

**ENERGY REVENUE AMERICA, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED DECEMBER 31, 2014
(UNAUDITED)**

**ENERGY REVENUE AMERICA, INC.
AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
(unaudited)**

	DECEMBER 31, 2014
ASSETS	
Cash and cash equivalents	\$ 134,265
Advances and prepaid expenses	57,810
Total current assets	192,075
Property and Equipment, net	30,179
Oil and gas properties, full cost method	
Evaluated, net of accumulated depreciation	2,605,000
Advances and deposits	29,022
Total assets	\$ 2,856,276
LIABILITIES AND SHAREHOLDER'S DEFICIT	
Accounts payable	\$685,347
Accrued interest	1,645,440
Advances	282,545
Total current liabilities	2,613,332
Convertible notes payable	1,426,600
Notes payable	2,290,031
Total liabilities	6,329,963
Shareholders' deficit	
Common stock (\$.001, par value, 100,000,000 shares authorized, 42,241,111 shares issued and outstanding at December, 31, 2014)	42,241
Preferred stock, par value \$.001; 5,000,000 shares authorized; shares issued and outstanding: 0	0
Additional paid-in-capital, net of issuance costs of \$947,678	18,217,513
Accumulated deficit	(21,733,442)
Total shareholders' deficit	(3,473,688)
Total liabilities and shareholders' deficit	\$ 2,856,276

See accompanying notes to unaudited financial statements

**ENERGY REVENUE AMERICA, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS**

(unaudited)

	YEAR ENDED DECEMBER 31, 2014
Revenue	
Natural Gas Sales	\$ 162,500
Sale of Working Interest in Wells	\$ 400,000
Gas production costs	<u>27,500</u>
	\$ 535,000
Expenses	
General and administrative	<u>392,756</u>
Operating Income	142,244
Interest expense	<u>512,299</u>
Net Loss before taxes extraordinary items	(370,055)
Extraordinary item:	
Extraordinary gain, net of taxes of \$0	252,127
Net loss	<u><u>\$ (117,928)</u></u>

See accompanying notes to unaudited financial statements

**ENERGY REVENUE AMERICA, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS
(unaudited)**

	YEAR ENDED DECEMBER 31, 2014
Operating activities	
Net Loss	\$ (117,928)
Changes in operating assets and liabilities:	
Prepaid Expenses and Other	(57,810)
Accounts payable	(3,512)
Accrued interest	403,412
Advances	109,999
Net cash used in operating activities	334,161
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in Advances and Deposits	21,060
Increase in property and equipment	(22,920)
Increase in oil and gas properties	(288,790)
Net cash utilized from investment activities	(290,650)
CASH FLOWS FROM FINANCING ACTIVITIES	
Decrease in Notes Payable	(82,000)
Issuance of Common Stock	166,800
Net cash provided by financing activities	84,800
Net increase in cash	128,311
CASH AND EQUIVALENTS AT DECEMBER 31, 2013	5,954
CASH AND EQUIVALENTS AT DECEMBER 31, 2014	\$ 134,265
Supplemental Cash Flow Disclosure:	
Interest paid during the year ended, December 31, 2014	\$0

See accompanying notes to unaudited financial statements

**ENERGY REVENUE AMERICA, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT
(unaudited)**

For the Year Ended December 31, 2014

	<u>Common Stock</u>		<u>Additional</u>	<u>Issuance Costs</u>		<u>Shareholders'</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid in Capital</u>	<u>of Paid in Capital</u>	<u>Accumulated Deficit</u>	<u>Deficit</u>
Balances at December 31, 2013	28,298,254	\$ 28,298	\$ 19,012,334	\$ (947,678)	\$ (21,615,514)	\$ (3,522,560)
Shares issued in year ended December 31, 2014	13,942,857	\$ 13,943	152,857	-	-	166,800
Net loss for the year ended December 31, 2014	-	-	-	-	(117,928)	(117,928)
Balances at December 31, 2014	42,241,111	\$ 42,241	\$ 19,165,191	\$ (947,678)	\$ (21,733,442)	(\$3,473,688)

See accompanying notes to unaudited financial statements

ENERGY REVENUE AMERICA, INC.
NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTE A – NATURE OF BUSINESS

Organization and Description of Business

Energy Revenue America, Inc. (“ERA”) (“The Company”) was incorporated in the State of Nevada on October 17, 1997 as Scotties Fish and Chips, Inc. The issuer changed its name to European Day Spa and Tanning Salon Holding Company, Inc. on October 5, 2000. The issuer changed its name to European Diversified Holding Company on October 15, 2002. Subsequently, the issuer merged with NavStar Technologies, Inc. on July 16, 2007 and changed its name to NavStar Technologies, Inc.

On July 18, 2012 the Company removed 17,868,867 shares, accounted for as outstanding shares, from a pool of shares then earmarked for future needs such as incentive compensation for management and employees of the Company. This resulted in no impact to results of operations or shareholders’ deficit.

The issuer merged (“The Merger”) with Energy Revenue America, LLC on July 31, 2012, and changed its name to Energy Revenue America, Inc.

As a term of the merger, ERA did not acquire assets and did not assume obligations of the predecessor company. This resulted in \$585,918 included in Accumulated Deficit.

ERA is primarily engaged in the acquisition, exploration and development of oil and natural gas. ERA owns gas wells located in Northeast Oklahoma. ERA currently owns 33 natural gas wells and approximately 65 miles of pipeline on 3,000 acres in Oklahoma. Currently, ERA neither owns nor operates any oil wells.

NOTE B – GOING CONCERN

As indicated in the accompanying financial statements, the Company has an accumulated deficit of \$21,733,442 and outstanding debt obligations of \$6,329,963 as of December 31, 2014.

These matters raise substantial doubt about the Company’s ability to continue as a going concern. However, the accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE C – OIL AND GAS INTERESTS

ERA is currently participating in natural gas exploration activities in Northeast Oklahoma. All of ERA’s gas properties are located in the United States.

As of December 31, 2014, the present value of the estimated future net revenue exceeds the carrying value of the evaluated gas properties; therefore, no impairment is required. The carrying value of ERA’s evaluated gas properties at December 31, 2014 was \$2,605,000.

NOTE D – SALE OF WORKING INTEREST

In 2014 the Company sold a working interest in ten natural gas wells for \$400,000. The buyer will retain a 90% interest in each of the ten wells. The Company will retain 10%. The proceeds are included in the Statement of Operations.

ENERGY REVENUE AMERICA, INC.
NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTE E- EXTRAORDINARY GAIN

In 2014, the Company was relieved from its obligation by a creditor. The principal and interest was \$252,127. This is reflected as an Extraordinary Gain and is reflected as such in the Consolidated Statement of Operations.

NOTE F- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and 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 Equivalents

The Company considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2014.

Equipment and Depreciation

Equipment is stated at cost and is depreciated using the straight line method over the estimated useful lives of the respective assets. Routine maintenance, repairs and replacement costs are expensed as incurred and improvements that extend the useful life of the assets are capitalized. When equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in operations. There were no purchases or sales of equipment, nor was any depreciation recorded during the period presented in the financial statements. The estimated useful lives of fixed assets are 5 years.

Revenue Recognition

The Company recognizes revenue from the sale of products and services in accordance with Accounting Standards Codification 605 (ASC 605) and Securities and Exchange Commission Staff Accounting Bulletin No. 104 "Revenue Recognition in Financial Statements" ("SAB No. 104"). Revenues will be recognized when all of the following criteria have been met: persuasive evidence for an arrangement exists; delivery has occurred or services have been rendered; the fee is fixed or determinable; and collectability is reasonably assured.

Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification 740, Tax Provisions. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. No deferred tax assets have been recorded as future taxable income is not reasonably assured.

NOTE G – RELATED PARTY TRANSACTIONS

Included in Advances on the Balance Sheet are cash advances from officers and Board Members of the Company in order to fund the operations of ERA. These amounts totaled \$215,487 at December 31, 2014. These advances bear no interest.

ENERGY REVENUE AMERICA, INC.
NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTE H – CONVERTIBLE NOTES

Convertible notes payable amounted to \$1,426,600 as of December 31, 2014. Accrued and unpaid interest related to these notes was \$822,199. These notes originated from 54 investors, and are dated from June 4, 2010 through April 24, 2012. Each note bears interest at 15% per annum. None of the Note Holders are related parties

The Notes are convertible into the ERA's Common Stock, at a rate of between \$1 and \$3.
There were no conversions in the year ended December 31, 2014.

NOTE I – NOTES PAYABLE

In June, 2011 ERA acquired all of the issued and outstanding shares of common stock of Envirotek Fuel Systems, Inc., ("Envirotek") a Florida Corporation. The purchase price was \$2,200,000 in the form of a promissory note. The accounts and transactions of Envirotek are included in these financial statements. All intercompany accounts have been eliminated.

The promissory note provides for an interest rate of 12% per annum. The Company has made interest only payments during the term of the note. These payments have amounted to \$95,489 since inception of the note. Accrued and unpaid interest on this note is \$485,215 at December 31, 2014.

During the year ended December 31, 2014, \$210,000 of this note was converted into 612,742 shares of the Company's common stock.

NOTE J – ADVANCES AND DEPOSITS

Included in Advances and deposits is an option to acquire a working interest in leases of natural gas wells. The carrying value of this option is \$20,000. The option expired on August 12th, 2014, yet the Company maintains an option until another party buys it. Effectively, it is a month to month option.

Also included in Advances and deposits is an overriding Royalty Interest in ten existing, reworked natural gas wells. The carrying value of this Interest is \$25,000.

Management believes there exists no impairment to these assets, thus, no reserve has been recorded.

ENERGY REVENUE AMERICA, INC.
NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTE K – INCOME TAXES

The Company files an income tax return on a calendar year basis. At December 31, 2014, the Company had an unused net operating loss carryforward of approximately \$21,733,442. For income tax purposes, this net operating loss carryforward expires at various times due to limitations imposed by the rules and regulations under the Internal Revenue Code. These net operating loss carryforwards may result in future income tax benefits of approximately \$7,000,000; however, because realization is uncertain at this time, a valuation reserve in the same amount has been established, in accordance with ASC 740. Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company's effective tax rate was 0% for the year ended December 31, 2014.

Significant components of the Company's deferred tax liabilities and assets are as follows.

	December 31, 2014
Deferred tax liabilities	<u>\$0</u>
Net operating loss carryforwards	\$21,733,442
Valuation allowances for deferred taxes	<u>(\$21,733,442)</u>
Deferred tax assets	<u>\$0</u>

ENERGY REVENUE AMERICA, INC.
NOTES TO UNAUDITED FINANCIAL STATEMENTS