargeable battery- and bicycle-powered micromobility vehicles. The Company also holds other media and publishing assets that it considers to be immaterial.

Helium, Oil and Natural Gas

As of September 30, 2022, we held helium, oil and natural gas leases on approximately 367,667 gross acres located in the Holbrook Basin of Arizona and the Four Corners region of New Mexico and Colorado. The Company also held approximately 26,800 gross acres in the Golden Eagle Gas Field, which is located in the Paradox Basin of Utah.

The table below describes our approximate existing leasehold acreage by state and county:

State	County	Approx. Gross Acres
Holbrook Basin		
Arizona	Navajo	218,379
Arizona	Coconino	21,191
Arizona	Apache	70,753
Total Holbrook Basin		310,323
Four Corners Area		
New Mexico	McKinley	21,567
New Mexico	San Juan	5,040
New Mexico	Socorro	480
New Mexico	Valencia	14,278
Colorado	La Plata	15,980 [1]
Total Four Corners Area		57,345
Golden Eagle Gas Field		
Utah	Grand	26,800
Total - All Basins		394,469

1. Subject to approval of tribal authorities.

Holbrook Basin and Four Corners Region

As of the date of this report, we hold helium, oil and gas leases on approximately 310,324 gross acres in the Holbrook Basin of Arizona and 57,345 gross acres within the Four Corners region of New Mexico and Colorado. Our leases in Colorado are subject to final approval by the relevant tribal authority.

We do not currently produce from any lease, nor did we produce from any lease during the quarters ended September 30, 2022 or 2021. Mineral leases are structured to include a primary term, which is generally defined as a set number of years from the date of execution of the lease. If commercial production has not been established on a production unit of which the lease forms a part by the end of the primary term, the lease will generally terminate. Our leases generally contain an option through which we, as lessee, may extend the primary term through the payment of annual sums set in the lease and referred to in the industry as “delay rental” payments. If we are unable to commence production or pay delay rental payments on our leases, the leases will expire.

Generally, following the expirations of a mineral lease’s primary term, a lease on which commercial production is established will be “held by production” so long as production continues. However, certain leases, including our leases in Navajo and Coconino counties in Arizona, contain “continuous drilling” clauses which require us to continue development activities on the leases, even after production initially commences, in order to maintain the lease *in toto*. If we are unable to continue development activities on such leases, including by drilling new wells, the undeveloped portion of those leases will terminate. On May 6, 2020, the primary term of our leases in Navajo and Coconino counties in Arizona were extended three years by agreement with the lessor, to August 16, 2025.

Arizona Energy Partners, LLC (“AEP”), in which we own an 80% equity stake, is the operator of our Holbrook Basin properties under a joint operating agreement.

Properties in the Golden Eagle Gas Field of Grand County, Utah

On February 10, 2022, we executed a Second Amendment to the Acquisition Agreement and to Previous Amendments with Halcyon Oil & Gas, Ltd. (“HOG”), and we closed the acquisition with payment of the remaining purchase price of $1.04 million and related broker fees of $90,000. Pursuant to the acquisition, we acquired HOG subsidiaries that held and operate leases that are prospective for natural gas and helium in the Golden Eagle Gas Field in Grand County, Utah. The Golden Eagle leases comprise approximately 26,800 gross acres and include three wells that were drilled by HOG and shut in due to the need for a processing plant capable of extracting helium from natural gas production.

Resource Mining

Acting through our subsidiary, Teche Mining, LLC, and its 77.5%-owned Mexican subsidiary, Compañía Minera La Meseta, S.A. de C.V. ("MLM"), we entered into agreements on June 1, 2021 under which we acquired options to purchase two properties, which we refer to as San Judas I and San Judas II and which have been designated as mining concessions by Mexican federal mining regulators. San Judas I and San Judas II lie in the Mexican state of Chihuahua approximately 250 miles south of El Paso, Texas, and comprise approximately 395 acres and 244 acres, respectively. As a result of coring tests and subsequent laboratory analysis conducted during the year ended December 31, 2020, we believe that these concessions are prospective for surface deposits of zeolite clay, which is a soil amendment suitable to agriculture, and potentially for lithium that is suspended in the zeolite clay.

We have exercised the options to purchase San Judas I and II, which carry purchase prices of US$6.0 million and US$3.0 million, respectively, excluding broker fees of 10% of the respective purchase price for each concession. The purchase prices also include Mexican value-added taxes, calculated as 16% of the respective purchase prices, due on the transactions.

MLM is also holds options to acquire four properties, which we refer to as "Grupo Poker", that are contiguous to San Judas I and II and which may also be prospective for lithium and zeolite clay. Coring tests have not been performed at this time to confirm the presence of zeolite and lithium. Title diligence is continuing on these properties, which have not all received final approval as mining concessions by the Mexican mine regulatory authority. The properties comprise a total of approximately 2,579 gross acres and, if all options were exercised, would carry a total purchase price of $8.0 million, excluding broker fees of 10% of the respective purchase price for each concession. Future installment payments under these purchase contracts for these properties must be paid according to a schedule that is dependent upon the receipt of approval for documentation submitted for each property from the General Mining Office of the Mexican federal government (the "DGM") and the registry of each property with the Mexico's Public Mining Registry (the "RPM").

Finally, we have also executed a purchase contract to acquire acreage, which we refer to as "Rancho Refflor", nearby San Judas I and II that may be suitable to support mining operations. That property, which is not prospective for minerals, comprises approximately 763 acres.

Funding under the San Judas I and II purchase agreements was originally set under an installment payment schedule, including payments in varying amounts and various dates commencing on February 2, 2021 and ending on June 18, 2022. As of September 30, 2022, we had funded the equivalent of $6.8 million toward the purchase contracts for San Judas I and II, Grupo Poker, and Rancho Refflor, including required VAT taxes and a pro rata proportion of related broker fees.

The parties have entered into two amendments to the installment payment schedule. Remaining payments are currently scheduled to occur between May and December 2022 but were suspended while Mexico's Congress considered constitutional amendments and legislation proposed by the country's President Andrés Manuel López Obrador that sought to reform Mexico's electrical power industry and to terminate the issuance of lithium mining concessions. The Mexican legislature voted down those proposals in April. However, President Obrador subsequently proposed legislation, which was enacted on April 21, 2022, that directs governmental authorities to cease the issuance of lithium mining concessions and to create a new, state-sponsored national lithium company to be responsible for the development and processing of Mexico's lithium resources. For further information relating to the impact of this legislation, please see Item 8.B. in this Quarterly Report and Note 3 to the Financial Statements attached to this Quarterly Report, "*Exploration and Evaluation Assets*".

Renewables and Other Technology

<u>TorusMed, Inc., TorusAg, LLC & Subsidiaries</u>

TorusMed, Inc. ("TorusMed"), a wholly-owned subsidiary of the Company, develops, markets, and sells CBD products, including a cream suitable for over-the-counter sales. TorusMed is also a party to a technology development and licensing agreement with Arizona State University relating to intensive agriculture technology.

Our wholly-owned subsidiary TorusAg, LLC ("TorusAg") is currently conducting research into a technology utilizing cell cultures to grow and supply industrial hemp to the CBD industry. The research is being conducted under a Research Agreement with the University of Arizona. As of December 31, 2021, TorusAg held one patent for intensive agriculture technology and had submitted an application for another patent.

Organic Transit, Inc. & Sun MicroMobility, LLC

Our wholly-owned subsidiary Sun MicroMobility, LLC ("SMM") is developing an electric and pedal-powered, micromobility vehicle with a solar-rechargeable battery for potential manufacture and resale. During 2021, we commenced work on a potential new ELF design and commenced assembly of a prototype unit. In addition, we incorporated a new, wholly-owned holding company for SMM as a Nevada corporation under the name Organic Transit, Inc.

Other Businesses

In addition, on September 3, 2021, we executed a Letter of Understanding with Rare Metal Recovery, LLC ("RMR"), under which we agreed to acquire up to 25% of RMR for approximately $1.1 million (the "RMR Agreement"). RMR is in the business of developing and commercializing gravimetric separation technology using patents and other intellectual property held by its affiliate Good Earth IP, LLC ("Good Earth IP"; formerly known as Infinite Tao, LLC).

As of September 30, 2022, we held an approximately 5.0% equity interest in Good Earth IP and an approximately 8.7% equity interest in RMR. The agreement allows us to fund the purchase of the remaining portion of the 25% equity stake by reimbursing RMR for its operating costs and capital expenditures. In return, we will receive recognition on a pro rata basis toward the 25% target equity stake.

Through various subsidiaries, we also own intellectual property relating to the media and publishing, including children's books and a small catalog of country music. During the quarter ended June 30, 2022, the Company's Board determined that these assets are unrelated to the Company core business and do not have material economic value to the Company. The Board therefore approved a proposal to convey these assets to previous owners for nominal consideration.

We have also held a 50% equity stake in Eau Resources, LLC ("Eau"), which operated equipment and held a license to intellectual property relating to processing wastewater, such as oilfield production water and frac flow-back water, into organic-free brine water. On September 9, 2022, we provided notice to our joint venture partner, ELD Resources, LLC ("ELD"), of the dissolution of Eau Resources, LLC due to the insolvency of ELD, pursuant to the Eau Resources, LLC operating agreement. As a result of the dissolution, a final accounting of the company is pending, and we are considering alternatives to restructure the wastewater processing assets.

On June 30, 2022, we also dissolved two joint ventures which we determined did not hold significant economic value to the Company. The Company held 50% of the equity in Sonoran Dish Energy, LLC ("Sonoran Dish") and in a sister company, Sonoran CryoDesal, LLC ("Sonoran CryoDesal"). Sonoran Dish held proprietary technology relating to the use of concentrated arrays to generate heat for industrial processes and to the filtration of industrial wastewater. Sonoran CryoDesal held a proprietary technology relating to desalination of wastewater. On approximately June 30, 2022, the Company agreed with its joint venture partner in both entities to wind up the businesses. The Company expects to generate an accounting in conjunction with the dissolution of each entity but does not expect those accountings to require cash payments to the joint venture partner.

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

The list below identifies the Company's corporate subsidiaries alphabetically and lists indirect subsidiaries under the relevant holding company. The Company's direct or indirect ownership stake as of June 30, 2022, in each entity appears in parentheticals after each entity's name. To better understand the full scope of the Company's subsidiaries and affiliated companies, in addition to the information below, please see the Notes to PetroSun's consolidated financial statements, attached hereto following Item 10.

I. PetroSun, Inc.
   a. AgWater Solutions, LLC (100%)
      i. AgWater, LLC (10%)
   b. Americana Records (100%)
   c. Arizona Energy Partners, LLC (80%)
   d. InPerpetuity Records (100%)
   e. Noble Gas Partners, LLC (50%; inactive)
   f. Notable Kids Publishing (50%)
   g. Organic Transit, Inc. (100%)
      i. Sun MicroMobility, LLC (100%)

h. PetroSun, Inc., an Arizona corporation (100%)
i. PetroSun Energy Services, LLC (100%)
    i. Eau Resources, LLC (50%)
    ii.
j. PetroSun Golden Eagle, LLC (100%)
    i. Golden Eagle Exploration, LLC (100%)
    ii. Golden Paradox Inc. (100%)
k. PetroSun Lithium, LLC (100%; inactive)
l. Princess Energy, LLC (75%)
m. Sonoran CryoDesal, LLC (50%)
n. Sonoran Dish Energy, LLC (50%)
o. Teche Mining, LLC (100%)
    i. Compania Minera La Meseta, S.A. de C.V. (77.5%)
p. TorusAg, LLC (100%)
q. TorusMed, Inc. (100%)
    i. TorusAg, Inc. (100%)
r. Torus MediaWorks (100%; inactive)
s. Torus TechWorks, Inc. (100%; inactive)
t. United Gas of North America, LLC (100%)
u. United Helium, Inc. (74.8%)

C. Describe the issuers' principal products or services.

As of September 30, 2022, we were primarily an exploratory-stage company. Our operations consisted primarily of planning to commence drilling projects in the Holbrook Basin of Arizona, in the Four Corners region of New Mexico and Colorado, and in the Golden Eagle Gas Field of Utah.

6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Please refer to Item 5 above for information relating to our oil, natural gas and helium leases in the U.S. and our two mining concessions under agreements to purchase, other real property and options to acquire real property in Mexico.

We leased four properties during the quarter ended March 31, 2022 and three properties during the comparable period in 2021, including our corporate office at 2999 North 44th Street, Suite 620, Phoenix, AZ. Our corporate office lease, which encompasses approximately 1,781 square feet, will expire on December 31, 2022 and is billed at approximately $4,879 per month.

During the quarter ended September 30, 2022, we vacated approximately 5,920 square feet of office and warehouse space at 4000 Monroe Road in Farmington, New Mexico, which we had used as a field office and storage yard. The lease was billed monthly at $2,750. We completed a relocation of the field office and storage yard to St Johns, Arizona in January 2022, when we entered into leases on two properties on a month-to-month basis. Total payments for the St. Johns properties are approximately $1,500 per month, plus utilities, with the lease payment obligation on the storage yard dependent upon actual use to store equipment.

The Company's subsidiary Sun MicroMobility, LLC also leases a a facility that it primarily uses to warehouse parts and inventory in Winston-Salem, North Carolina. The lease encompasses approximately 5,500 square feet and is month-to-month for $1,710 per month.

We do not own or lease any other facilities to support the operations of our subsidiaries in the U.S. or in Mexico.

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

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% of more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

The information in the table below is presented as of September 30, 2022.

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Gordon LeBlanc, Jr.	Chairman & Director	Phoenix , AZ	104,064,852	Common	29.2%	
R. Gerald Bailey	Director & CEO	Phoenix, AZ	500,000	Common	0.1%	
Christopher Hewitt	Chief Financial Officer	Tempe, AZ	0	NM	0.0%	
Andrew Levy	Board Observer	Greenwich, CT	2,400,000	Common	0.4%	
Beangar, LLC	Board Observer; owner of more than 5%	Milford, IA	92,082,677	Common	16.9%	Beneficially owned by Gary Wells
Cede & Co.	Owned more than 5%	Jersey City, NJ	66,585,280	Common	8.1%	Beneficial Holder
Rae Ann Holdings, LLC	Board Observer; owner of more than 5%	Princeton, TX	92,732,538	Common	17.1%	Beneficially owned by Robert Alexander

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

On April 21, 2022, new legislation was signed into law by Mexican President Andrés Manuel López Obrador to reform the lithium mining industry in Mexico. The legislation banned the issuance to private or foreign companies of concessions for the operation of lithium mines. The applicability of the new legislation to existing mining concessions is unclear at this time, given that the Mexican Constitution contains a prohibition on nationalizations by the country's federal government. The Company has retained legal counsel in Mexico to advise regarding the impact of the legislation on the business plan of the Company's wholly-owned subsidiary Teche Mining, LLC. The Company is a party to installment purchase contracts for two lithium concessions, an installment purchase contract to acquire a property that suitable to support mine logistics and operations, and option contracts to acquire four properties that are potentially prospective for lithium. For further information, see Note 3 – Exploration and Evaluation Assets, to the financial statements attached to this Disclosure Statement following Item 10.

There are no other material pending legal proceedings to which the issuer or any of its subsidiaries is a party or to which any of their property is subject.

9) Third Party Providers

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

<u>Securities Counsel</u>

Name:	Aaron D. McGeary
Firm:	The McGeary Law Firm, P.C.
Address 1:	1600 Airport Fwy., Suite 300
Address 2:	Bedford, Texas 76022
Phone:	817 282-5885
Email:	aaron@mcgearylawfirm.com

<u>Accountant</u>

Name:	Geok Pang Lim, C.P.A.
Firm:	GPL Consulting LLC
Address 1:	14210 Flower Creek Ln
Address 2:	Houston, TX 77077
Phone:	619 277-4128
Email:	geoklim@aol.com

<u>Accountant</u>

Name:	Mark Shelley, C.P.A.
Firm:	Shelley Tax
Address 1:	1012 S Stapley Dr
Address 2:	Mesa, AZ 85204
Phone:	480 461-8301
Email:	markshelleycpa@gmail.com

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, R. Gerald Bailey, Chief Executive Officer of PetroSun, Inc., certify that:

1. I have reviewed this quarterly disclosure statement of PetroSun, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 21, 2022

_*/s/ Dr. R. Gerald Bailey*________
Dr. R. Gerald Bailey, CEO

Principal Financial Officer:

I, Christopher Hewitt, Chief Financial Officer and Secretary of PetroSun, Inc., certify that:

1. I have reviewed this quarterly disclosure statement of PetroSun, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 21, 2022

_*/s/ Christopher Hewitt*________
Christopher Hewitt, CFO

PETROSUN, INC
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash	$ 17,757	$ 594,961
Receivables	564,392	672,899
Inventory	44,000	44,000
Other current assets	8,890	-
Total current assets	635,041	1,311,860
Non-current assets:		
Exploration and evaluation assets	39,482,163	10,408,678
Property, plant and equipment, net	732,434	836,046
Intangible assets	2,418,207	2,079,076
Investment in affiliates	363,526	375,567
Other assets	133,960	166,640
Total assets	$ 43,765,330	$ 15,177,867
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other liabilities	$ 695,387	$ 586,062
Accrued interest	-	711,435
Current portion of notes payable	186,028	10,764,901
Total current liabilities	881,416	12,062,399
Non-current liabilities:		
Due to related parties	355,000	1,299,802
Notes payable	(0)	2,440,900
Total liabilities	1,236,416	15,803,100
Stockholders’ Equity:		
Common stock, $0.001 par value per share; 750,000,000 shares authorized 543,307,265 and 389,237,771 issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	543,506	389,237
Additional paid-in capital	76,083,112	25,000,946
Accumulated deficit	(34,097,704)	(26,015,416)
Total stockholders’ equity	42,528,914	(625,234)
Total liabilities and stockholders’ equity	$ 43,765,330	$ 15,177,867

The accompanying notes are an integral part of these financial statements

PETROSUN, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Nine months ended September 30,		Three months ended September 30,	
	2022	2021	2022	2021
		(Restated)		(Restated)
Revenues	$ -	$ 53,963	$ -	$ 53,557
Cost of sales	-	6,582		6,478
Gross income	-	47,380	-	47,078
Operating expenses:				
General and administrative	2,919,793	1,951,385	(488,778)	1,000,407
Depreciation and amortization	127,035	129,534	23,461	44,267
Research and development	150,829	121,880	1,440	37,240
Impairment Expense	2,554,077	-	2,554,077	-
Total operating expenses	5,751,734	2,202,798	2,090,199	1,081,913
Loss from operations	(5,751,734)	(2,155,418)	(2,090,199)	(1,034,835)
Other income (expenses):				
Foreign exchange gain (loss)	32,812	(1,401)	264	529
Gains on Debt Transactions	17,855	-	17,855	-
Interest expense	(101,595)	(520,848)	(28,680)	(207,005)
Other income	-	392	-	359
Total other income (expenses)	(50,928)	(521,857)	(10,560)	(206,117)
Loss before income taxes	(5,802,662)	(2,677,275)	(2,100,759)	(1,240,952)
Income tax expense	-	-	-	-
Net loss	$ (5,802,662)	$ (2,677,275)	$ (2,100,759)	$ (1,240,952)
Basic and diluted loss per weighted-average share	$ (0.011)	$ (0.007)	$ (0.004)	$ (0.003)
Basic and diluted weighted-average number of shares outstanding	521,361,808	376,453,843	543,307,265	383,841,514

The accompanying notes are an integral part of these financial statements

PETROSUN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended September 30, 2022	Nine months ended September 30, 2021 (Restated)
Cash flows from operating activities:		
Net loss	$ (5,802,662)	$ (2,677,275)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, amortization and impairment	127,035	129,534
Impairment Expense	2,554,077	-
Changes in operating assets and liabilities:		
Receivables	108,507	21,060
Inventory	-	(2,391)
Other assets	(8,890)	(9,910)
Accounts payable and other liabilities	109,325	(2,700)
Due to related parties	343,732	1,876,080
Net cash used in operating activities	(2,568,876)	(665,602)
Cash flows from investing activities:		
Investments in lithium concessions	-	-
Addition to exploration and evaluation assets	(1,934,991)	(4,378,936)
Addition to property, plant and equipment	(5,000)	(6,088)
Investment in affiliates	(203,526)	(466,000)
Net cash used in investing activities	(2,143,517)	(4,851,024)
Cash flows from financing activities:		
Issuance of common shares for cash	3,950,000	4,735,000
Proceeds from notes payable	185,190	1,392,864
Net cash provided by financing activities	4,135,190	6,127,864
Increase (decrease) in cash	(577,204)	611,238
Cash at beginning of period	594,961	382,055
Cash at end of period	$ 17,757	$ 993,293
Supplemental disclosure:		
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -

The accompanying notes are an integral part of these financial statements

PETROSUN, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine months ended September 30, 2022
(Unaudited)

	Common Stock		Additional Paid	Accumulated	
	Shares	Amount	In Capital	Deficit	Total
Balance, December 31, 2021	389,237,771	$ 389,237	$ 25,000,946	$ (26,015,416)	$ (625,233)
Common stock issued for merger	89,171,959	89,172	35,579,611		35,668,783
Common stock issued for debt conversion	49,097,535	49,097	11,548,555		11,597,652
Common stock issued for cash	15,800,000	15,800	3,934,200		3,950,000
Net loss	-	-	-	(5,802,662)	(5,802,662)
					-
Balance, September 30, 2022	543,307,265	$ 543,307	$ 76,083,112	$ (34,097,704)	$ 42,528,715

The accompanying notes are an integral part of these financial statements

Note 1 – Organization and Business

PetroSun, Inc. ("PetroSun" or the "Company") was organized in the state of Nevada on June 20, 2001 as JBO, Inc. On December 1, 2001, JBO, Inc. merged with LeBlanc Petroleum, Inc., a private Arizona corporation, and changed its name to LeBlanc Petroleum, Incorporated. On August 31, 2005, the Company changed its name to PetroSun Drilling, Inc. and on August 8, 2006 to PetroSun, Inc. The merger of JBO, Inc. and LeBlanc Petroleum, Inc. was a recapitalization and accounted for as a reverse acquisition. PetroSun, Inc. was the surviving legal entity from the transaction and LeBlanc Petroleum Inc., was treated as the historical accounting company.

As defined by the United States' Security & Exchange Commission ("SEC") Industry Guide 7, the Company qualifies as an exploration-stage mining company since it is in the process of exploring for and evaluating properties that are prospective helium, oil and natural gas, and lithium to determine which, if any, contain deposits that are economically recoverable. The recoverability of the stated value of exploration and evaluation assets depends upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

Going Concern

These financial statements have been prepared by management on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses on an ongoing basis and expects to incur further losses in the development of its businesses. These circumstances comprise a material uncertainty and cast significant doubt on the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future, and to repay its liabilities arising from normal business operations as they become due.

The Company is in the process of exploring prospective helium, hydrocarbon, and lithium properties and has not yet determined whether these properties have adequate helium reserve or mineral deposits to be economically recoverable. In addition, the Company relies on equity and debt financing to fund such operations. The Company's main source of funding has been the issuance of equity and debt securities for cash through private placements with investors. The Company's continuing operations are dependent on its ability to obtain the necessary financing, to complete the exploration, evaluation, and development of prospective helium, natural gas and other mineral property interests and on future profitable production and sales of helium, natural gas and other mineral reserves, in addition to its success commercializing its other businesses, which also require capital.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries which includes Arizona Energy Partners, LLC ("AEP"), Eau Resources, LLC ("Eau"), PetroSun Golden Eagle, LLC, Princess Energy, LLC, Organic Transit, Inc. and its subsidiary, Sun MicroMobility, LLC ("SMM"), Teche Mining, LLC ("Teche") and its controlling stake in Compania Minera La Meseta, S.A. de C.V., and TorusMed, LLC ("TorusMed"). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company has several other controlled subsidiaries that currently do not have any transactional activities for accounting records.

Restatement of previously issued financial statements

Upon further review, the Company has determined that previously issued consolidated financial statements as of and for the three months ended September 30, 2021 for PetroSun, Inc. and its subsidiaries, should no longer be relied upon due to errors in the financial statements. As a result, the Company has restated the affected financial statements to make corrections to investments in affiliates, and to the presentation of outstanding debt and corporate borrowings as of and for the three months ended September 30, 2021, as well as to operating results for the subsequent interim reporting periods.

Use of Estimates

The accompanying consolidated financial statements are prepared in conformity with generally accepted accounting principles in the United States ("U.S. GAAP"), which require the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities as of the date of the financial statements; and the revenues and expenses reported during the reporting periods presented. The most significant estimates pertain to the evaluation of unproved properties for impairment, accrued operating expenses and the allocation of general and administrative expenses. Actual results could differ significantly from these estimates.

Risk and Uncertainties

The Company is subject to several categories of risk affiliated with its activities. Mineral exploration and production are speculative businesses and involve a high degree of risk. Among the factors that have a direct bearing on the Company's prospects are uncertainties inherent in estimating mineral deposits, future mining production, project capital budgets, and cash flows, particularly with respect to properties that have not been fully proven with economic mineral reserves; access to additional capital; changes in the prices of the underlying commodities; availability and cost of services and equipment; and the presence of competitors with greater financial resources and capacity.

Impact of COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is currently not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid instruments with an original maturity of three months or less and are stated at cost, which approximates fair value. As of September 30, 2022 and December 31, 2021, the Company did not have any cash equivalent transactions.

Fair Value of Financial Instruments

As of September 30, 2022 and December 31, 2021, the carrying value of accounts receivable, accounts payable, accrued expenses, accrued interest and investments in affiliates approximates fair value due to the short-term nature of such items. The Company's debt is carried at cost, which approximates the fair value of the debt as the related interest rates approximate the interest rates currently available to the Company.

Exploration and Evaluation Assets

Property acquisition costs include cash costs and the fair market value of issued common shares and other share-based payments, including shares paid under option or joint interest agreements. Amounts shown for properties represent costs incurred net of write-downs and recoveries and are not intended to represent present or future values. Capitalized costs are subject to measurement uncertainty, and it is reasonably possible a change in future conditions could require a material change in recorded amounts.

The Company uses the "successful efforts" method of accounting for its oil, natural gas and helium properties and capitalizes all costs related to property interests on a property-by-property basis once it receives legal rights to explore a property. Such costs include property acquisition costs and exploration and development expenditures, net of any recoveries. In addition, annual payments on certain mineral, oil, natural gas and helium leases to delay the expiration of a lease's primary term are expensed. Upon abandonment or sale of any property interests, accumulated capitalized costs are charged to operations net of proceeds. Once commercial production starts, capitalized costs will be depleted over the estimated helium, hydrocarbon, or other mineral reserve using the units of production method. Incidental revenues received while the properties are in the exploration stage are credited to the carrying value of the properties. Cost recoveries are credited against specific property costs, as received.

Other Property and Equipment

Property and equipment include two drilling rigs and related oilfield equipment, office equipment and furniture, which are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of property and equipment range from three to seven years. The Company recorded approximately \$127,035 and \$129,534 of depreciation, amortization and impairment for the nine months ended September 30, 2022, and 2021, respectively. The Company recorded approximately \$23,461 and \$44,267 for the three months ended September 30, 2022 and 2021, respectively.

Intangible Assets

Intangible assets, either acquired as a result of an acquisition or developed internally, are assets that can be identified, are controlled by the Company, and are expected to provide future economic benefits to the Company. Intangible assets are recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Intangible assets acquired as a result of an acquisition or in a business combination are measured at fair value at the acquisition date.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are depreciated over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of the asset is estimated to be less than the carrying amount, the carrying amount is reduced to its recoverable amount. The Company derecognizes the carrying amount of intangible assets on disposal or when no future economic benefits are expected from its use. Intangible assets with indefinite useful lives are not depreciated, but are tested for impairment annually, either individually or at the cash-generating unit level. The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Investment in Affiliates

The Company accounts for its investment in affiliates using the equity method if it has significant influence over the affiliate and owns 20% or more interest in the investment. If the Company owns less than 20% and has no significant influence over the affiliate, it will account for the investment in affiliates using the cost method. Under the equity method, the Company's investment in an affiliate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the affiliate and for impairment losses after the initial recognition date. The Company's share of an affiliate's losses that are in excess of its investment in the affiliate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the affiliate. The Company's share of earnings and losses of affiliates are recognized through profit or loss during the period. Distributions received from an affiliate are accounted for as a reduction in the carrying amount of the Company's investment in the affiliate. Where the Company has a free-carried interest in expenditures, the Company records its proportionate share based on its ownership percentage with an offsetting amount recorded in reserves.

Intercompany transactions between the Company and its affiliates are recognized only to the extent of unrelated investors' interests in the affiliates.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an affiliate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the affiliate's operations. When there is objective evidence that an investment in an affiliate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less cost to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in affiliate is less than its carrying amount then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an affiliate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through profit or loss in the period that the reversal occurs.

Impairment of Long-lived Assets

The Company accounts for long-lived assets at cost. The Company may impair these assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Recoverability is measured by comparing the carrying amount of an asset to the expected undiscounted future net cash flows generated by the asset. If it is determined that the asset may not be recoverable, and if the carrying amount of an asset exceeds its estimated fair value, an impairment charge is recognized to the extent of the difference. The Company's management evaluate its long-term assets at each reporting period to determine whether there are any indications of impairment.

(i) Exploration and evaluation asset impairment

As of September 30, 2022 and December 31, 2021, management has determined that there were no indicators of impairment for its exploration and evaluation assets since the wells drilled in the Holbrook Basin discovered helium concentration up of to approximately 7.0%. These wells are temporarily shut-in awaiting further development and production once the Company obtains adequate funding to build a processing facility or contracts with a third-party processing provider.

(ii) *Inventory impairment*

During the nine and three months ended September 30, 2022 and 2021, management determined that there was no impairment charge for inventory.

(iii) *Intangible asset impairment*

During the nine and three months ended September 30, 2022 and 2021, management determined that there was no impairment charge for intangible assets.

(iv) *Investment in affiliates impairment*

During the nine and three months ended September 30, 2022 and 2021, management determined that there was no impairment charge for investment in affiliates.

Decommissioning liabilities

Provisions for decommissioning, plugging and abandonment liabilities associated with the Company's exploration and evaluation properties are based on current legal and constructive requirements, technology, price levels and expected plans for remediation. Amounts recorded for decommissioning liabilities require the use of management's best estimates of future decommissioning expenditures, expected timing of expenditures and future inflation rates. The estimates are based on internal and third-party information and actual costs and cash outflows can differ from estimates due to changes in laws and regulations, public expectations, prices, discovery and analysis of site conditions, and changes in clean up technology. As of September 30, 2022 and 2021, management determined that the Company has a plan to further develop and process the helium reserve for production and does not consider the need to decommission the wells currently.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. Revenues are considered realized or realizable and earned when: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectability is reasonably assured.

Income Taxes

The Company uses the asset and liability method in accounting for income taxes. Deferred tax assets and liabilities are recognized for temporary differences between financial statement carrying amounts and the tax bases of assets and liabilities and are measured using the tax rates expected to be in effect when the differences reverse. Deferred tax assets are also recognized for operating loss and tax credit carry forwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is used to reduce deferred tax assets when uncertainty exists regarding their realization.

The Company recognizes its tax benefits only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for “unrecognized tax benefits” is recorded for any tax benefits claimed that do not meet these recognition and measurement standards. As of September 30, 2022, and December 31, 2021, the Company has determined that no liability is required to be recognized.

The Company’s policy is to recognize any interest and penalties related to unrecognized tax benefits in income tax expense. No interest or penalties were required to be accrued as of September 30, 2022, and December 31, 2021. Further, the Company does not expect that the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months.

Loss Per Share

Basic loss per share was calculated by dividing net income or loss applicable to common shares by the weighted average number of common shares outstanding during the periods presented. The calculation of diluted income (loss) per share should include the potential dilutive impact of shares issuable upon the conversion of debt or preferred stock, vested restricted stock and exercise of warrants and options during the period, unless their effect is anti-dilutive. As of September 30, 2022 and December 31, 2021, common stock equivalents including shares underlying options and warrants, have been excluded from the diluted share calculations as they were anti-dilutive as a result of net losses incurred.

Foreign Exchange Currency

Transactions in currencies other than the U.S. dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on transactions are included in the consolidated statement of operations.

Note 3 – Exploration and Evaluation Assets

	Holbrook Basin Helium Project, Arizona	Four Corners Helium Project, New Mexico & Colorado	Golden Eagle Helium Project, Utah	Meseta Lithium Project, Mexico	Total
Balance, December 31, 2021	$ -	$ 124,096	$ -	$ 3,085,663	$ 3,209,759
Acquisition costs	10,931,913	7,328,484	9,304,864	1,447,369	29,012,630
Exploration & evaluation costs	-	5,930,723	25,295	-	5,956,018
Balance, September 30, 2022	10,931,913	13,383,303	9,330,159	4,533,032	38,178,407

Merger with Rae Ann, LLC

On January 10, 2022, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Rae Ann, LLC ("Rae Ann"), and its parent company, Rae Ann Holdings, LLC ("RA Holdings") through which the Company acquired additional interests in various projects which PetroSun or its subsidiaries already held interests. The transaction was effectuated through a merger of the Company with Rae Ann in return for the issuance of 89,171,959 common shares of the Company to RA Holdings, resulting in the allocation of an additional $35,518,784 to exploration and evaluation asset costs. The acquired interests encompass mineral leasehold interests, as well as equity held by Rae Ann in certain subsidiaries of PetroSun, as described below:

PetroSun, Inc. Project/Entity	Rae Ann Share
Equity in Princess Energy, LLC (1)	37.50%
Working Interests in approximately 282,923 helium, oil and natural gas leasehold acres in Apache, Navajo and Coconino Counties, AZ (2)	12.00%
Working Interests in approximately 15,980 helium, oil and natural gas leasehold acres in San Juan County, NM and La Plata County, CO (3)	20.00%
Interests in helium, oil and natural gas leasehold acres located in Socorro and Valencia Counties, NM	25.00%
Equity in PetroSun Golden Eagle, LLC (4)	25.00%
Equity in Eau Resources, LLC	20.00%
Equity in AgWater Solutions, LLC	20.00%
Equity in Teche Mining, LLC	20.00%

(1) Princess Energy, LLC is a subsidiary of the Company which holds working Interests in certain leases in New Mexico.
(2) Includes economics from helium processing assets and operations and helium distribution activities.
(3) Subject to approval by tribal authorities.
(4) Held by Rae Ann Golden Eagle, LLC.

Acquisition of Golden Eagle Oil & Gas

On February 10, 2022, the Company executed an amendment (the “Second Amendment”) to the Acquisition Agreement relating to the Company’s purchase of equity held by Halcyon Oil & Gas Pty Ltd. in three subsidiaries dated June 15, 2018. Under the Acquisition Agreement, the Company received a working interest of approximately 70% in approximately 26,000 gross acres in the Golden Eagle Gas Field in Grand County, Utah, in return for consideration of $1,800,000 in cash and an agreement as operator to undertake exploratory and developmental drilling. The Second Amendment extended the deadline to February 10, 2026 for the Company to “earn-in” to the leasehold by satisfying a development capital commitment of $30,000,000, and the amendment also expanded the type of spending to be credited toward the earn-in obligation. Subsequent to the execution of the Second Amendment, the Company funded the remaining $1,040,000 of the purchase price for the acquisition and related broker fees of $90,000.

Lithium Concessions and Related Investment in Mexico

The Company, through its 77.5% stake in Mexican affiliate Compania Minera La Meseta, S.A. de C.V. (“Meseta”), is a purchaser under installment purchase contracts for two properties licensed as mining concessions in the Mexican state of Chihuahua, both of which are prospective for lithium and zeolite and which are located contiguous to each other. The Company has also purchased options to acquire four additional properties that are contiguous to its concessions and which may also be prospective for lithium and zeolite, and the Company has executed a purchase contract to acquire another property which could be suitable to support its proposed concession mining operations. As of September 30, 2022, the Company had incurred approximately $6,800,000 under installment the installment purchase contracts relating to its Mexican concessions and properties and in other costs, including allocated costs relating to its merger with Rae Ann, LLC.

On April 21, 2022, President Andrés Manuel López Obrador of Mexico signed legislation to create a state-owned company to mine and process lithium resources located in Mexico. The legislation prohibits the issuance of lithium mining concessions to any other foreign or domestic company. Following a review of the impact of the legislative package, the Company has recognized an impairment to the carrying value of the properties of ($2,232,687) and an impairment to VAT tax receivables arising from the installment purchase agreements of ($321,389). The Company continues to assess the impact of this legislation on these assets and the business of Meseta.

Following the enactment of the Mexican legislation, the Company placed on hold a previously announced project to demonstrate potential lithium processing technology in Phoenix, Arizona.

NOTE 4 – INVESTMENT IN UNCONSOLIDATED AFFILIATES

On September 30, 2020, the Company entered into a second amended letter of understanding to acquire a stake of up to 10% of the equity in Good Earth IP, LLC (“GEIP”), which was formerly known as Infinite Tao, LLC, with an initial purchase of a 5% stake for consideration of $200,000. GEIP holds intellectual property relating to certain gravimetric separation technology (“GST”). In addition, on September 3, 2021, the Company executed a Letter of Understanding with Rare Metal Recovery, LLC (“RMR”), under which the Company agreed to acquire up to 25% of RMR, for approximately $1,091,175 (the “RMR Agreement”). RMR is in the business of developing and commercializing GST using patents and other intellectual property held by GEIP.

As of December 31, 2021, the Company had paid a total of a total $175,567 to acquire bringing the total balance to $375,567 as of December 31, 2021. During the nine months ended September 30, 2022, the Company paid an additional $69,700 to RMR, increasing the Company’s interest in RMR to approximately 8.7%. Since the Company does not have control or significant influence over the investment and owns less than 20% of each of GEIP and RMR, the investments are accounted for at historical cost in the non-current asset section of the balance sheet.

NOTE 5 - NOTES PAYABLE & DUE TO RELATED PARTIES

The Company's debts as of September 30, 2022 and December 31, 2021 consist of the following:

	September 30, 2022	December 31, 2021
Various notes payable due to a senior officer at 8% p.a.	$ -	$ 1,652,900
Various notes payable due to private investors at 6-12% p.a.	180,675	10,460,087
	180,675	12,112,987
Less: current portion	(180,675)	(9,672,087)
Long-Term Debt	$ -	$ 2,440,900

The Company has been dependent on loans and convertible debt and equity purchases by and from its Chairman and private investors to fund the operations of PetroSun and its subsidiaries. All related-party transactions were measured at the amount of consideration established and agreed to by the related party. All amounts due from or payable to related parties are unsecured and have no fixed terms of repayment. As of September 30, 2022 and December 31, 2021, the amounts due to related parties were $180,675 and $1,299,802, respectively.

Approximately $11,496,100 of the notes, including accrued interest of $778,285, converted into 49,097,535 shares of the Company's common stock at $0.25 per share based on the Stock Purchase Agreement executed on February 3, 2022. See Note 6 – Stockholders' Equity.

On September 30, 2022, the Company's Chairman Gordon LeBlanc, Jr. executed an agreement to acquire four outstanding loans of $1,820,810 (the "LeBlanc Acquired Loans"), for which he was alleged to be jointly and severally liable, from the original lender in a private transaction. The LeBlanc Acquired Loans were borrowed from a single lender and earned interest of approximately 12% p.a., compounded monthly. These loans were past their maturity dates and were therefore in technical default. The Company was not a party to the loan purchase agreement; however, the effectiveness of the agreement was subject to the Company's extension of the expiration date of 31,000,000 options held by the original lender to January 15, 2025.

Also on September 30, the Company executed an agreement with Mr. LeBlanc to acquire the LeBlanc Acquired Loans (the "PetroSun-LeBlanc Loan Agreement") and thereby cancel them and eliminate all liability thereon. As part of the agreement, the Company, acting for itself and its subsidiaries, and Mr. LeBlanc agreed to a mutual release of any and all liabilities between the parties, including informal operational borrowings and other liabilities that had accrued to date, with the exception of accrued compensation of $255,000. As consideration for the PetroSun-LeBlanc Loan Agreement, the Company's Board subsequently authorized the extension of the option expiration date to January 15, 2025.

NOTE 6 - STOCKHOLDERS' EQUITY

Authorized Shares of Common Stock

On December 6, 2021, the Company filed an amendment to the Company's certificate of incorporation to increase the number of authorized shares of common stock from 500,000,000 to 750,000,000 shares with a par value of $0.001 per share.

Stock Purchase Agreement and Debt Conversion Agreement

On February 3, 2022, the Company entered into a Stock Purchase Agreement ("SPA") with an existing shareholder and lender to the Company. Under the SPA, the investor agreed to the conversion of convertible promissory notes of $2,650,000 borrowed by the Company between November 22, 2021 and December 13, 2021 and $500,000 borrowed on January 18, 2022, at a conversion rate of $0.25 per common share. Total common shares issued upon the conversion of these convertible promissory notes came to 49,097,535 shares.

Also pursuant to the terms of the SPA, the investor agreed to make additional share purchases on a set schedule between the execution date of the SPA and June 30, 2022. Proceeds from the sale of shares under the SPA may be used by the Company to fund its helium and natural gas drilling and development projects, acquisition and development of the Company's lithium projects in Chihuahua, Mexico, and for other projects and operating and general and administrative expenses of the Company, subject to certain approval rights granted to the investor. The conversion price for shares sold under the SPA was set by a formula at the lesser of $0.25 per share and the 10-day weighted average trading value of the Company's common shares. The Company closed a sale of 15,800,000 common shares to the investor at a purchase price of $0.25 per share, generating $3,950,000 in proceeds to the Company during the six months ended June 30, 2022. Two other installment sales under the SPA, representing 31,395,343 common shares, did not close as scheduled. See Note [10] – Subsequent Events.

Stock-Based Compensation

On June 3, 2022, the Company's Board of Directors approved the grant of incentive stock options of the Company's 6,000,000 shares of Common Stock to the new Chief Executive Officer, R. Gerald Bailey, who also serves as a Director, and to another Director, Andrew Levy, at an exercise price of $0.2767 per share. The options are exercisable over five years from date of grants. As a result, for the nine and three months ended September 30, 2022, the Company recognized $2,749,633 as stock-based compensation expense.

The fair value of stock option awards is determined using the Black-Sholes-Merton option-pricing model based on several assumptions. These assumptions are based on management's best estimate at the time of grant. The Company used the following weighted average data relating to each assumption to calculate the value of the grants:

Expected Term in Years	5.00
Expected Volatility	177.876%
Expected Dividends	0%
Risk-Free Interest Rate	3.00%

NOTE 7 – SUPPLEMENTAL CASH FLOW INFORMATION

The following table summarizes information on non-cash investing and financing activities for the nine months ended September 30, 2022 and 2021:

	September 30, 2022	September 30, 2021
Rae Ann Holdings LLC merger	$ 35,518,783	
Common shares issued for services	$ -	$ 147,500
Common shares issued for debt conversion	$ 11,597,653	$ 250,000
Common shares issued for acquisitions	$ -	$ 902,000

NOTE 8 – LEASES

Effective January 1, 2019, the Company adopted ASU 2016-02, *Leases* (Topic 842). The purpose of this guidance is to increase transparency and comparability among organizations by recognizing certain lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The main difference between previous GAAP methodology and the method under this new guidance is the recognition on the balance sheet of certain lease assets and lease liabilities by lessees for those leases that were classified as operating leases under previous GAAP.

The Company has made an accounting policy election not to capitalize leases with a lease term of twelve months or less and to not separate lease and non-lease components for all asset classes. The Company has also elected to adopt the package of practical expedients within ASU 2016-02 that allows an entity to not reassess prior to the effective date (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases, or (iii) initial direct costs for any existing leases and the practical expedient regarding land easements that exist prior to the adoption of ASU 2016-02. The Company did not elect the practical expedient of hindsight when determining the lease term of existing contracts at the effective date.

The Company had four operating leases during the nine and three months ended September 30, 2022 and three such leases during the comparable period in 2021, including its corporate office in Phoenix, Arizona. The corporate office lease, which encompasses approximately 1,781 square feet and will expire on December 31, 2022, is leased on a month-to-month basis for $4,879 per month.

During the nine and three months ended September 30, 2022, the Company also leased approximately 5,920 square feet of office and warehouse space in Farmington, New Mexico, as a field office, and the attached property served as a storage yard. The lease was billed monthly at $2,750. The lease terminated on May 31, 2021 and became a month-to-month rental until the Company relocated its field office to St Johns, Arizona. Beginning in January 2022, the Company entered leases on two properties in St Johns for use as a field office and storage yard on a month-to-month basis. Total payments for the St Johns properties are $500 and $1,000 per month, respectively, plus utilities.

The Company's subsidiary, SMM, also leases a portion of a facility that it primarily uses to warehouse parts and inventory acquired with the Chapter 7 bankruptcy estate of DE OTI in Winston-Salem, North Carolina. The lease encompasses approximately 5,500 square feet and is month-to-month for $1,710 per month.

The lease costs associated with above short-term leases are reflected in general and administrative expenses. For the nine months ended September 30, 2022 and 2021, total rent expenses were $83,830 and $69,117, respectively.

NOTE 9 - SUBSEQUENT EVENTS

On approximately September 9, 2022, the Company notified ELD Resources, LLC ("ELD"), the Company's joint venture partner in Eau Resources, LLC ("Eau Resources"), and the owner of a 50% equity stake, that Eau Resources would be dissolved due to the insolvency of ELD, pursuant to the Eau Resources, LLC operating agreement. A final accounting under the limited liability company agreement is pending.

On October 24, 2022, the Company entered into an employment contract with its Chairman, Gordon LeBlanc, Jr. The new contract carried a one-year term, effective October 1, 2022, subject to four automatic, six-month extensions in the absence of any notice of the Company's non-intention to renew. The salary under the new agreement is $300,000 per annum, in addition to any cash or equity bonus compensation approved by the Company's Board of Directors.

Also on October 24, 2022, the Company executed a new Convertible Promissory Note for up to $1.5 million with Gary Wells, and concurrently executed a Mutual Release and Settlement Agreement with Beangar, LLP, for which Mr. Wells served as Managing Member, relating to the previously executed Stock Purchase Agreement. The committed principle under the Convertible Promissory Note was $1,117,000 at closing, with the remainder of the nominal amount of the loan subject to funding following a request(s) by the Company for funding and subsequent approval by Mr. Wells. Interest is payable under the Convertible Promissory Note at an annual rate of 7.00%, payable in cash or in kind at the Company's option. The conversion price under the Convertible Promissory Note is $0.15 per share of common stock. Proceeds from the Convertible Promissory Note may be used to fund upcoming drilling operations, in addition to specifically approved general and administrative expenses. On October 28, 2022, the Company executed a drilling contract with Aztec Well Servicing Co. in order to resume drilling operations at the Manuel Seep 2-1 Well (the "MS 2-1"). The target zone for the well is prospective for helium. Operations commenced at the MS 2-1 on approximately October 29. The Company's drilling plan calls for cased hole logs to be used to determine the presence and size of any helium discovery.