EARTH GEN-BIOFUEL, INC.

FORM 10-Q
(Quarterly Report)

Filed 05/23/16 for the Period Ending 03/31/16

Address	17870 CASTLETON STREET, #205
	CITY OF INDUSTRY, CA 91748
Telephone	626-964-8808
CIK	0001614924
Symbol	EGBB
SIC Code	0100 - Agricultural Production-Crops
Industry	Fishing & Farming
Sector	Consumer Non-Cyclicals
Fiscal Year	12/31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2016

OR

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

Commission file number: 000-55263

EARTH GEN-BIOFUEL INC.
(Exact name of registrant as specified in its charter)

NEVADA	46-0895129
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

17870 Castleton Street, # 205
City of Industry, California, 91748
(Address of principal executive offices)

(626)-964-8808
(Registrant's telephone number)

(Former Name or Former Address, if Changed Since Last Report

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer	☐	Accelerated Filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of May 23, 2016, the issuer had 84,614,431 shares of common stock issued and outstanding.

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

EARTH GEN-BIOFUEL, INC.

For the quarter ended March 31, 2016

FORM 10-Q

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PART I

ITEM 1. FINANCIAL STATEMENTS.

EARTH GEN-BIOFUEL INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current Assets		
Cash	$ 21,752	$ 1,379
Prepaid expenses and other receivables	4,960	4,960
Inventories, net	360,565	389,031
Loan receivable	1,100	1,100
Total Current Assets	388,377	396,470
Property and equipment, net	14,894	15,856
Timber rights	625,000	-
Total Assets	$ 1,028,271	$ 412,326
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 109,413	$ 105,701
Notes payable	3,500	3,500
Notes payable-related party	59,971	14,995
Convertible notes, net	83,000	83,000
Due to related party	34,444	19,444
Total Current Liabilities	290,328	226,640
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $0.0001 par value, 10,000,000 shares authorized, none issued and outstanding	-	-
Common stock, $0.0001 par value, 690,000,000 shares authorized, 83,993,431 and 81,256,574 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	8,399	8,126
Additional paid-in capital	3,622,920	2,938,617
Stock subscription payable	10,000	-
Accumulated deficit	(2,903,376)	(2,761,057)
Total Stockholders' Equity	737,943	185,686
Total Liabilities and Stockholders' Equity	$ 1,028,271	$ 412,326

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

EARTH GEN-BIOFUEL INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31,	
	2016	2015
Revenues	$ -	$ -
Operating expenses:		
General and administrative	112,326	110,016
Inventory reserve	28,466	30,566
Total operating expenses	140,792	140,582
Loss from operations	(140,792)	(140,582)
Other Income (Expense)		
Interest expense	(1,527)	(17,363)
Total other (Expense)	(1,527)	(17,363)
Loss before income taxes	(142,319)	(157,945)
Provision for income taxes	-	-
Net loss	$ (142,319)	$ (157,945)
Net loss per common share		
Basic and diluted	$ (0.00)	$ (0.00)
Weighted average common shares outstanding		
Basic and diluted	81,490,338	75,149,498

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

EARTH GEN-BIOFUEL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31	
	2016	2015
Operating Activities:		
Net loss	$ (142,319)	$ (157,945)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	962	962
Amortization of debt discounts	-	16,376
Inventory reserve	28,466	30,566
Stock-based compensation	54,577	-
Changes in operating assets and liabilities:		
Inventory	-	(18,000)
Accounts payable and accrued expenses	3,712	(2,013)
Related party payables	18,000	4,835
Net cash used in operating activities	(36,602)	(125,219)
Investing Activities:	-	-
Financing Activities:		
Proceeds from related party note payable	41,975	-
Repayment to notes payable	-	(3,000)
Proceeds from common stock issuances	5,000	105,500
Cash received for stock subscriptions payable	10,000	28,000
Net cash provided by financing activities	56,975	130,500
Net change in cash	20,373	5,281
Cash, beginning of period	1,379	2,092
Cash, end of period	$ 21,752	$ 7,373
Supplemental disclosures of cash flow information:		
Cash paid during the period		
Interest	$ -	$ -
Income taxes	$ -	$ -
Non-cash investing and financing activities:		
Common stock issued for timber rights	$ 625,000	$ -

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

EARTH GEN-BIOFUEL, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Nature of Operations and Basis of Presentation

Earth Gen-Biofuel, Inc. (the "Company" or "Earth Gen") was incorporated in the state of Nevada on August 28, 2012 to pursue the business of becoming an international agricultural company focused on growing plants that are the basis for providing renewable sources for manufacturing processes and energy.

On September 25, 2012, Earth Gen entered into an Agreement of Share Exchange and Plan of Reorganization (the "Exchange Agreement") with EarthBlock Technologies, Inc. ("EarthBlock"), a Nevada publicly traded corporation, pursuant to which EarthBlock acquired 100% of the ownership of the Company in exchange for 63,666,400 shares of EarthBlock's common stock (the "Exchange") on the basis of four shares of EarthBlock for one share of Earth Gen outstanding as of October 14, 2012.

Upon the completion of the Exchange, Earth Gen operated as a wholly owned subsidiary of EarthBlock and focused its efforts to begin its international agricultural operations. In October of 2012, Earth Gen began to organize farmers and government related agencies in Laos and Vietnam to control land for growing castor beans. Prior to Earth Gen becoming a subsidiary of EarthBlock, Earth Gen's management had spent over two years creating the relationships and working with local farmers to build an organization and obtain the knowledge and expertise to become a major grower of castor beans in these countries.

The common stock of EarthBlock was registered with the SEC under the Exchange Act and was quoted on OTCQB operated by the OTC Markets Group Inc. EarthBlock failed to comply with Exchange Act Section 13(a) because it had not filed any periodic reports with the SEC since the period ended December 31, 2007. EarthBlock consented to a deregistration order of the SEC, and pursuant to Section 12(j) of the Exchange Act, registration of EarthBlock's common stock was revoked and trading in EarthBlock's common stock was suspended.

Additionally, the shareholders of Earth Gen were not made aware of the full extent of a material liability of EarthBlock that resulted from the operations of EarthBlock's non-operational subsidiary EarthBlock Texas Homes, Inc. As a result of the liability not being included in proper detail and information regarding its effect on EarthBlock's financial statements, EarthBlock's previously disclosed financial condition was inaccurate.

On September 25, 2013, the Board of Directors of EarthBlock and of Earth Gen voted to rescind the acquisition of Earth Gen by EarthBlock and authorized the officers of the Corporation to take the steps required to complete the rescission of the Exchange.

A rescission agreement dated October 28, 2013 (the "Rescission Agreement") was entered into by and among EarthBlock, Earth Gen and the shareholders. A majority of Earth Gen shareholders approved the Rescission Agreement on October 28, 2013. The Rescission Agreement sets forth the terms and provisions where the parties agreed to take all steps necessary and proper to unwind the Exchange including the surrender of the Exchange Shares for cancellation and Earth Gen to issue to each Exchange Share shareholder his respective original equity interests in Earth Gen. The Additional Shares will remain outstanding and will ratably dilute the Exchange Share shareholders pre-Exchange, original equity ownership in Earth Gen as a result.

The Rescission Agreement offer terminated on October 10, 2014. Pursuant to the terms of the Rescission Agreement, Earth Gen issued a total of 50,645,600 Earth Gen common stock shares to participating holders of Exchange Shares commensurate with the holders' respective original equity interests in Earth Gen. Earth Gen also issued a total of 7,030,400 Additional Shares. No additional Earth Gen common stock shares will be issued as a result of the rescission of the Reverse Merger. One Shareholder owning 7,560,000 Exchange Shares did not become a party to the Rescission Agreement and will retain his EarthBlock common stock shares and with no equity interest in Earth Gen.

In March 2014, Earth Gen-Biofuel Lao Sole Co Ltd ("Earth Gen Laos") was formed under the laws of Laos to meet Laos's regulatory and legal requirements to do business in Laos. This company is 100% controlled by Earth Gen. Earth Gen Laos has its own in-country bank accounts denominated in US dollars through which it pays all local operating expenses of the business activities of Earth Gen in Laos.

In March of 2016, Earth-Eco Agriculture Inc. ("Earth-Eco") was formed as a Nevada corporation and 100% owned subsidiary of Earth Gen-Biofuel Inc. There were no operation of Earth-Eco Agriculture for the period ended March 31, 2016. Earth-Eco Agriculture Inc. was formed for the management of Earth Gen-Biofuel Inc's non-castor bean operations.

Note 2—Going Concern

These financial statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of March 31, 2016, the Company has an accumulated deficit since inception. The continuation of the Company as a going concern is dependent upon the continued financial support from its management, and its ability to identify future investment opportunities and obtain the necessary debt or equity financing, and generating profitable operations from the Company's future operations. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3—Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. All inter-company accounts and transactions have been eliminated in consolidation.

Unaudited Interim Financial Information

These unaudited interim financial statements have been prepared in accordance with GAAP for interim financial reporting and the rules and regulations of the Securities and Exchange Commission that permit reduced disclosure for interim periods. Therefore, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. In the opinion of management, all adjustments of a normal recurring nature necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented have been made. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the year ending December 31, 2016.

The balance sheets and certain comparative information as of December 31, 2015 are derived from the audited financial statements and related notes for the year ended December 31, 2015 ("2015 Annual Financial Statements"), included in the Company's 2015 Annual Report on Form 10-K. These unaudited interim financial statements should be read in conjunction with the 2015 Annual Financial Statements.

Basic and Diluted Loss per Common Share

Basic loss per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted loss per share is calculated by dividing the Company's net loss available to common shareholders by the diluted weighted average number of shares outstanding during the period. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. Diluted loss per share excludes all dilutive potential shares if their effect is anti-dilutive.

The Company has issued common stock purchase warrants and entered into convertible note; however, they are anti-dilutive given the net loss incurred for the periods presented. As a result, 7,139,286 potentially dilutive common stock equivalents (presented post-dividend and post-split) were excluded from the calculation of diluted loss per common share as of March 31, 2016. Therefore, dilutive and basic losses per common share are equal.

Inventory

Inventory consists of raw materials consisting of castor bean seeds. Inventories are recorded at the lower of cost or market, using the first-in, first-out method. Cost is determined at the actual cost for raw materials.

Expenditures on growing crops are valued at the lower of cost or market and are deferred and charged to cost of sales when the related crops are harvested and sold. The deferred growing costs included in inventories in the balance sheets consist primarily of land rental cost and service costs.

In assessing the ultimate realization of inventories, the management makes judgments as to future demand requirements compared to current or committed inventory levels. The Company's reserve requirements generally increase or decrease with its projected demand requirements and market conditions. The Company estimates the demand requirements based on market conditions, forecasts prepared by its customers, sales contracts and orders in hand.

In addition, the Company estimates net realizable value based on intended use, current market value and inventory ageing analyses. The Company writes down the inventories for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventories and the estimated market value based upon assumptions about future demand and market conditions.

Based on the above assessment, the Company recorded an inventory reserve of $28,466 and $115,963 as of March 31, 2016 and December 31, 2015, respectively.

Timber Rights

Timber rights represent the exclusive rights acquired by the Company to extract and purchase all commercial timber logs extractable from a designated timber concession area.

Timber rights are stated at cost less accumulated amortization and impairment loss, if any.

The timber rights are amortized on the basis of the volume of timber logs extracted during the year as a proportion of the total estimated timber logs extractable over the remaining period of timber extraction.

Revenue Recognition

Revenue from sales of the Company's products is recognized upon customer acceptance, which occurs at the time of delivery to the customer, provided persuasive evidence of an arrangement exists, such as signed sales contract, the significant risks and rewards of ownership have been transferred to the buyer at the time when the products are delivered to its customers with no significant post-delivery obligation on our part, the sales price is fixed or determinable and collection is reasonably assured. The Company does not provide its customers with contractual rights of return and post-delivery discount for any of its products. When there is any significant post-delivery performance obligations exists, revenue is recognized only after such obligations are fulfilled. The Company evaluates the terms of sales agreement with its customers in order to determine whether any significant post-delivery performance obligations exist.

Note 4—Inventory

Inventory consists of:

	March 31, 2016	December 31, 2015
Capitalized costs of growing crops	569,314	569,314
Total inventory	$ 569,314	$ 569,314
Less: inventory reserve	(208,749)	(180,283)
Inventory, net	$ 360,565	$ 389,031

Note 5— Property and Equipment

Property and equipment consist of:

	March 31, 2016	December 31, 2015
Machinery and equipment	$ 11,240	$ 11,240
Automobile	7,000	7,000
Office equipment	4,216	4,216
Total	22,456	22,456
Less: accumulated depreciation	(7,562)	(6,600)
Property and equipment, net	$ 14,894	$ 15,856

For the three months ended March 31, 2016 and 2015, depreciation expenses were $962 and $962, respectively.

Note 6— Timber Rights

On March 16, 2016, Earth-Eco purchased the rights to all products derived from Phonehong Tree Farms, a farm located in the Laos People's Democratic Republic. The farm covers nearly 27 acres and has approximately 9,000 Aguilaria trees, which are cultivated to produce Agarwood. According to the purchase agreement, Phonehong Tree Farms assigned the rights to all Agarwood trees on the land and the future rights to all products grown on the land for a period of 40 years to Earth-Eco. In exchange for the rights, Earth Gen issued 2,500,000 shares of its restricted common stock to the owner of Phonehong Tree Farms. The shares were valued at $625,000, which was the fair value of the stock at the time of entering the purchasing agreement.

Note 6— Due from Related Parties

The Company and EarthBlock advanced each other monies in the normal course of business. The advances do not have written note, do not accrued interest and are due on demand. There have been no new advances. At December 31, 2015, the Company recorded a reserve of $58,058.

As of March 31, 2016 and December 31, 2015, the Company owed $34,444 and $19,444 to George Shen, CEO and shareholder of the Company for accrued service fees and monies advanced to and repaid by the Company in the normal course of business. The advances do not have written note, do not accrue interest and are due on demand.

Prior to September 30, 2013, the Company was provided office space at no charge by George Shen. Starting July 1, 2013, the Company has been paying office rent at $3,360 under a month-to-month lease agreement and is now paying $3,495 per month. Starting in February 2016, the Company has sub-leased part of the office space to a company in which George Shen is also a shareholder.

The Company obtained short-term loans from a company in which George Shen is also an officer and from certain shareholders for working capital purposes.

Promissory note from related parties consists of:

	March 31, 2016	December 31, 2015
Promissory note due related party, interest at 2% per annum, default interest at additional 5%, due July 30, 2015, in default	$ 2,000	$ 2,000
Promissory note due related party, no interest, due January 30, 2016, in default	1,000	1,000
Promissory note due shareholder, no interest, due September 20, 2013, in default	3,000	3,000
Promissory note due shareholder, no interest, default interest at additional 5%, due October 30, 2015, in default	2,000	2,000
Promissory note due shareholder, no interest, due January 31, 2016, in default	1,000	1,000
Promissory note due shareholder, no interest, due March 15, 2016, in default	2,500	2,500
Promissory note due shareholder, no interest, due March 15, 2016, in default	3,495	3,495
Promissory note due related party, no interest, due June 30, 2016	3,495	-
Promissory note due related party, no interest, due November 30, 2016	3,495	-
Promissory note due related party, no interest, due November 30, 2016	22,968	-
Promissory note due shareholder, no interest, due November 15, 2016	12,000	-
Promissory note due shareholder, no interest, due November 30, 2016	3,000	
Total	$ 59,971	$ 14,995

For the over-due promissory notes, there has been no demand for repayment.

Note 7— Notes Payable

The Company obtained short-term loans from an unrelated party for working capital purposes.

Note payable consists of:

	March 31, 2016	December 31, 2015
Promissory notes due unrelated party, no interest, default interest at additional 5%, due October 30, 2015, note is in default	$ 3,500	$ 3,500
Total	$ 3,500	$ 3,500

Note 8— Convertible Note

On December 15, 2014, the Company issued a $7,000 convertible note. The convertible note bears interest at 2% per annum, due July 30, 2015, convertible into common stock of the Company anytime after June 20, 2015 at a conversion price of $0.07 per share. If the outstanding balance of the convertible note is not paid when due, the default interest is 5% per annum above the rate that would otherwise be in effect with the default interest accruing, from and including such due date, on a cumulative, compounding basis. Note is in default, there has been no demand for repayment.

On October 29, 2014, the Company issued a $36,000 convertible note. The convertible note bears interest at 5% per annum, due December 15, 2015, convertible into common stock of the Company anytime after May 15, 2015 at a conversion price of $0.07 per share. If the outstanding balance of the convertible note is not paid when due, the default interest is 2% per annum above the rate that would otherwise be in effect with the default interest accruing, from and including such due date, on a cumulative, compounding basis. Note is in default, there has been no demand for repayment.

On September 30, 2014, the Company issued a $40,000 convertible note. The convertible note bears interest at 5% per annum, due September 15, 2015, convertible into common stock of the Company anytime after January 30, 2015 at a conversion price of $0.10 per share. If the outstanding balance of the convertible note is not paid when due, the default interest is 2% per annum above the rate that would otherwise be in effect with the default interest accruing, from and including such due date, on a cumulative, compounding basis. Note is in default, there has been no demand for repayment.

The Company calculated $63,000 for the intrinsic value of the beneficial conversion feature ("BCF") of the convertible notes (based on the last sale price of $0.15 per share) and recorded the $63,000 BCF as a debt discount and as an addition to additional paid-in capital on effective date of the notes. The debt discount is being amortized to interest expense over the term of the note. The BCF has been fully amortized since December 31, 2015.

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Note 9—Stockholders' Equity

At March 31, 2016, the Company is authorized to issue 690,000,000 shares of $0.0001 par value common stock and 10,000,000 of $0.0001 par value preferred stock.

As of March 31, 2016, 83,993,431 shares were issued and outstanding. At December 31, 2015, 81,256,574 shares were issued and outstanding.

Private Placements of Common Stock

From January 1, 2016 to March 31, 2016, Earth Gen issued to investors 150,000 shares of its common stock at the offering price of $0.10 per share for an aggregate amount of $15,000. There were 100,000 shares fully paid that were not yet issued as of March 31, 2016 and were issued on April 4, 2016.

Restricted Stock Awards ("RSA") Issued for Services

During the period January 1, 2016 through March 31, 2016 the Company granted 186,857 RSAs to various consultants for their services provided to the Company and valued at $40,174. As of March 31, 2016, all RSAs are vested and there was no unrecognized compensation cost related to RSAs. The value of the shares issued was based on the fair value of the stock at the time of it was issued or agreed upon value of services rendered.

Common Stock Issued for Acquisition

On March 16, 2016, Earth-Eco Agriculture Inc. was formed as a Nevada corporation and 100% owned subsidiary of Earth Gen-Biofuel Inc. Earth Gen-Biofuel Inc. issued 2,500,000 shares of Earth Gen-Biofuel Inc. 'restricted" common stock for the purchase of the rights to the Agarwood production from a 27-acre Phonehong Tree Farm in the Laos People's Democratic. The shares were valued at $625,000.

Warrants

In connection with the 2013 private placements, the Company issued warrants for 6,400,000 shares of Earth Gen Common Stock on August 1, 2013 and 1,600,000 warrants on September 12, 2013. Each of these warrants entitled the holder to purchase one (1) share of Earth Gen common stock at $0.03 per share starting on January 1, 2014 and ending on December 15, 2016. As of December 31, 2014, 1,000,000 warrants have been exercised in exchange for total cash proceeds of $31,250 or $0.03 per share.

In connection with the January 2014 private placement, the Company issued warrants to purchase 202,000 shares of Earth Gen common stock on March 20, 2014. Each warrant entitles the holder to purchase one (1) share of Earth Gen common stock at $0.50 per share starting on July 15, 2014 and ending on September 30, 2016.

In connection with the April 2015 private placement, the Company issued warrants to purchase 3,000,000 shares of Earth Gen common stock on April 26, 2015. Each warrant entitles the holder to purchase one (1) share of Earth Gen common stock at $0.07 per share starting on May 1, 2015 and ending on December 15, 2015.

In connection with the April 2015 private placement, the Company issued warrants to purchase 6,000,000 shares of Earth Gen common stock on April 26, 2015. Each warrant entitles the holder to purchase one (1) share of Earth Gen common stock at $0.07 per share starting on May 1, 2015 and ending on March 31, 2016.

In connection with a consulting agreement, the Company issued warrants to purchase 300,000 shares of Earth Gen common stock on December 12, 2015 as compensation to the consultant. Each warrant entitles the holder to purchase one (1) share of Earth Gen common stock at $0.07 per share starting on April 30, 2016 and ending on December 15, 2017. The fair value of warrants granted was calculated using the Black-Scholes model and amortized over the vesting period. At March 31, 2016, $14,403 was amortized to stock-based compensation expense and the unrecognized stock-based consulting expense was $4,115.

These warrants have standard anti-dilution language to allow for recapitalizations and distributions. The warrants are equity classified and amounts attributable to the warrants are classified within additional paid-in capital. All reference to numbers of shares issued for warrants and per share price is based on a post-stock-dividend and post-reverse-split amount.

A summary of the status of the Company's warrants outstanding as of March 31, 2016 is presented below:

	Number of Shares
Outstanding at December 31, 2015	13,502,000
Expired	(6,000,000)
Outstanding at March 31, 2016	7,502,000
Exercisable at March 31, 2016	7,202,000

The following table summarizes information about warrants outstanding as of March 31, 2016:

Options and Warrants Outstanding				Options and Warrants Exercisable	
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 0.03	7,000,000	0.71	$ 0.03	7,000,000	$ 0.03
$ 0.50	202,000	0.50	$ 0.50	202,000	$ 0.50
$ 0.07	300,000	1.71	$ 0.07	-	-
	7,502,000	0.74	$ 0.05	7,202,000	$ 0.04

For the three months ended March 31, 2016 and 2015, stock-based compensation expense was $54,577 and $0, respectively.

Note 10—Income Taxes

The Company is subject to taxation in the United States. As of March 31, 2016, the Company had Federal net tax operating loss carry forwards of approximately $2,741,583 available to offset future taxable income. The carry forwards expire in varying amounts through 2034.

Uncertain Tax Positions

Interest associated with unrecognized tax benefits are classified as income tax and penalties are classified in general and administrative expenses in the consolidated statements of operations.

For the three months ended March 31, 2016 and 2015, the Company had no unrecognized tax benefits and related interest and penalties expenses. Currently, the Company is not subject to examination by major tax jurisdictions.

Note 11—Commitments and Contingencies

Farm Lease Agreements

On March 10, 2014, Earth Gen entered into a lease agreement for 136 hectares of farm land located at Phoengam Neua Village, Pek Districk, Xiengkhuang Province in the People's Republic of Lao. The term of the lease is for twelve years with an option for Earth Gen to renew for an additional twelve years. Earth Gen is obligated to pay taxes on the land of up to $1,000 per year any taxes in excess of that amount are the obligation of the landowner. In addition, Earth Gen is obligated to provide all elements required to grow castor beans on the land and start using the land in partial or in full for castor bean farming operations before the end of 2014. The compensation to the landowner under the agreement is $50.00 per metric ton of castor beans harvested and is due ninety days after the harvest.

In addition to this agreement, Earth Gen has entered into two additional agreements, under the terms substantially equivalent to the original agreement described above, for 103 additional hectares in Xiengkhuang Province in close proximity to the Phoengram Neua Village farm.

Note 12 – Subsequent Events

April 1, 2016 through May 18, 2016 Private Placement of Common Stock

The Company received $60,000 for the purchase of 400,000 shares of Restricted Common stock during the period from April 1, 2016 to May 18, 2016. There was a subscription owing on the purchase of 20,000 shares as on May 18, 2016.

During the period April 1, 2016 through May 18, 2016 the Company granted 101,000 RSAs to various consultants for their services provided to the Company and valued at $23,440. The value of the shares issued was based on the fair value of the stock at the time of it was issued or agreed upon value of services rendered.

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

In this section, "Earth Gen," "we," "our," "ours," "us" and the "Company" refer to Earth Gen-Biofuel, Inc. You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q consists of forward-looking statements such as statements regarding our expectations about the trials, regulatory approval, manufacturing, distribution and commercialization of our current and future product candidates and statements regarding our anticipated revenues, expenses, margins, profits and use of cash. In this Quarterly Report on Form 10-Q, the words "anticipates," "believes," "expects," "intends," "future," "could," "estimates," "plans," "would," "should," "potential," "continues" and similar words or expressions (as well as other words or expressions referencing future events, conditions or circumstances) often identify forward-looking statements.

These forward-looking statements are based on our current expectations. These statements are not promises or guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results to be materially different from any future results expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, the following: our limited operating history and expectations of losses for the foreseeable future; the absence of revenue from our product candidates for the foreseeable future; our potential inability to obtain any necessary additional financing; our substantial dependence on the success of our lead product candidates, which may not be successfully commercialized even if they are approved for marketing; the effect of competition; our potential inability to obtain regulatory approval for our existing or future product candidates; our dependence on third parties to conduct some of our development activities; our dependence upon third-party manufacturers for supplies of our product candidates; uncertainties regarding the outcomes of trials regarding our product candidates; our potential failure to attract and retain senior management and key scientific personnel; uncertainty about our ability to develop a satisfactory sales organization; our significant costs of operating as a public company; our potential inability to obtain patent protection and other intellectual property protection for our product candidates; potential claims by third parties alleging our infringement of their patents and other intellectual property rights; our potential failure to comply with regulatory requirements, which are subject to change on an ongoing basis; the potential volatility of our stock price; and the significant control over our business by our principal stockholders and management.

Overview

Our primary business is the cultivation of non-food agricultural products for use in manufacturing processes, renewable energy and transportation fuel. Currently, our focus is on the cultivation of castor beans, an agricultural crop currently in high demand and short supply. Castor beans are an integral component in processing manufactured products for many countries and have attracted attention as a "renewable energy crop" with great value due to its high oil content in comparison to other oil seed crops.

Our goal is to become a major producer of castor beans in Southeast Asia and other tropical growing areas. Our business model is to supply the growing demand for castor beans by cultivating and growing in areas not suitable for food crops. Our plan to use areas of relatively poor soil conditions allows us to produce castor beans without competing with potentially more valuable products.

We plan to build our business by providing castor beans to chemical conversion facilities, which utilize chemical processes that require the use castor oil, in China and other countries such as Japan, Taiwan, Europe and the United States. Furthermore, as the world supply of castor beans grows along with our own production, we will benefit from a "tipping point" created when there is enough surplus castor bean supply to allow for its use as biodiesel. Based on current commercial demand for castor bean oil, long term need for clean fuel, and favorable industry conditions in China, the United States and Europe, we believe that, subject to obtaining the necessary capital, we are positioned for rapid near and long term growth.

Earth Gen-Biofuel Inc. formed a new wholly owned subsidiary Earth-Eco Agriculture Inc. ("Earth-Eco") as a Nevada corporation on March 16, 2016. This new subsidiary was formed to manage agricultural operations that are not Castor Bean related for its parent company Earth Gen-Biofuel Inc.

On March 16, 2016 Earth-Eco purchased the rights to the Agarwood production from a 27-acre plantation in the Laos People's Democratic Republic containing over 9,000 mature Aquilaria trees for the production of Agarwood. Earth Gen-Biofuel Inc. issued 2,500,000 shares of "restricted" Common stock to the Seller to complete the purchase. The shares were valued at $625,000.

The Phonehong Tree Farm was not an operating business at the time Earth-Eco purchased the rights to the tree production. Trees on the 26-acre land area were planted in 2006 and there have been no operations since that time except an occasional effort to clear underbrush in the planted area. Aquilaria trees after 10 to 20 years are susceptible to a natural occurring virus that infects the tree and rots the core of tree. This rotten core is what becomes the highly valued Agarwood.

Going forward, Earth-Eco Agriculture Inc. will be providing the working capital to start to commercialize the 26-acre Phonehong Tree farm. Active operations are planned to start in September of 2016, after the rainy season. The process of introducing the Agarwood causing virus to the Aquilaria trees is planned to start in September of 2016. In addition to a certain amount of farm infrastructure, there are plans to build housing for a limited number of staff and equipment. It is expected that the Aquilaria trees will have developed enough Agarwood to start harvesting operations in late 2018. The harvesting process will continue over a 4 to 5-year period.

Results of Operations

Our consolidated financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP"). The discussion of the results of our operations compares three months ended March 31, 2016 with the three months ended March 31, 2015, and is not necessarily indicative of the results which may be expected for any subsequent periods. Our prospects should be considered in light of the risks, expenses and difficulties encountered by companies in similar positions. We may not be successful in addressing these risks and difficulties.

Comparison of Three Months Ended March 31, 2016 and 2015

As of March 31, 2016, we have incurred significant losses from operations, and at March 31, 2016, had an accumulated deficit of $2,903,376. At March 31, 2016, we had $ 21,752 of cash and cash equivalents. Since inception we raised an aggregate of approximately $2,961,743 in equity financing to fund our operations. Until such time when we generate sufficient revenues from operations, we will continue to be dependent on raising substantial amounts of additional capital through any one of a combination of debt or equity offerings. There is no assurance that we will be able to raise additional capital when necessary or how much revenue will be obtained from our farming operations.

The financial data for the quarter ended March 31, 2016 when compared with the operations for the quarter ended March 31, 2015 reflect a different stage of the Company's development. In the first quarter of 2015, the Company started planting operations. Also the Company was beginning to create the infrastructure and identify the staff and consultants needed for farming operations in Southeast Asia. In the three month period ended March 31, 2016 there were very limited planting operations in Laos. In the three months ending on March 31, 2016 operations consisted of farm maintenance operations and the start of preparing a new farming area of thirty hectares that are planned to be planted in May of 2016.

The formation of Earth Gen's new subsidiary Earth-Eco on March 16, 2016 had no operations during the period ended March 31, 2016. This subsidiary's operations are focused on non-castor bean businesses of the Company. Earth Gen issued 2,500,000 shares of restricted common stock to complete the acquisition of forestry rights to a 27-acre farm that is cultivating Aquilaria trees for the production of Agarwood. The stock was valued at $625,000. It is expected that during the balance of the 2016 Earth Gen will incur expenses in regard to maintaining the Aquilaria forest and preparing to commercialize the operations.

	Three Months Ended March 31, 2016 ($)	Three Months Ended March 31, 2015 ($)
Revenue	-	-
Operating Expenses		
Consulting fees	34,730	71,900
Legal and professional	13,274	16,862
Stock based compensation	54,577	-
Inventory reserve	28,466	30,566
Other general and administrative	9,745	21,254
Loss from operations	(140,792)	(140,582)
Interest expense	1,527	17,363
Net loss before income taxes	(142,319)	(157,945)
Income tax provision	—	—
Net loss	(142,319)	(157,945)

Operating Expenses

In the first quarter of 2016, General and Administrative ("G&A") expense was largely flat versus the same period in 2015. In the first quarter of 2016, consulting fees decreased by $37,170 due to reduced staff and consultants in Laos during the maintenance phase of farm development and reduced requirement for support staff in the U.S and other G&A expenses decreased by $11,509 compared to the same period in 2015. The higher stock based compensation of $54,577 partly offset the decrease in G&A expense.

Liquidity and Capital Resources

Our working capital for the periods presented is summarized as follows:

	As of March 31, 2016 ($)	As of December 31, 2015 ($)
Current assets	$ 388,377	$ 396,470
Current liabilities	290,328	226,640
Working capital	$ 98,049	$ 169,830

The following table shows cash flows for the periods presented:

	Three Months Ended March 31,	
	2016	2015
Net cash (used in) operating activities	$ (36,602)	$ (125,219)
Net cash (used in) investing activities	-	-
Net cash provided by financing activities	56,975	130,500
Net increase in cash	$ 20,373	$ 5,281

Operating Activities

For the three months ended March 31, 2016, net cash used in operating activities was $36,602. This was primarily due to a net loss of $142,318, adjusted by non-cash related expenses including depreciation of $962, inventory reserve of $28,466 and stock-based compensation of $54,577, then increased by favorable changes in working capital of $21,712. The favorable changes in working capital mainly resulted from an increase in accounts payable and accrued expenses of $3,712 and increase in related party payables of $18,000..

For the three months ended March 31, 2015, net cash used in operating activities was $125,219. This was primarily due to a net loss of $157,945, adjusted by non-cash related expenses including depreciation of $962, amortization of BCF debt discount of $16,376 and inventory reserve of $30,566, then decreased by unfavorable changes in working capital of $15,178. The unfavorable changes in working capital mainly resulted from an increase in inventory of $18,000 in capitalized costs of growing crops, offset by a decrease in accounts payable and accrued expenses of $2,013.

Financing activities

For the three months ended March 31, 2016, net cash provided by financing activities mainly resulted from common stock issued in private placements of $15,000, and proceeds from related party note payable of $41,975.

For the three months ended March 31, 2015, net cash provided by financing activities mainly resulted from common stock issued in private placements of $133,500, offset by $3,000 repayment for note payable.

Equity Financings

Since inception, Earth Gen's funding has been provided by the sale of its common stock for cash. During the quarter ended March 31, 2016, the Company had proceeds from common stock issuances of $15,000. The Company had total paid in capital of $2,961,743 from inception to March 31, 2016.

Cash Requirements

Our primary objectives for the year 2016 period are to develop and pursue the commercialization of our planned farming operations. We continuously search for industry experts to expand our management team and better position our company. In addition, we expect to raise sufficient capital to fund our operations and to develop additional farmland for cultivation of castor beans and provide support in the form of equipment and personnel to expand operations and provide required working capital.

We estimate our operating expenses and working capital requirements for the next 12 months to be approximately as follows:

Expense	**Amount**
Castor bean agricultural operation	$ 350,000
Employee compensation	225,000
Phonehong Tree Farm operations	150,000
General and administration	225,000
Professional services fees	75,000
Total	$ 1,025,000

Historically our funding has been a mixture of private offerings and debt. As of March 31, 2016, we had cash and cash equivalents of approximately $21,752 and other current assets of $366,625. Of these current assets, we have no specific time at when the Company will receive cash for the other current assets.

The Company does not have a commitment for capital. The Company believes that its current cash and expected net cash from operations will provide insufficient capital to cover expenses and debt obligations for the next twelve-month period. The Company intends to use a combination of new equity investment, loans and cash flow from operations to meet its operational needs.

If working capital is not available in sufficient amounts, the Company will be required to reduce the amount expended on new planting and new farm development to save working capital for operations and to use expected future harvest cash flow for growth. The ability to obtain additional working capital from investors or from future farm operations may not develop or be available when needed, which will interfere with planned operations and cause results to vary based on these uncertainties.

If we obtain additional financing by issuing equity securities, our existing stockholders' ownership will be diluted. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments. We may be unable to maintain operations at a level sufficient for investors to obtain a return on their investments in our common stock. Further, we may continue to be unprofitable.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported assets, liabilities, sales and expenses in the accompanying financial statements. Critical accounting policies are those that require the most subjective and complex judgments, often employing the use of estimates about the effect of matters that are inherently uncertain. However, we do not believe that there are any alternative methods of accounting for our operations that would have a material effect on our financial statements.

Inventory

Expenditures on growing crops are valued at the lower of cost or market and are deferred and charged to cost of sales when the related crops are harvested and sold. In assessing the ultimate realization of inventories, the management makes judgments as to future demand requirements compared to current or committed inventory levels. The Company's reserve requirements generally increase or decrease with its projected demand requirements and market conditions. The Company estimates the demand requirements based on market conditions, forecasts prepared by its customers, sales contracts and orders in hand. In addition, the Company estimates net realizable value based on intended use, current market value and inventory ageing analyses. The Company writes down the inventories for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventories and the estimated market value based upon assumptions about future demand and market conditions.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Judgment is required to determine the estimated useful lives of assets. Changes in these estimates and assumptions could materially affect our financial position and results of operations.

Accounting for Long-Lived Assets / Intangible Assets

We assess the impairment of long-lived assets, consisting of property and equipment, and finite-lived intangible assets, whenever events or circumstances indicate that the carry value may not be recoverable. Examples of such circumstances include: (1) loss of legal ownership or title to an asset; (2) significant changes in our strategic business objectives and utilization of the assets; and (3) the impact of significant negative industry or economic trends.

Recoverability of assets to be held and used in operations is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the assets. The factors used to evaluate the future net cash flows, while reasonable, require a high degree of judgment and the results could vary if the actual results are materially different than the forecasts. In addition, we base useful lives and amortization or depreciation expense on our subjective estimate of the period that the assets will generate revenue or otherwise be used by us. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less selling costs.

We also periodically review the lives assigned to our intangible assets to ensure that our initial estimates do not exceed any revised estimated periods from which we expect to realize cash flows from the technologies. If a change were to occur in any of the above-mentioned factors or estimates, the likelihood of a material change in our reported results would increase.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures .

The term "disclosure controls and procedures" means controls and other procedures of the Company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Act (15 U.S.C. 78a et seq.) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of our management of the effectiveness of our disclosure controls and procedures (as defined) in Exchange Act Rules 13a – 15(c) and 15d – 15(e)). Based upon that evaluation, we concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure based on the following material weaknesses:

1. Lack of segregation of duties and check and balances.

2. Lack of written controls and procedures, particularly with regard to entering into contracts and commitments by the Company.

3. Use of an accounting software package that lacks a rigorous set of software and change controls. While this software is a proven industry standard and is in widespread use, it allows one person to make significant changes without oversight or approval.

We do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Control over Financial Reporting

There has not been any change in our internal control over financial reporting that occurred during the period ended September 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Unregistered Sales of Equity Securities and Issuer Purchases of Equity Securities

Private Placements of Common Stock 2016

From January 1, 2016 through March 31, 2016, the Company obtained cash proceeds of $15,000 from January 1, 2016 to March 31, 2016 for the purchase of 150,000 shares of restricted common stock at a price of $0.10 per share. Of the shares purchase 50,000 shares were issued and 100,000 shares were pending issue as of March 31, 2016.

During the period January 1, 2016 through March 31, 2016 the Company granted 186,857 RSAs to various consultants for their services provided to the Company and valued at $40,174. As of March 31, 2016, all RSAs are vested. The value of the shares issued was based on the fair value of the stock at the time of it was issued or agreed upon value of services rendered.

On March 16, 2016, Earth-Eco purchased the rights to all products derived from a Laos forestry farm The purchase agreement called for Earth Gen to issue 2,500,000 shares of restricted common stock in exchange for the rights. The shares were valued at $625,000.

The securities described above were issued to investors in reliance upon the exemption from registration requirements of the Securities Act, as set forth in Section 4(2) under the Securities Act and Regulation D promulgated thereunder relating to transactions by an issuer not involving any public offering. No commissions were paid and no agreements to register shares were offered in the private placements. All Purchasers of shares described above represented to us in connection with their purchase that they were accredited investors and were acquiring the shares for their own account for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof. The purchasers received written disclosures that the securities had not been registered under the Securities Act and that any resale must be made pursuant to a registration statement or an available exemption from such registration.

All information on Company securities are based on post March 26, 2014 approved reverse split of one share for every twenty five shares and amended Articles of Incorporation filed with the Nevada Secretary of State on May 16, 2014. Our authorized capital stock consists of 700,000,000 shares of capital stock of which 690,000,000 shares are common stock, $0.0001 par value per share, and 10,000,000 shares are “blank check” preferred stock, par value $0.0001 per share. We are registering our common stock under this Form 10 pursuant to Section 12(g) of the Exchange Act.

As of March 31, 2016, there were 83,933,431 shares of our common stock issued and outstanding. Subject to preferences that may be applicable to any preferred stock outstanding at the time, the holders of common stock are entitled to receive dividends out of legally available assets at such times and in such amounts as our Board of Directors may from time to time determine. There are no Preferred shares issued at the time of this filing. Each stockholder is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors is not authorized.

Our common stock is not subject to conversion or redemption and holders of common stock are not entitled to preemptive rights. Upon the liquidation, dissolution or winding up of the Company, the remaining assets legally available for distribution to stockholders, after payment of claims of creditors and payment of liquidation preferences, if any, on outstanding preferred stock, are distributable ratably among the holders of common stock and any participating preferred stock outstanding at that time. Each outstanding share of common stock is fully paid and non-assessable. Our Board of Directors has the authority to issue authorized but unissued shares of common stock without any action by our stockholders.

The securities described above were issued to investors in reliance upon the exemption from the registration requirements of the Securities Act, as set forth in Section 4(2) under the Securities Act and Regulation D promulgated thereunder relating to transactions by an issuer not involving any public offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

10.5	Amendment to Phonehong Tree Farm Purchase Agreement
10.6	Purchase Agreement Phonehong Tree Farms Rights Agreement
31.1	Sarbanes-Oxley Act Section 302 Certification of Chief Executive Officer and Interim Chief Financial Officer.*
32.1	Sarbanes-Oxley Act Section 906 Certification of Chief Executive Officer and Interim Chief Financial Officer.*
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EARTH GEN-BIOFUEL, INC.

May 23, 2016

By: /s/ George Shen
George Shen
Chief Executive Officer and Interim Chief
Financial Officer

Exhibit 10.5

Earth-Eco Agriculture Inc.

AMENDED
AGRICULTURAL RIGHTS AGREEMENT

This is an agreement (the Agreement) mutually entered into on this 30 th day of March, 2016 by and between Earth-Eco Agriculture Inc. (the Company), a corporation duly registered in the State of Nevada, with its principle place of business located at 17870 Castleton Street, Ste. 205, City of Industry, CA. 91748 , and is represented here by its Chairman and Chief Executive Officer, George Shen, and Mr. T. Y. Yang (the Seller), a resident of the State of Wisconsin, who owns and controls the land consisting of eleven (11) hectares and the tree farm located on the land in proximity of the Capital City, Vientiane, in the Laos People's Democratic Republic and near the city of Phonehong, Laos (the "Farm" or the "Phonehong Tree Farm"). The farm, which is referred to as the Phonehong Tree Farm, consists of between 9,000 and 10,000 mature Aqullaria trees for the purpose of producing Agarwood on the Phonehong Tree Farm.

Earth-Eco Agriculture Inc. and Thomas Yongyee Yang jointly, the two entities are referred to as the Parties for the purpose of this Agreement.

WITNESSETH

WHEREAS, the Seller and Earth-Eco Agriculture wish to clarify and amend the Agricultural Rights Agreement dated March 16, 2016 as follows:

The Parties have come to understand and agree to the following Amended Terms, Conditions and Clarifications as outlined below:

1. Earth Gen-Biofuel Inc. has issued to Mr. Thomas Yongyee Yang 2,500,000 shares of Earth Gen Biofuel Inc. "restricted Common stock to be owned jointly by T. Y. Yang and his wife and as agreed by the Parties.

2. Based on the Terms and Conditions of this amendment to the Agricultural Rights Agreement, Seller will be entitled to thirty percent (30%) of the profits from the operations of the Phonehong Tree Farm as described below as the income from the approximately eleven (11) hectares of land with approximately 8,000 to 10,000 Aquillaria trees that are in the process of producing Agarwood and are now growing on the property known as the Phonehong Tree Farm and owned by T. Y. Yang and his assigns and affiliates.

3. T. Y. Yang and his wife agreed in the March 16 th Agreement to a 30% interest in Earth-Eco Agriculture. By way of the Terms and Conditions of this Amendment and by way of clarification T. Y. Yang and his wife will not have an any ownership interest in the equity of Earth-Eco Agriculture Inc. (referred to as "Earth-Eco") subsidiary of Earth Gen-Biofuel Inc. but will own 30% of all profits generated by Earth-Eco from harvesting the Agarwood from the

Aqullaria trees and all other agricultural products derived from the trees now existing or to be planted later and any other agricultural products harvested from the Phonehing Tree Farm. The Profit Interest will be referenced as those profits generated as defined below from the Phonehong Tree Farm. In addition to the 30% share of profits from the Phonehong Tree Farm, T. Y. Yang and his wife will also own the 2,500,000 shares of Earth Gen-Biofuel Inc. common stock.

4. Earth-Eco will provide all operating funds that may be required for the maintenance of the agricultural and forestry products that now exist or that Earth-Eco may add to the Phonehong Tree Farm.

5. Earth-Eco expenses will include the cost of caring for the land area, inoculating the trees, providing security, cost of planting new trees. In addition Earth-Eco will be responsible to pay for the costs of harvesting the Agarwood, paying for transportation and marketing of all products produced on the Phonehong Tree farmland.

6. Profits are the "Net Adjusted Income" from the sale of the products produced by the Phonehong Tree Farm property as defined below:

    a) Income is the "Gross Profit" from the sales of products harvested from the 11-hectare land area known as and as referenced in the Amended Agreement as the Phonehong Tree Farm.

    b) The "Adjusted Gross Income" is the Gross profit adjusted for the costs associated with the sale of the products. Including but not limited to the following:
        i. Sales commission paid to marketers and trading companies
        ii. Transportation
        iii. Insurance
        iv. Currency transaction costs
        v. Costs of export licenses
        vi. Cost any licenses, fees and permits that may be required to complete a sale of the products
        vii. Packaging and marketing of products that are sold.

    c) The Net Adjusted Income in the Adjusted Gross income less the cost of operating the Phonehong Tree farm The operating costs include but are not limited to;
        i. Cost of security
        ii. Planting and replanting of new trees and other products that may be produced on the property
        iii. Direct and indirect cost of operating and maintaining the property and all products on the property.
        iv. Cost of scientific consultants and an agricultural engineers as well as Agarwood specialist.
        v. Costs for construction of infra structure required to service the property.

vi. Cost of three Earth-Eco staff supervisors selected by Earth-Gen Biofuel Inc.
vii. Costs of taxes or other fees required by law.

7. Earth-Eco will provide all funding for all operating expenses of the Phonehong Tree Farm. The money will be advanced in the form of loans obtained by Earth-Eco from sources that the management of Earth-Eco deems to be in the best interest of the Company. Loans will be the sole responsibility of the Company and not T. Y Yang and his wife. The loans will be repaid from the Net Adjusted Income of the Earth-Eco. There will be no requirement to distribute profits to T. Y. Yang and his wife or to distribute Profits to Earth-Eco's shareholders until Earth-Eco has paid off all loans and advances received by the Earth-Eco. All profit distributions will be accrued and paid after loans are paid in full.

8. For further clarification Earth Gen is not buying the land of the Phonehong Tree Farm. Earth-Eco has purchased "Agricultural Rights" to the trees as they are harvested. The Phonehong Tree Farm is not an operating business as is a land area that has Aqullaria trees growing. Furthermore the Seller nor any of the Sellers' affiliates will be management or controlling Earth-Eco Agriculture Inc. the purchaser of the Agricultural Rights to the trees. Earth-Eco as the owner and operator of Aqullaria forest will have complete control of all aspects of maintaining the agricultural and forest products on the land area of approximately 11 hectares that is the Phonehong Tree Farm. As such Earth-Eco as described above will be providing all required funding and will maintain all books and records as required to meet the requirements of Earth-Eco's parent company Earth Gen-Biofuel Inc.

The above serves as an amendment and clarification of the Earth-Eco Agriculture Inc. Agricultural Rights Agreement dated March 16, 2016.

It is understood that T. Y. Yang and his wife own a 30% interest in the profits of the Phonehong Tree Farm as detailed above and will not own any shares of stock in Earth-Eco Agriculture Inc.

Further, T. Y. Yang and his wife will have no obligation for the costs of operating the Phonehong Tree Farm and any of its ancillary operations. In addition they will have no obligation for any debts or obligations of the Phoenhong Tree Farm.

There are no other promises, commitments, warranties, assurances or guarantees implied or explicit, made to each other by either parties to this Agreement other than what is clearly contained within these pages, and the additional terms, clarifications and of this Agreement replaces, supersedes and take precedence of any and all other versions of any previous understanding or agreements, if any, be it verbal or in writing.

By signing this agreement, the parties to this agreement mutually recognize and agree to the jurisdiction of the Courts of United States within the State of California or the State of Nevada, and the laws, codes, regulations or statutes governing these types of transaction, under either California, Nevada and US Federal judiciary systems. Also the parties to this agreement acknowledge that they have each retained and consulted their own legal or business advisors to advise them on the nature of this Agreement.

This Agreement is by no mean inclusive, therefore there will be other future additions, subtractions, alterations and or otherwise modifications made and added to this Agreement, to include but not limited to a more definitive operating plans, if and when future amendments or clarifications are written and signed by both Parties, it also shall form as part of this agreement by this reference. The Parties also agree to cooperate to execute any additional documents that may be required and comply with any requirements imposed on this transaction as may be required to meet all accounting requirement or other operating requirements of earth Gen Biofuel Inc. as a public company.

/s/George Shen

George SHEN, for and on behalf of Earth Gen Biofuel Inc.

By my signature below I T. Y. YANG the Seller, and on behalf of his wife and the Phonehong Tree Farm agree to the terms, conditions and clarifications detailed in this Amended Agricultural Rights Agreement.

/s/T. Y. Yang

T. Y. Yang

Earth-Eco Agriculture Inc.

AGRICULTURAL RIGHTS AGREEMENT

This is an agreement (the Agreement) mutually entered into on this 16 th day of March, 2016 by and between Earth-Eco Agriculture Inc. (the Company), a corporation duly registered in the State of Nevada, with its principle place of business located at 17870 Castleton Street, Ste. 205, City of Industry, CA. 91748 , and is represented here by its Chairman and Chief Executive Officer, George Shen, and owner of the Phonehong Tree Farm (the Seller), a resident of the State of Wisconsin, who owns and controls the land consisting of eleven (11) hectares and the tree farm located on the land in proximity of the Capital City, Vientiane, in the Laos People's Democratic Republic and near the city of Phonehong, Laos (the Farm). The farm consists of between 9,000 and 10,000 mature Agarwood trees planted on the Farm by the owners.

Earth-Eco Agriculture Inc. and Seller jointly, the two entities are referred to as the Parties for the purpose of this Agreement.

WITNESSETH

WHEREAS, the Seller has invested in planting very valuable Agarwood trees on the Farm and these trees are now reaching a state of maturity and marketability. At this time further investment is needed to complete certain treatment to the trees as part of the cultivation of these trees so they can be commercialized; and

WHEREAS, the Seller wishes to sell the trees that are growing on the Farm and the rights to all new trees or other agriculture products produced on the land that comprises the Farm for the next forty (40) years. The Seller wishes to complete a business transaction to obtain funding to complete the cultivation process, with agriculture operating experience in Laos and an entity whose management is capable of marketing the production of the tree Farm to the international market; and

WHEREAS, Earth-Eco Agriculture Inc. is an U.S. based company whose management has clients, investors and or contacts all over North America and China, where some of the largest market for Agarwood products exists and that wishes to develop this exciting product; and

WHEREAS, The Company also enjoys certain relationship with various international investment communities, and with Earth Gen-Biofuel Inc. a US public company through which Earth-Eco plans to partner with to raise some additional capital that is needed by the Tree Farm to treat the trees and commercialize these trees.

NOW, THEREFORE, the Parties have come to certain understandings and agreement with each other regarding the exchange of shares and assets between the Seller and the Company; and the Parties wish to memorialize these understandings and agreement in writing. In summary, the Parties have come to an agreement with the following terms to develop this agriculture business operation focused on the production of Agarwood products and the fragrance essence of the Agarwood tree.

Earth-Eco Agriculture Inc.

The Parties have come to understand and agreed to the following terms and conditions outlined below,

1. Earth-Eco Agriculture Inc. at the time of closing will own 2,500,000 shares of Earth Gen Biofuel Inc. Common stock. Earth-Eco will issue to the Seller the 2,500,000 shares of Earth Gen Biofuel Inc. Common stock and that number of shares of Common stock of Earth-Eco Agriculture Inc. (referred to herein as Earth-Eco) that represents a thirty (30%) percent ownership at the time of the closing.

2. At the time of the closing the Seller will assign the rights to all Agarwood trees on the land and the future rights of a period of 40 years to all new trees grown on the Farm or any new Farm that seller may develop. Earth-Eco will also have the ownership of all other crops or products produced on the Farmland that is the subject of this agreement. Earth-Eco will not have any land ownership rights.

3. Earth-Eco Agriculture Inc. will make an additional one time royalty payment of One Hundred Thousand US dollars ($100,000) to the Seller at the time Earth-Eco receives $300,000 in new equity financing or has operating profits of $100,000 from the revenues from the sale of the Farm's trees or products based on the trees. If payment of the $100,000 has not occurred by December 31, 2016 then Earth-Eco will start to pay $5,000 per month until the $100,000 is paid in full.

4. The Seller understands and agrees that he is receiving a large percentage of the company's shares, and that he owes a responsibility to the company as well as to other shareholders and investors to maintain a stable stock price. Therefore, the Seller has agreed to refrain from selling more than five percent (5%) of his total shares in any given months. He will also promptly notify the company at least ten (10) days prior to his intended date of sales of the stocks. The Seller also agrees to sign a Share Holder agreement with Earth-Gen Biofuel Inc. and agrees to comply with all securities rules and regulations.

5. The Company also agree that, it will be responsible for maintaining and paying for the Farm to be in good operating conditions, however, the company will pay a monthly operating budget of two thousand five hundred ($2,500) dollars during the first three months after the signing of this agreement and three thousands five hundred dollars ($3,500) US dollars thereafter to the Operation Manager, and he will be responsible for paying the salaries, overheads, travels and entertainments and all other related expenses for the tree farm operations only. Other supervisory personnel dispatched by the Company will be paid directly by the Company.

6. The Operating Manager in conjunction with the Board of Directors of Earth-Eco will be responsible setting up the overall objectives and guideline for the total operation of the tree farm. The Seller acting as the Operation Manager, or his designee along with the Company administrators will have direct day-to-day oversight and carry out the objectives and planning of the Company. The Company will also appoint supervisors, technicians, and administrative and other supporting personnel to assist the Seller.

There are no other promises, commitments, warranties, assurances or guarantees implied or explicit made to each other by either parties to this Agreement other than what is clearly contained within the four corners of these pages, and this Agreement voids, replaces, supersedes and take precedence of any and all other versions of any previous understanding or agreements, if any, be it verbal or in writing.

By signing this agreement, the parties to this agreement mutually recognize and agree to the jurisdiction of the Courts of United States within the State of California or the State of Nevada, and the laws, codes, regulations or statutes governing these types of transaction, under either California, Nevada and US Federal judiciary systems. Also the parties to this agreement acknowledge that they have each retained and consulted their own legal or business advisors to advise them on the nature of this Agreement.

This Agreement is by no mean inclusive, therefore there will be other future additions, subtractions, alterations and or otherwise modifications made and added to this Agreement, to include but not limited to a more definitive agreement, if and when signed by both Parties, it also shall form as part of this agreement by this reference. The Parties also agree to cooperate to execute any additional documents that may be required and comply with any requirements imposed on this transaction as may be required to meet all accounting requirement or other operating requirements of earth Gen Biofuel Inc. as a public company.

/s/George Shen	/s/T. Y. Yang
George SHEN, for and on behalf of Earth Gen Biofuel Inc.	T Yang Seller, and on behalf of Phonehong Tree Farm

EXHIBIT 31.1

Certification of the Principal Executive Officer and Interim Principal Financial Officer Under Section 302 of the Sarbanes-Oxley Act.

I, George Shen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Earth Gen-Biofuel, Inc.;

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

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 23, 2016

By: /s/ George Shen
Name: George Shen
Title: Chief Executive Officer and Interim Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER AND INTERIM PRINCIPAL FINANCIAL OFFICER

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Earth Gen-Biofuel, Inc. (the "Company") hereby certifies that, to his knowledge:

(i) The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2016 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 23, 2016

By: /s/ George Shen

Name: George Shen

Title: Chief Executive Officer and Interim Chief Financial Officer