

Umbra Applied Technologies Group, Inc.  
Notes to Financial Statement  
For the Year Ended December 31, 2014  
(Unaudited)

Note 1 – Organization and Nature of Business

Umbra Applied Technologies Group, Inc. (the Company) was incorporated on January 4, 2008 with the name “Utah Kaolin Products, Inc.” On November 6, 2009 the Company changed its name to Green Processing Technologies, Inc. In December 2013 the Company changed its name to Umbra Applied Technologies Group, Inc (herein “UATG-Delaware”). We own 70 percent of the equity of an Alberta Province, Canada company, KeyEco Tech, Inc., through which we propose to develop our technologies for various applications in Alberta Province but primarily for companies involved directly in the processing of mined oil sands and in the remediation of lakes polluted by the waste from oil sands mining operations.

The Company purchased Intrepid Innovations Corporation in October 2013 and has accounted for the transaction as a reverse acquisition.

The Company entered into a purchase transaction to acquire Umbra Applied Technologies, Inc. in December 2013 that was approved by the Company’s Board of Directors’ in January 2014. The Company has issued the shares required to complete its side of the transaction but has not received all of the consideration from the Umbra Applied Technologies, Inc. shareholders as required in the purchase agreement. This transaction has been accounted for as a reverse acquisition.

Note 2 – Summary of Significant Accounting Policies

Use of estimates:

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

Cash and cash equivalents:

For purposes of the Statements of Cash Flows, cash in checking accounts, savings accounts, certificates of deposit, and short-term investments, which have a maturity of ninety days or less, are considered cash equivalents.

Umbra Applied Technologies Group, Inc.  
Notes to Financial Statement  
For the Year Ended December 31, 2014  
(Unaudited)

Property and Equipment:

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided by using the straight-line method over the estimated useful lives. Expenditures for maintenance and repairs and research and development are charged to operations when incurred. Major betterments and renewals that extend the useful life of the related asset are capitalized and depreciated over the asset's remaining useful life.

Income taxes:

The Company accounts for income taxes based on ASC 740, "*Accounting for Income Taxes*". ASC 740 requires the recognition of deferred tax assets and liabilities for the future consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, ASC 740 requires the recognition of future tax benefits, such as net operating loss carry forwards, to the extent that realization of such benefits are more likely than not. The amount of deferred tax liabilities or assets is calculated by applying the provisions of enacted tax laws to determine the amount of taxes payable or refundable, currently or in future years.

The principal temporary differences giving rise for the recognition of deferred tax liabilities and assets are the depreciation of property and equipment and the net operating losses. The deferred tax assets and liabilities represent the future income tax consequences of those differences.

The Company has no deferred tax liability.

Net Income (Loss) Per Share:

The Company computes net income (loss) per share in accordance with ASC 260, "*Earnings Per Share*", and *SEC Staff Accounting Bulletin No. 98 ("SAB 98")*. Under the provisions of ASC 260, basic net income (loss) per share is calculated by dividing net income (loss) available to common stockholders for the period by the weighted average number of common shares outstanding during the period.

Financial instruments:

In September 2006, the Financial Accounting Standards Board (FASB) introduced a framework for measuring fair value and expanded required disclosure about fair value measurements of assets and liabilities. The Company adopted the standard for those financial assets and liabilities as of the beginning of the 2008 fiscal year and the impact of adoption was not significant. FASB Accounting Standards Codification (ASC) 820 "*Fair Value Measurements and*

Umbra Applied Technologies Group, Inc.  
Notes to Financial Statement  
For the Year Ended December 31, 2014  
(Unaudited)

*Disclosures*” (ASC 820) which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between

(1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and

(2) an entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of March 2014. The Company uses the market approach to measure fair value for its Level 1 financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities.

The respective carrying value of certain on-balance sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash, accounts receivable, other receivables, accounts payable, accrued compensation and accrued expenses. The fair value of the Company’s notes payable is estimated based on current rates that would be available for debt of similar terms which is not significantly different from its stated value.

Umbra Applied Technologies Group, Inc.  
Notes to Financial Statement  
For the Year Ended December 31, 2014  
(Unaudited)

The Company does not have any derivatives, warrants or options issued or outstanding.

#### Reverse Acquisitions

The Company has accounted for certain acquisitions as reverse acquisitions. Since the acquired survivor had no business activities during the year ended December 31, 2014 no comparative data is reported.

The Intrepid Innovation Corporation acquisition caused an expense of \$91,999 to be applied to the transaction. The Umbra Applied Technologies, Inc. transaction has caused \$5,397,655 cost to be incurred.

#### Recent Accounting Pronouncements:

Recent accounting pronouncements issued by FASB (including EITF), the AICPA and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

#### Note 3 – Income Taxes

As of December 31, 2014, the Company had substantial net operating losses. Net operating losses and book and tax differences are required by generally accepted accounting standards to be recorded. Book and tax differences are not required to be recorded when the consequences of these differences might not be realized. The substantial net operating losses will expire over the next 4 to 20 years. The net operating losses may or may not be realized which will be dependent on future earnings, which are currently uncertain. All deferred tax assets related to the net operating losses carry forward are fully reserved.

#### Note 4– Related Party Transactions

The officers and directors of the Company are involved in other business activities and they may, in the future, become involved in additional business ventures, which also may require their time and attention. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interests. The Company has formulated no policy for the resolutions of such conflicts.

In January 2014, the Company issued 3,000,000 Series B Preferred shares to Chuck Winters as part of the purchase transaction of Umbra Applied Technologies, Inc. (see Note 5 – Change of Control for further information).

Umbra Applied Technologies Group, Inc.  
Notes to Financial Statement  
For the Year Ended December 31, 2014  
(Unaudited)

In July 2014, the Company issued 15,000,000 common shares to three related parties with a value of \$5,300,000 for services and \$3,000,000 for debt payment.

Note 5 – Change of Control

In October 2013 through the purchase of Intrepid Innovations Corporation, Chuck Winters received 5,000,000 shares of Series A Preferred Stock. The privileges included voting rights on an as converted basis of 20:1 providing Mr. Winters with voting control of the Company.

In January 2014 with the issuance of shares for the purchase of Umbra Applied Technologies, Inc. the 5,000,000 shares received by Mr. Winters were returned and re-issued to Alex Umbra with the same provisions effecting a change of control to Mr. Umbra. The shares vote as if converted at 50:1.

Note 6 – Going Concern Uncertainties

The accompanying financial statements have been presented on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. As shown in the financial statements, the Company has incurred significant operating losses resulting in an accumulated deficit and a working capital deficit. The Company is currently unable to pay the debtor judgment. Due to recurring losses and the accumulated deficit, there can be no assurance that the Company will be able to continue as a going concern for a reasonable period of time.

The financial statements do not include any adjustments relating to the recoverability of assets classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis, to obtain additional financing or refinancing as may be required, and ultimately to sustain profitability.

Note 7 – Litigation. None

Note 8- Subsequent Events.