

ENERGTEK INC.
CONSOLIDATED BALANCE SHEET

		U.S. dollars As of 31-Dec-14 (Unaudited)	U.S. dollars As of 31-Dec-13 (Unaudited)
	Notes		
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		609,377	70,392
Short Term Deposit		12,181	12,140
Clients		4,418,032	4,991,169
Inventory		73,821	3,764
Accounts receivable and prepaid expenses	2	3,185,214	1,074,575
TOTAL CURRENT ASSETS		8,298,625	6,152,040
FIXED ASSETS, NET	3	1,828,424	2,435,535
LONG TERM ASSETS:			
Deposits		14,160	22,390
Intangible Assets		20,120	2,928
Investments in equity-accounted associates		118,059	(167,560)
TOTAL LONG TERM ASSETS		152,339	(142,242)
TOTAL ASSETS		10,279,388	8,445,333
LIABILITIES AND STOCKHOLDER EQUITY			
CURRENT LIABILITIES			
Short term credit from financial institutions		2,797,088	2,168,744
Accounts payable and Accrued Liabilities		841,105	952,987
Suppliers		989,158	1,285,942
TOTAL CURRENT LIABILITIES	5	4,627,351	4,407,673
NON CURRENT LIABILITIES			
Loans from others	6	2,451,692	2,348,391
TOTAL NON CURRENT LIABILITIES		2,451,692	2,348,391
STOCKHOLDER EQUITY (DEFICIENCY)			
Preferred Stock: \$0.001 par value; 5,000,000 authorized, none issued and outstanding			
Common Stock: \$0.001 par value; 750,000,000 authorized, 197,567,514 issued and outstanding as of Dec 31, 2014		197,567	156,293
Additional Paid-in Capital		38,584,265	33,458,124
Capital Reserve		876,000	876,000
Minority		1,630,250	1,004,306
Accumulated Deficit		(38,087,737)	(33,805,453)
TOTAL STOCKHOLDER EQUITY		3,200,351	1,689,270
TOTAL LIABILITIES AND STOCKHOLDER EQUITY		10,279,388	8,445,334

ENERGTEK INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Notes	Unaudited Year Ended December 31 2014	Unaudited Year Ended December 31 2013
Revenues		10,899,520	11,105,902
Cost of revenues		(9,028,060)	(9,302,047)
Gross Revenues		1,871,460	1,803,855
Operating Expenses:			
Research and Development expenses	9	(337,897)	(119,957)
Selling G&A expenses	10	(4,046,064)	(2,443,575)
Marketing Expenses		(218,811)	(148,817)
Total Operating Expenses		(4,602,772)	(7,315,121)
Net Income (Loss) from operations		(2,731,312)	(5,511,266)
Financial Income (losses),net		(396,318)	(160,385)
Other Income (Loss)			769,675
Other Expenses			(493,752)
Net Income (Loss) before taxes		(3,127,630)	(5,671,651)
Taxes		(164,001)	(144,172)
Minority Participation		(714,321)	(636,401)
Equity in Affiliates		(157,432)	(175,751)
Translation Differences		(118,880)	46,996
Total Net Income (Loss)		(4,282,265)	(6,580,978)
Weighted Average Outstanding Common Stock		172,378,783	121,509,812
Net Income (Loss) Per Common Share		(0.025)	(0.054)

ENERGTEK INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31 2014 Unaudited	Year ended December 31 2013 Unaudited
Cash Flows from Operating Activities:		
Net Income (Loss)	(4,282,278)	(1,702,284)
Adjustments for:		
Depreciation and Amortization	768,495	403,327
Losses from sales of fixed assets		
Impairment of Fixed Assets		347,533
Decrease (Increase) Accounts Receivable & Prepaid Expenses	(1,537,502)	(3,724,347)
Decrease (Increase) in Inventory	(70,057)	25,293
Increase (Decrease) Accounts Payable & Accrued Liabilities	(408,666)	3,029,816
Net cash flows from Operating Activities	(5,530,008)	(1,620,662)
Cash Flows from Investing Activities:		
Investment in newly-consolidated subsidiaries and purchase of new activities	(285,619)	167,560
Repayment of long term loans	103,301	(1,829,054)
Deposits	8,229	5,804
Purchase of fixed assets	(178,576)	(497,851)
Net cash flows from Investing Activities	(352,665)	(2,153,541)
Cash Flows from Financing Activities:		
Issuance of common stock	41,274	44,448
Minority rights	625,944	562,295
Premium	5,126,141	2,198,331
Capital Reserve		876,000
Increase (Decrease) of Short Term Loans	628,303	(235,156)
Net cash flows from Financing Activities	6,421,662	3,445,918
Net Increase (Decrease) in Cash	538,989	(328,285)
Cash at Beginning of Period	70,392	398,679
Cash at End of Period	609,381	70,394

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Net Income (Loss) Per Share

Net income (loss) per share amounts is computed based on the weighted average number of shares actively outstanding in accordance with SFAS NO. 128 "Earnings Per Share". All outstanding stock options and warrants have been excluded from the calculation.

Cash and Cash Equivalents

The Company considers all highly liquid debt securities purchased with original or remaining maturities of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Fair Value of Financial Instruments

The carrying value of current assets and liabilities approximated their fair values as of December 31, 2014.

Financial and Concentration Risk

The Company has one client with a significant debt to the Company. From the point of view of the Company this debt is of significant materiality. In addition, the Company has provided credit to a shareholder that is material to the financials of the Company if not returned timely.

Fixed Assets:

Fixed assets are stated at cost.

Cost is depreciated by the straight-line method on the basis of the estimated useful life of the assets. Estimated useful lives are as follows:

	Useful Life - Years
Building and Land Improvements	25
Computers and peripheral equipment	3
Instruments and laboratory equipment	5-7
Furniture and office equipment	15
Motor vehicles	7

Presentation

According to EITF 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)".

The Company can choose gross or net presentation. The policy of the company to present all expense items Net in the income statement.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of Energtek Inc., its wholly or partially owned subsidiaries Energtek USA Inc., Energtek North Country Inc., AMP-American Mobile Pipeline Inc., Energtek AL LLC, Energtek Herz d.o.o Mostar, Energtek Products Ltd. and Angstore Technologies Ltd. Inactive entities have not been included. All inter-company transactions have been eliminated. These financial statements reflect all adjustments that, in the opinion of management, are necessary to present fairly the results of operations for the yearly periods presented. All adjustments are of a normal recurring nature, unless otherwise disclosed.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 -Summary of Significant Accounting Policies (Cont.)

Stock Issued for Services

The value of stock issued for services is based on management's estimate of the fair value of the Company's stock at the date of issue or the fair value of the services received, whichever is more reliably measurable in accordance with EITF 96-18. The fair value of each stock option is estimated on the date of balance using the Black-Scholes option pricing model that uses the following assumptions: Expected term is based on the Company's management estimate for future behavior; Expected volatility is based on the historical volatility of share prices for similar companies over a period equal to, or greater than, the expected term; The risk free rate is based on the U.S. Treasury constant maturity for a term consistent with the expected term of the award (or weighed average of the two closest available bonds), as in effect at the date of grant.

Use of Estimates

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

Note 2 - Accounts receivable

	(U.S.\$)	31-Dec-2014	31-Dec-2013
Comprise:			
Vat Refund Receivable		113,627	79,724
Prepaid Expenses		62,480	18,208
Option redemption debt		425,355	334,778
Related Parties		682,536	626,292
Other Debtors		1,901,216	15,563
		<u>3,185,214</u>	<u>1,074,565</u>

Most of the Other Debtors is a loan granted to the minority shareholder of Energtek Herz d.o.o, on the basis of bank loans guaranteed by this same shareholder.

Note 3 - Fixed Assets

	(U.S.\$)	31-Dec-2014	31-Dec-2013
Comprise:			
Machinery, equipment and other		2,315,462	2,617,270
Advances on behalf of fixed Assets		212,803	50,550
Motor vehicles		203,454	224,694
Office equipment		11,541	12,130
Fixed assets		<u>2,743,260</u>	<u>2,904,644</u>
Accumulated depreciation and amortization		<u>(914,836)</u>	<u>(469,109)</u>
Fixed assets less accumulated depreciation		<u>1,828,424</u>	<u>2,435,535</u>

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Void

Note 5 - Total Current Liabilities

(U.S.\$)	31-Dec-2014	31-Dec-2013
Comprise:		
Short term credit from financial institutions	2,797,088	2,168,744
Employees and Employee institutions	35,709	31,294
Tax and social security payments	101,680	184,739
Suppliers and Service Providers	989,158	1,285,942
Short Term Loans	549,462	255,478
Accrued expenses and others		1,345
Other payables	154,254	480,132
	4,627,351	4,407,674

The Short term credit from financial institutions are debts to UniCredit Bank Ltd. Mostar and Sberbank BH dd undertaken by the subsidiary Energtek Herz doo and guaranteed by the minority holder of Energtek Herz doo. The debt to Suppliers are mainly for the gas supply and the gas transportation services purchased by Energtek Herz doo.

Note 6 - Non Current Liabilities

(U.S.\$)	31-Dec-2014	31-Dec-2013
Comprise:		
Loans provided to the Company	1,405,064	820,333
Loans provided to Energtek Herz d.o.o. by Bank	377,989	770,679
Loans provided to Energtek Herz d.o.o. by partner in same	668,639	757,380
	2,451,692	2,348,392

The loan provided by the partners in Energtek Herz d.o.o. Mostar to the said company are shareholders' loans.

Note 7 - Stockholders Equity

On January 15, 2013 the Company raised an additional \$144,000 by selling to Black Velvet Ltd., a company controlled by Vivian Shaltiel, a total of 1,200,000 shares of common stock of the Company, 1,000,000 warrants, entitling the undersigned to purchase one share of common stock for \$ 0.04, 1,000,000 warrants, entitling the undersigned to purchase one share of common stock for \$ 0.08, and 1,000,000 warrants, entitling the undersigned to purchase one share of common stock for \$ 0.12, all of them expiring December 30, 2014 . The shares were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. The purchaser represented to us that such purchaser was not a United States person (as defined in Regulation S) and were not acquiring the shares for the account or benefit of a United States person. The purchaser further represented that at the time of the origination of contact concerning the subscription for the units and the date of the execution and delivery of the subscription agreement for such units, such purchaser was outside of the United States. We did not make any offers in the United States, and there were no selling efforts in the United States. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Stockholders Equity (cont.)

On February 16, 2013 the Company raised an additional \$30,000 by selling to purchasers, Dr. Borenstein Ltd., a company controlled by Dr. A. Borenstein, a total of 300,000 shares of common stock of the Company. The purchase price paid to the Company for each share was \$0.10. The shares were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. The purchaser represented to us that such purchaser was not a United States person (as defined in Regulation S) and were not acquiring the shares for the account or benefit of a United States person. The purchaser further represented that at the time of the origination of contact concerning the subscription for the units and the date of the execution and delivery of the subscription agreement for such units, such purchaser was outside of the United States. We did not make any offers in the United States, and there were no selling efforts in the United States. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts.

On April 18, 2013 the Company raised an additional \$40,000 by selling to Dr. Borenstein Ltd.. a total of 855,000 shares of the Company's common stock, and 400,000 warrants to purchase common stock, exercisable until December 31, 2014 with an exercise price of \$0.12. The shares were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. The purchaser represented to us that such purchaser was not a United States person (as defined in Regulation S) and was not acquiring the shares for the account or benefit of a United States person. The purchaser further represented that at the time of the origination of contact concerning the subscription for the units and the date of the execution and delivery of the subscription agreement for such units, such purchaser was outside of the United States. We did not make any offers in the United States, and there were no selling efforts in the United States. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts.

On May 22, 2013 the Company issued 455,000 shares of common stock of the Company, 50,000 to J. Balencic, 330,000 to S.E. Guttman and 75,000 to M. Sitzer for providing to the Company marketing services, marketing support services and investor relations services. The shares were issued without registration. There were no underwriters or broker-dealers involved in the transaction.

On May 22, 2012 the Board of the Company extended the exercise date of all the warrants expiring during the year 2013 to December 30, 2013.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Stockholders Equity (cont.)

On June 30, 2013 the Board of the Company decided to provide compensation for the services provided during the fourth quarter of 2012 and the first quarter of 2013, to those that have been providing services to the Company, without or with diminished salaries in the case of officers and employees and directors, without proper compensation in the case of consultants and ex-employees that continued supporting the Company. The compensation provided for the issuance of 4,820,000 shares issued without registration, among them 3,060,000 to International Executive Consulting SPRL, that provides to the Company the services of the Company's CEO (the Company's CEO holds a nomination as director of International Executive Consulting SPRL) , 3,033,000 warrants exercisable at \$0.01 per share ,1,150,000 warrants exercisable at \$0.04 per share, 1,510,000 warrants exercisable at \$0.05 per share, 1,860,000 warrants exercisable at \$0.06 per share, 800,000 warrants exercisable at \$0.10 per share and 2,078,500 warrants exercisable at \$0.14 per share, to be allocated as approved by the Board.

On July 18, 2013 the Company raised an additional \$100,000 by selling to S. Gummer. a total of 1,000,000 shares of the Company's common stock, 500,000 warrants to purchase common stock, exercisable until December 31, 2014 with an exercise price of \$0.1125 and 500,000 warrants to purchase common stock, exercisable until June 30, 2016 with an exercise price of \$0.135. The shares were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. The purchaser represented to us that such purchaser was not a United States person (as defined in Regulation S) and was not acquiring the shares for the account or benefit of a United States person. The purchaser further represented that at the time of the origination of contact concerning the subscription for the units and the date of the execution and delivery of the subscription agreement for such units, such purchaser was outside of the United States. We did not make any offers in the United States, and there were no selling efforts in the United States. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts.

On August 22, 2013 the Board of the Company approved providing compensation in warrants as follows: to Haim Aviv, for services rendered to the company during 2013, 90,000 warrants exercisable at \$0.05 per share until December 31, 2014; to White Lily Enterprises Ltd., 2,000,000 warrants exercisable at \$0.02 per share until December 31, 2014, granted instead of finder fees payable in cash, shares and warrants, and as compensation for services rendered to the Company in Bosnia and Herzegovina, and in Serbia during the years 2012 and 2013. The Board also gave the final approval to a decision of April 10, 2013, reported in the second quarter, to a plan for fostering a change in the capital composition of the Company by means of the exercise of warrants below \$0.10 to shares, through a process of warrant unifications and loans. The shares will be held by the Company as collateral for the loans, until each loan, together with the interest for the relevant period, is paid. The shares shall be issued without registration. The decision of the Board is already undergoing implementation, with shares issued as described below. The Company expects the process to be finished before November 30, 2013.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Stockholders Equity (cont.)

On September 23, 2013 the Company raised an additional \$10,000 by selling to Dr. Borenstein Ltd.. a total of 100,000 shares of the Company's common stock, and 400,000 warrants to purchase common stock, exercisable until December 31, 2014 with an exercise price of \$0.12. The shares were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. The purchaser represented to us that such purchaser was not a United States person (as defined in Regulation S) and was not acquiring the shares for the account or benefit of a United States person. The purchaser further represented that at the time of the origination of contact concerning the subscription for the units and the date of the execution and delivery of the subscription agreement for such units, such purchaser was outside of the United States. We did not make any offers in the United States, and there were no selling efforts in the United States. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts.

On September 30, 2013 the Board of the Company decided to provide compensation for the services provided during the second quarter of 2013, to those that have been providing services to the Company, without or with diminished salaries in the case of officers and employees and directors, without proper compensation in the case of consultants and ex-employees that continued supporting the Company. The compensation provided for the issuance of shares issued without registration, 560,000 to Lev Zaidenberg, CEO of the Company, 500,000 to Michael Greenfield, Treasurer of the Company, and 1,300,000 to International Executive Consulting SPRL, that among others provides to the Company the services of the Company's CEO (the Company's CEO holds a nomination as director of International Executive Consulting SPRL) , 490,000 warrants exercisable at \$0.01 per share, 370,000 warrants exercisable at \$0.04 per share, 2,660,000 warrants exercisable at \$0.06 per share, 400,000 warrants exercisable at \$0.10 per share and 965,000 warrants exercisable at \$0.14 per share, to be allocated as approved by the Board.

On October 31, 2013, following the warrant exercise plan above mentioned, and confirmations received from a series of warrant holders the Company issued 21,285,587 restricted common shares to warrant holders.

On December 20, 2013, following the warrant exercise plan above mentioned as of August 22, 2013, and confirmations received from a series of warrant holders the Company issued 11,973,111 restricted common shares to warrant holders.

On December 20, 2013, the Company issued 90,000 shares of common stock of the Company to G. Milevsky for providing to the Company marketing services. The shares were issued without registration. There were no underwriters or broker-dealers involved in the transaction.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Stockholders Equity (cont.)

On January 9, 2014 the Company entered into two Bond Agreements with A. Goldstein for the amount of \$100,000 each bond, payable on December 30, 2016, carrying a 10% annual linear interest and convertible starting June 1, 2014 at a 20% discount from a three month weighted average price preceding the conversion notification.

During February 2014 the Company entered into five Bond Agreements for a cumulative amount of \$290,000, payable on December 30, 2016, carrying a 10% annual linear interest and convertible starting June 1, 2014 at a 20% discount from a three month weighted average price preceding the conversion notification.

On March 3, 2014, the Company raised an additional \$96,500 by selling to Yehonathan Arie. a total of 965,000 shares of the Company's common stock, and 400,000 warrants to purchase common stock, exercisable until December 31, 2015 with an exercise price of \$0.12. The shares were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. The purchaser represented to us that such purchaser was not a United States person (as defined in Regulation S) and was not acquiring the shares for the account or benefit of a United States person. The purchaser further represented that at the time of the origination of contact concerning the subscription for the units and the date of the execution and delivery of the subscription agreement for such units, such purchaser was outside of the United States. We did not make any offers in the United States, and there were no selling efforts in the United States. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts.

On March 27, 2014 the Board of the Company decided to provide compensation for the services provided during the third and fourth quarter of 2013, to those that have been providing services to the Company, without or with diminished salaries in the case of officers and employees and directors, without proper compensation in the case of consultants and ex-employees that continued supporting the Company. The compensation provided for the issuance of warrants as detailed herein below and issuance in the next quarter of shares issued without registration, 600,000 to Lev Zaidenberg, director and officer of the Company, 600,000 to Michael Greenfield, Treasurer of the Company, and 1,300,000 to International Executive Consulting SPRL, that among others provides to the Company the services of the Mr. Zaidenberg (Mr. Zaidenberg holds a nomination as director of International Executive Consulting SPRL). The warrants issued are all exercisable until December 30, 2015, 1,960,000 warrants exercisable at \$0.06 per share, 615,000 warrants exercisable at \$0.08 per share and 1,130,000 warrants exercisable at \$0.14 per share, to be allocated as approved by the Board.

On March 28, 2014, following the warrant exercise plan above mentioned as of August 22, 2013, and confirmations received from a series of warrant holders the Company issued 7,025,498 restricted common shares to warrant holders.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Stockholders Equity (cont.)

On March 28, 2014, the Company raised an additional \$23,000 by the conversion by S. Zailer. of principal and interest of a loan granted to the Company in 2012, for a total of total of 407,470 shares of the Company's common stock. The shares were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. The purchaser represented to us that such purchaser was not a United States person (as defined in Regulation S) and was not acquiring the shares for the account or benefit of a United States person. The purchaser further represented that at the time of the origination of contact concerning the subscription for the units and the date of the execution and delivery of the subscription agreement for such units, such purchaser was outside of the United States. We did not make any offers in the United States, and there were no selling efforts in the United States. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts..

On March 28, 2014, the Company raised an additional \$6,411 by selling to J. Shefet. a total of 64,110 shares of the Company's common stock. The shares were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. The purchaser represented to us that such purchaser was not a United States person (as defined in Regulation S) and was not acquiring the shares for the account or benefit of a United States person. The purchaser further represented that at the time of the origination of contact concerning the subscription for the units and the date of the execution and delivery of the subscription agreement for such units, such purchaser was outside of the United States. We did not make any offers in the United States, and there were no selling efforts in the United States. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts.

On May 7, 2014, the Company raised additional \$300,000 by selling to one purchaser, A. Goldstein, a total of 3,750,000 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.08. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until December 30, 2015 at the price of \$0.12. The units were offered and sold without registration pursuant to a placement held under Regulation D promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Stockholders Equity (cont.)

On June 11, 2014, the Company raised an additional \$80,000 by selling to EGFE Israel Ltd., a total of 1,000,000 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.08. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until June 30, 2016 at the price of \$0.12. The units were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. The purchaser represented to us that such purchaser was not a United States person (as defined in Regulation S) and was not acquiring the shares for the account or benefit of a United States person. The purchaser further represented that at the time of the origination of contact concerning the subscription for the units and the date of the execution and delivery of the subscription agreement for such units, such purchaser was outside of the United States. We did not make any offers in the United States, and there were no selling efforts in the United States. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts..

On June 23, 2014, the Company raised an additional \$142,690 by selling to EGFE Israel Ltd., a total of 1,783,625 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.08. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until June 30, 2016 at the price of \$0.12. The units were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. The purchaser represented to us that such purchaser was not a United States person (as defined in Regulation S) and was not acquiring the shares for the account or benefit of a United States person. The purchaser further represented that at the time of the origination of contact concerning the subscription for the units and the date of the execution and delivery of the subscription agreement for such units, such purchaser was outside of the United States. We did not make any offers in the United States, and there were no selling efforts in the United States. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts..

On June 24, 2014 the Board of the Company approved the issuance of 1,983,000 shares of common stock of the Company to A. Friedman, V.Shaltiel, M Greenfield and Z. Lahat for providing services to the Company. The shares were issued without registration. There were no underwriters or broker-dealers involved in the transaction.

On June 25, 2014, the Company raised additional \$60,000 by selling to two purchasers, Bensjill Family Trust and M. Stanoff Lewis, a total of 750,000 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.08. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until December 30, 2015 at the price of \$0.12. The units were offered and sold without registration pursuant to a placement held under Regulation D promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Stockholders Equity (cont.)

On July 9, 2014, the Company raised additional \$45,500 by selling to three purchasers, BGL Investments, J. Balencic and T.M. Cruikshank, a total of 568,750 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.08. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until December 30, 2015 at the price of \$0.12. The units were offered and sold without registration pursuant to a placement held under Regulation D promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

On August 3, 2014 the Board of the Company decided to provide compensation for services provided during the first quarter of 2014, to those that have been providing services to the Company, without or with diminished salaries in the case of officers and employees and directors, without proper compensation in the case of consultants and ex-employees that continued supporting the Company. The compensation provided for the issuance of warrants as detailed herein below and issuance of shares issued without registration, 300,000 to Lev Zaidenberg, director of the Company, 300,000 to Michael Greenfield, Treasurer of the Company, and 300,000 to International Executive Consulting SPRL, that among others provides to the Company the services of the Mr. Zaidenberg (Mr. Zaidenberg holds a nomination as director of International Executive Consulting SPRL). The warrants issued are all exercisable until June 30, 2016, 1,420,000 warrants exercisable at \$0.08 per share, 940,000 warrants exercisable at \$0.11 per share and 945,000 warrants exercisable at \$0.14 per share, to be allocated as approved by the Board.

On August 12, 2014, the Company raised an additional \$217,451 by selling to S. Zailer., a total of 3,045,532 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.0714. Each unit was composed by one restricted share of common stock. The units were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. The purchaser represented to us that such purchaser was not a United States person (as defined in Regulation S) and was not acquiring the shares for the account or benefit of a United States person. The purchaser further represented that at the time of the origination of contact concerning the subscription for the units and the date of the execution and delivery of the subscription agreement for such units, such purchaser was outside of the United States. We did not make any offers in the United States, and there were no selling efforts in the United States. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts..

On August 12, 2014 the Board of the Company approved the issuance of 125,000 shares of common stock to Illuminado Partners for providing services to the Company. The shares were issued without registration. In addition there is a decision pending resolution to further issue shares and/or warrants to the same. There were no underwriters or broker-dealers involved in the transaction.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Stockholders Equity (cont.)

On August 12, 2014 the Board of the Company approved the issuance of 781,770 shares of common stock to A. Friedman, E. Khaskelberg, Ten West Holdings and Z. Lahat for providing services to the Company. The shares were issued without registration. There were no underwriters or broker-dealers involved in the transaction.

On August 29, 2014 the Company approved the issuance of 725,000 shares of common stock to V. Shaltiel as reimbursement for payments made on behalf of the company and 150,000 shares of common stock to the same for providing services to the Company. The shares were issued without registration. There were no underwriters or broker-dealers involved in the transaction.

On October 1, 2014, the Company issued 500,000 shares of common stock to A. Friedman according to the agreement signed with him by the Company. The shares were issued without registration. There were no underwriters or broker-dealers involved in the transaction.

On October 23, 2014, the Company raised additional \$396,000 by selling to C. Chizic , a total of 100,000 units of the Company's securities. The purchase price paid to the Company for each unit was \$3.96. Each unit was composed by thirty three restricted shares of common stock and 10 warrants, each warrant for one share of common stock exercisable until December 30, 2015 at the price of \$0.18. The units were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

On October 31, 2014, the Company raised additional \$50,000 by selling to the Bialo Family Trust, a total of 500,000 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.10. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until December 30, 2015 at the price of \$0.15. The units were offered and sold without registration pursuant to a placement held under Regulation D promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

On November 25, 2014 the Company approved the issuance of 450,000 shares of common stock to Illuminado for providing services to the Company. The shares were issued without registration. There were no underwriters or broker-dealers involved in the transaction.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Stockholders Equity (cont.)

On November 25, 2014, the Company raised additional \$10,000 by selling to David Wise a total of 100,000 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.10. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until December 30, 2015 at the price of \$0.15. The units were offered and sold without registration pursuant to a placement held under Regulation D promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

On November 25, 2014, the Company raised additional \$320,000 by selling to Andrelco Limited and Goldmere Limited a total of 4,000,000 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.08. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until December 30, 2015 at the price of \$0.12. The units were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

On November 28, 2014, the Company raised additional \$30,000 by selling to J. Richard & Iris L. Alter Trust and Robert Adler a total of 300,000 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.10. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until December 30, 2015 at the price of \$0.15. The units were offered and sold without registration pursuant to a placement held under Regulation D promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

On November 28, 2014, the Company raised additional \$150,000 by selling to Simon Stolerio a total of 1,500,000 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.10. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until December 30, 2016 at the price of \$0.18. The units were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Stockholders Equity (cont.)

On December 9, 2014, the Company raised additional \$208,333 by the conversion by Aaron Goldstein of a loan granted to the Company, for a total of 1,819,680 shares of common stock. The shares were issued without registration pursuant to a placement held under Regulation D promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts.

On December 9, 2014, the Company raised additional \$250,000 by selling to Aaron Goldstein a total of 2,500,000 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.10. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until December 30, 2017 at the price of \$0.18. The units were offered and sold without registration pursuant to a placement held under Regulation D promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

On December 31, 2014 the Board of the Company decided to provide compensation for services provided during the second, third and fourth quarter of 2014, to those that have been providing services to the Company, without or with diminished salaries in the case of officers and employees and directors, without proper compensation in the case of consultants and ex-employees that continued supporting the Company. The compensation provided for the issuance of warrants as detailed herein below and issuance of shares issued without registration, 600,000 to Lev Zaidenberg, director of the Company, 900,000 to Michael Greenfield, Treasurer of the Company, and 780,000 to International Executive Consulting SPRL, that among others provides to the Company the services of the Mr. Zaidenberg (Mr. Zaidenberg holds a nomination as director of International Executive Consulting SPRL). The warrants issued are all exercisable until December 31, 2016 , 4,420,000 warrants exercisable at \$0.08 per share, 2,875,000 warrants exercisable at \$0.11 per share and 2,305,000 warrants exercisable at \$0.14 per share, to be allocated as approved by the Board.

On April 2, 2015, the Company raised additional \$55,000 by selling to V Burling and K Carns a total of 611,112 common shares of the Company's securities. The purchase price paid to the Company for each common share was \$0.09. . The units were offered and sold without registration pursuant to a placement held under Regulation D promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Stockholders Equity (cont.)

On April 6, 2015, the Company raised additional \$110,000 by selling to J. Moadeb and S. Jenkala a total of 1,375,000 units of the Company's securities. The purchase price paid to the Company for each unit was \$0.08. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until December 30, 2016 at the price of \$0.16. The units were offered and sold without registration pursuant to a placement held under Regulation D promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

On April 6, 2015, the Company raised additional \$75,000 by selling to A. Lazarovich a total of 750,000 units of the Company's securities, as a first part for a total investment of \$150,000 for a total of 1,500,000 units. The purchase price paid to the Company for each unit was \$0.10. Each unit was composed by one restricted share of common stock and a warrant for one share of common stock exercisable until December 30, 2016 at the price of \$0.18. The units were offered and sold without registration pursuant to a placement held under Regulation S promulgated under the Securities Act of 1933, as amended. There were no underwriters or broker-dealers involved in the private placement and no underwriting discounts; a commission is to be paid in shares/warrants for the transaction.

All the certificates evidencing the shares issued above contained a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

Note 8– Stock Based Compensation

Stock Options

1. Stock Based Compensation granted to directors, officers, employees and suppliers of the Company:

The total amount of exercisable options granted as stock based compensation during the fiscal year ended December 31, 2014 was 20,290,000.
2. Warrants / Stock Options granted to the Company's CEO and the Company's Chairman of the Board
 - a. The CEO of the Company was granted 2,500,000 options to purchase shares of common stock of the Company during the year 2014.
 - b. The Chairman of the Board was granted 2,700,000 options to purchase shares of common stock of the Company during the year 2014.
3. Warrants / Stock Options granted to other directors and officers:
 - a. The Treasurer of the Company was granted 2,700,000 options to purchase shares of common stock of the Company during the year 2014. In addition he was granted 1,800,000 shares.
 - b. Dr. Zhenia Fleisher, director of the Company, was granted 2,550,000 options to purchase shares of common stock of the Company during the year 2014

c. ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Stock Based Compensation (cont.)

- c. Mr. Lev Zaidenberg, director of the Company, was granted 2,700,000 options to purchase shares of common stock of the Company during the year 2014. He was granted 900,000 shares during 2014. In addition 1,080,000 shares were issued to a company that provided the services of Mr. Zaidenberg as well as other services.
- d. Mr. Yishay Aizik, director of the Company during Q1-2014, was granted 60,000 options to purchase shares of common stock of the Company during the year 2014
- e. Dr. Yuri Ginzburg, CTO of the Company, was granted 1,980,000 options to purchase shares of common stock of the Company during the year 2014

Note 9– Research and Development expenses

(U.S.\$)	31-Dec-2014	31-Dec-2013
Comprise:		
Salary	149,586	44,685
Stock Based Compensation	170,555	57,467
Vehicle expenses	17,756	16,120
Laboratory & Others		1,685
	337,897	119,957

Note 10– Selling, General and Management expenses

(U.S.\$)	31-Dec-2013	31-Dec-2012
Comprise:		
Salary	605,529	297,607
Share Based Compensation	2,068,414	1,472,375
Professional Services	824,423	168,781
Rent and Office Maintenance	324,954	254,359
Depreciation	1,658	32,354
Vehicle expenses	27,087	44,124
Office & Others	193,999	173,975
	4,046,064	2,443,575

Note 11- Commitments and Contingencies

Office of the Chief Scientist Grants and Technological Incubator A.T.I

Our wholly-owned subsidiary Angstore Technologies Ltd 's ("Angstore"), research and development efforts have been partially financed through grants from the Office of the Chief Scientist of the Israeli Ministry of Industry and Trade (the "OCS") which have been got by the means of the Ashkelon Technological Incubator A.T.I ("the ATI"), in Ashkelon, Israel. In return for the OCS's financing, the Company is committed to pay, by the means of the ATI, royalties to the Israeli Government at the rate of 3% for each of the first three years of revenues related to the technology developed with the support of the OCS, at the rate of 4% for each of the next three years (starting from the fourth year)and , at the rate of 5% from the seventh year onwards, up to 100% of the amount of the grants received. There are no future performance obligations related to the grants received from the OCS. During the years 2003-2005 Angstore received from the OCS office a total cumulative amount of 267,799\$.

ENERGTEK INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 - Changes in figures of previous years

During 2014 the Company undertook the effort to prepare itself to become SEC reporting eligible. This effort included the auditing of previous years. In the context of the audit several changes were included in previous years which modified substantially the figures reported for previous years. The audit of the years 2013 and 2014 has not been completed yet. Further changes to the published figures might take place.

Note 13 - Going Concern

The Company's consolidated financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company is working on the basis of a budget and expected investments that will enable it to operate during the coming year. However the Company will need additional working capital for its future planned expansion of activities and to service its debt, which raises doubt about its ability to continue as a going concern. Continuation of the Company as a going concern is dependent upon obtaining sufficient capital to be successful in that effort. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result from the outcome of this uncertainty.