UNAUDITED ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

SYLIOS CORP
(Name of registrant in its charter)

Florida	**26-2317506**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

735 Arlington Ave. N., Suite 308, St. Petersburg, FL 33701
(Address of principal executive offices) (Zip Code)

Issuer's telephone Number: **(727) 821-6200**

Securities registered under Section 12(b) of the Exchange Act: None.

Securities registered under Section 12(g) of the Exchange Act: None.

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☐

Indicate by check mark whether the registrant (1) has filed all reports required 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

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

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

As of April 30, 2015, there were 4,910,250,000 shares of the registrant's common stock, par value $0.001, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. All statements other than statements of historical facts included in this unaudited Annual Report, including without limitation, statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations regarding our financial position, estimated working capital, business strategy, the plans and objectives of our management for future operations and those statements preceded by, followed by or that otherwise include the words "believe", "expects", "anticipates", "intends", "estimates", "projects", "target", "goal", "plans", "objective", "should", or similar expressions or variations on such expressions are forward-looking statements. We can give no assurances that the assumptions upon which the forward-looking statements are based will prove to be correct. Because forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements, including, but not limited to, the availability and pricing of additional capital to finance operations, including the drilling of our initial gas wells, longer term drilling programs and additional leasehold acquisitions, the viability of the crude and shale gas fields in south central Kentucky and West Virginia, our ability to build and maintain a successful operations infrastructure and to effectively drill and develop producing wells, the successful negotiation and execution of cost-effective third-party crude and gas drilling and distribution agreements, the continued commitment of drill rig operators and future economic conditions and volatility in energy prices.

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

Overview

Sylios Corp (f/k/a US Natural Gas Corp) ("Sylios", the "Company", "we", "us", or "our") was organized as a Florida Corporation on March 28, 2008 under the name of Adventure Energy, Inc.

Sylios Corp is a holding corporation, which through its subsidiaries, has operations engaged in the exploration and development oil and natural gas properties, investments in equities and corporate debt and the development of products utilized for the medical and recreational marijuana industry.

Our operations are currently divided amongst five wholly owned subsidiaries, US Natural Gas Corp KY ("KY"), US Natural Gas Corp WV ("WV") (formerly Wilon Resources, Inc.), E 2 Investments, LLC ("E2"), The Greater Cannabis Company, LLC ("GCC") and Bud Bank, LLC ("BB").

US Natural Gas Corp WV:

US Natural Gas Corp WV's ("WV") operations were based in Wayne County, West Virginia and primarily concentrated on the production of commercially viable natural gas. On July 31, 2014, the Company and Bayport International Holdings, Inc. ("Bayport") closed on the Asset Purchase Agreement entered into between the companies on July 9, 2014. Included within the assets sold by the Company were certain leases covering mineral rights, oil and natural gas wells, certain right of ways and ancillary facilities constructed by the Company for the delivery of natural gas in West Virginia. Upon completion of the transaction with Bayport, the Company had no remaining leases, wells or activity in West Virginia.

US Natural Gas Corp KY:

US Natural Gas Corp KY ("KY"), a wholly owned subsidiary, concentrates on oil producing activities mainly in the counties of Green, Hart, Adair, Russell, Edmonson, and Monroe in Kentucky where the Company has approximately 4600 acres under lease. On average, KY maintains a 95% working interest and 83% net revenue interest in each well. To date, KY has 19 wells under bond of which 9 are currently producing commercially viable crude with minimal revenue.

On September 5, 2012, the Company entered into an Asset Purchase Agreement with Madison Brothers Investments, LLC for the sale of certain oil producing assets located in Edmonson County, Kentucky. These assets have been previously referred to as the "Pine Grove Project" throughout the Company's previous press releases and filings with the Securities and Exchange Commission. Under the terms, the Company is to convey via deed, assignment, and/or transfer, twenty five equipped oil wells, two water injection wells, and five oil and gas leases. The 182 acres of mineral rights purchased by the Company in the Purchase transaction were sold to a non-affiliate third party in a separate transaction. The transaction was finalized and fully funded on September 13, 2012. Terms of the transactions were not disclosed.

In July 2011, the Company announced the initiation of a new natural gas development project in Whitley County, Kentucky. To date, the Company has acquired two wells capable of producing natural gas and is in discussions to acquire five to seven additional wells. The Company has reached an agreement with Magnum Hunter Production for the transmission of the Company's produced natural gas to its sales point. The Company has elected to place any further development of these leaseholds until natural gas pricing improves.

WHITLEY COUNTY, KENTUCKY WELLS

WELL NAME	TOTAL DEPTH (a)	STATUS (b)	PRODUCT (c)
HOBERT WHITE #1	1303	SI	O
MILTON HARMON #1	1758	PR	O

During 2013 and 2012, the Company elected to sale several of the wells and leaseholds it acquired from KYTX Oil & Gas, LLC in the 2009 Asset Purchase Agreement, which were located in south central Kentucky. Management's election to do such was based on production versus operating costs. The wells found in the table below are still operated by the Company and/or a subsidiary.

SOUTH CENTRAL KENTUCKY OIL WELLS

WELL NAME	COUNTY	TOTAL DEPTH (a)	STATUS (b)	PRODUCT (c)
EUGENE ANTLE #1	RUSSELL	1030	PR	O
EUGENE ANTLE #1A	RUSSELL	242	SI	O
EUGENE ANTLE #3	RUSSELL	1220	SI	O
ROBERT CALDWELL #1	ADAIR	1481	PR	O
JASON CAMFIELD #1	ADAIR	750	SI	O
J.C. LASLEY #1	ADAIR	1620	PR	O
J.C. LASLEY #1A	ADAIR	1565	PR	O
J.C. LASLEY #2	ADAIR	1574	PR	O
J.C. LASLEY #5	ADAIR	1657	PR	O
COLBY SMITH #1	ADAIR	1680	SI	O
D&M FARMS #1	HART	2250	SI	O
RALPH THOMPSON #1	HART	1225	PR	O
RANDY HATCHER #1	ADAIR	1574	SI	O
TROY ISOM #1	MORGAN	1705	SI	NG

(a) - Total Depth as per completion report
(b) - Status
i) PR - In Production
ii) PL - Plugged
iii) SI - Shut-In
(c) - Product
i) O - Oil production
ii) NG - Natural Gas production
iii) O/NG - Both Oil & Natural Gas production

Our business strategy is to economically increase reserves, production, and the sale of natural gas and oil from existing and acquired properties in the Appalachian Basin and elsewhere, in order to maximize shareholders' return over the long term. Our strategic location in Kentucky enables us to actively pursue the acquisition and development of producing properties in that area that will enhance our revenue base without proportional increases in overhead costs.

We expect to generate long-term reserve and production growth through drilling activities and further acquisitions. We believe that our management's experience and expertise will enable us to identify, evaluate, and develop natural gas projects.

We have acquired and intend to acquire additional producing oil and gas property rights where we believe significant additional value can be created. Our Management is primarily interested in developmental properties where some combination of these factors exist: (1) opportunities for long production life with stable production levels; (2) geological formations with multiple producing horizons; (3) substantial exploitation potential; and (4) relatively low capital investment production costs.

E 2 Investments, LLC:

E 2 Investments, LLC ("E2") is a wholly owned subsidiary which manages the Company's alternative investments through a variety of avenues:

- Buying and selling of domestic equities
- Purchase of third party debt issued by publicly traded entities
- Purchase of mineral rights
- Direct Stock Purchase participation with other publicly traded entities
- Consulting capacity
- Direct funding to small and microcap companies through the issuance of debentures

The Greater Cannabis Company, LLC:

Formed in March 2014, The Greater Cannabis Company, LLC ("GCC") is the Company's operating subsidiary for its recently launched operations in the medical and recreational marijuana market. The Company will look to represent a line of premier products through licensing agreements, development, acquisitions and joint ventures. The Company will launch an online superstore for marijuana related accessories under the name of GCC Superstore.

During 2014, GCC entered into a U.S. based licensing agreement with Artemis Dispensing Technologies for the development and resell of its automated dispensing product. Under the collaboration and license agreement, Artemis will be responsible for the continued development and completion of the automated dispensing product. Upon launch and sales of the product, Artemis will be responsible for the installation, training and customer support for the hardware and software. The Company will be responsible for direct sales, addition of key distributors and sub-licensing of specific territories within the U.S.

Bud Bank, LLC:

Formed in July 2014, Bud Bank, LLC ("BB") is dedicated solely to the Company's new automated cannabis dispensing product. Through the licensing agreement entered into between The Greater Cannabis Company, LLC and Artemis Dispensing Technologies, a new automated cannabis dispensing product is in development to be branded under the name Bud Bank.

Licenses:

We hold a Gathering Line Operators License in the state of Kentucky. Prior to the sale of our oil and gas assets in West Virginia and the simultaneous assignment of all shares of E 3 Petroleum Corp in the "Bayport" transaction, we held an "Operator" license in the state of West Virginia. Please see NOTE S- DISPOSITION OF OIL AND GAS PROPERTIES.

Patents/Trademarks:

On July 11, 2014, the Company filed a trademark for the name "Bud Bank" with the United States Office Patent and Trademark Office.

Research & Development

For the fiscal year 2014, our expenses were minimal for research and development. We anticipate that future research and development expenses will increase during 2015 as we expand our operations weighted from the exploration and production of oil and natural gas to include those within the medical and recreational marijuana industry and real estate development.

Compliance Expenses

Our company incurs annual expenses to comply with state and federal licensing requirements. We estimate these costs to be under $2,000 per year. In the event we elect to drill any new wells in Kentucky, we anticipate annual expenditures of approximately $25,000 per well related to environmental costs including water drainage and land development. It is difficult to estimate these environmental expenses while we are still a development stage company as they are largely dependent on many factors for each drilled well. See “Government Regulation” and “Environmental Regulation” below.

Natural Gas

U.S. Natural Gas Consumption. EIA projects that U.S. total natural gas consumption will average 76.3 billion cubic feet per day (Bcf/d) in 2015 and 75.8 Bcf/d in 2016, compared with an estimated 73.5 Bcf/d in 2014. Consumption growth is largely driven by demand in the industrial and electric power sectors, while residential and commercial consumption are projected to decline in 2015 and 2016. EIA projects natural gas consumption in the power sector to grow by 11.5% in 2015 and then fall by 2.2% in 2016. Low natural gas prices support increased natural gas-fired electric power consumption in 2015. Industrial sector consumption increases by 4.9% and 2.5% in 2015 and 2016, respectively, as new industrial projects come online, particularly in the fertilizer and chemicals sectors, and as industrial consumers take advantage of low natural gas prices.

U.S. Natural Gas Production and Trade. EIA expects that marketed natural gas production will increase by 3.8 Bcf /d (5.0%) and 1.5 Bcf/d (1.9%) in 2015 and 2016, respectively, reflecting continuing production growth in the Lower 48 states, which more than offsets the long-term declining production in the Gulf of Mexico. Although natural gas prices have fallen dramatically in recent months, EIA expects that increases in drilling efficiency and growth in oil production (albeit at a slower rate) will continue to support growing natural gas production in the forecast. With most growth expected to come from the Marcellus Shale, a backlog of drilled but uncompleted wells will continue to support production growth, as new pipelines come online in the Northeast.

Increases in domestic natural gas production are expected to reduce demand for natural gas imports from Canada and to support growth in exports to Mexico. EIA expects exports to Mexico, particularly from the Eagle Ford Shale in South Texas, to increase because of growing demand from Mexico’s electric power sector, coupled with flat Mexican natural gas production.

LNG imports have fallen over the past five years because higher prices in Europe and Asia are more attractive to LNG exporters than the relatively low prices in the United States. Forecast LNG gross imports average 0.2 Bcf/d in 2015 and 2016. EIA projects that LNG gross exports will increase from an average of 0.04 Bcf/d in 2014 to over 0.79 Bcf/d in 2016

U.S. Natural Gas Inventories. On March 27, natural gas working inventories totaled 1,461 Bcf, 628 Bcf (75%) above the level at the same time in 2014 and 190 Bcf (12%) below the previous fiveyear (2010-14) average for the week. A 12 Bcf injection for the week ending March 20 was the first net injection of 2015, although inventories posted a net withdrawal the week ending March U.S. Energy Information Administration | Short-Term Energy and Summer Fuels Outlook April 2015 12 27. EIA projects that end-of-October 2015 inventories will total 3,781 Bcf, 17 Bcf less than the five-year average.

U.S. Natural Gas Prices. The Henry Hub natural gas spot price averaged $2.83/MMBtu in March, a decline of 4 cents/MMBtu from February. EIA expects monthly average spot prices to remain less than $3/MMBtu through May, and less than $4/MMBtu through the remainder of the forecast. The projected Henry Hub natural gas price averages $3.07/MMBtu in 2015 and $3.45/MMBtu in 2016. Natural gas futures contracts for July 2015 delivery traded during the five-day period ending April 2 averaged $2.76/MMBtu. Current options and futures prices imply that market participants place the lower and upper bounds for the 95% confidence interval for July 2015 contracts at $1.90/MMBtu and $4.00/MMBtu, respectively. At this time last year, the natural gas futures contract for July 2014 delivery averaged $4.46/MMBtu and the corresponding lower and upper limits of the 95% confidence interval were $3.40/MMBtu and $5.87/MMBtu.

Crude

Crude Oil Prices. North Sea Brent crude oil spot prices decreased by $2/bbl in March to a monthly average of $56/bbl. This decrease followed a $10/bbl increase in February, the first increase in eight months. Several factors put upward pressure on Brent prices in February, including news of falling U.S. crude oil rig counts and announced reductions in capital expenditures by major oil companies. This upward price pressure abated in March, as the combination of robust world crude oil supply growth and weak global demand contributed to an increase in the rate of global inventory builds. Total global oil inventories are estimated to have increased by 2.1 million bbl/d in March, compared with a 0.9 million bbl/d increase in February. Strong global oil inventory builds are expected to continue in the coming months. Inventory builds are projected to moderate later in the year and provide support to crude oil prices.

The monthly average WTI crude oil spot price decreased to an average of $48/bbl in March, down $3/bbl from February. WTI prices fell in March in large part because of commercial crude oil inventories in Cushing, Oklahoma, which increased to a record 58.9 million barrels as of March 27. The record inventory levels have put downward pressure on the price of crude oil for prompt delivery compared with the price of crude oil for delivery in later months.

EIA projects the Brent crude oil price will average $59/bbl in 2015, unchanged from last month's STEO, with prices rising from an average of $56/bbl in the second quarter to an average of $67/bbl in the fourth quarter. The Brent crude oil price is projected to average $75/bbl in 2016. However, this price projection remains subject to the uncertainties surrounding the possible lifting of sanctions against Iran and other market events (see analysis box below). WTI prices in 2015 and 2016 are expected to average $7/bbl and $5/bbl, respectively, below Brent. The BrentWTI spread for 2015 reflects continued large builds in U.S. crude oil inventories, including at the Cushing, Oklahoma, storage hub.

The current values of futures and options contracts continue to suggest high uncertainty in the price outlook (Market Prices and Uncertainty Report). WTI futures contracts for July 2015 delivery traded during the five-day period ending April 2 averaged $52/bbl while implied volatility averaged 46%, establishing the lower and upper limits of the 95% confidence interval for the market's expectations of monthly average WTI prices in June 2015 at $35/bbl and $78/bbl, respectively. The 95% confidence interval for market expectations widens over time, with lower and upper limits of $32/bbl and $97/bbl for prices in December 2015. Last year at this time, WTI for July 2014 delivery averaged $99/bbl, and implied volatility averaged 17%. The corresponding lower and upper limits of the 95% confidence interval were $85/bbl and $115/bbl.

Given the high level of uncertainty in oil markets, several factors could cause oil prices to deviate significantly from current projections. Among these factors is the potential lifting of sanctions against Iran if a comprehensive agreement is reached (see box below). The level of unplanned production outages could also vary from forecast levels for a wide range of producers, including OPEC members Libya, Iraq, Nigeria, and Venezuela. The degree to which non-OPEC supply growth is affected by lower oil prices will also affect market balances and prices.

Several OPEC and non-OPEC oil producers rely heavily on oil revenue to finance their national budgets. Some producers have already started adjusting their upcoming budgets to reflect the crude oil price decline. If crude oil prices fall further or are sustained at current levels, oil dependent producing countries will face tough decisions. These decisions could potentially lead to austerity programs and fuel subsidy cuts that could spark social unrest, leaving some countries vulnerable to supply disruptions if protesters target oil infrastructure. Potential new supply disruptions are a real possibility and present major uncertainty in the world oil supply forecast.

1 http://www.eia.gov/forecasts/pdf/steo_full.pdf

Labor and Other Supplies

Oil and Natural Gas Operations: We contract all labor for the development of leasehold acreage in preparation for drilling, as well as the drilling and completion crews. Our employees monitor the wells on a daily basis, replace the completion components, repair the gathering system, and any other day-to-day maintenance.

Other Operational Activities: We contract all labor for website development and daily activities outside of management.

Principal Products or Services and Markets

The principal markets for the Company's crude oil are local refining companies. The principal markets for the Company's natural gas production are local utilities, private industry end-users, and gas marketing companies.

At present, crude oil produced by the Company in Kentucky is sold at or near the wells to Sunoco, Inc. or Barrett Oil Purchasing, Inc.. Regal Petroleum is solely responsible for transportation to Sunoco's refineries for the oil they purchase. The Company may sell some or all of its production to one or more additional refineries in order to maximize revenues as purchases prices offered by the refineries fluctuate from time to time.

Drilling Equipment

The Company obtains drilling services as required from time to time from various companies as available and various drilling contractors in Kentucky.

Distribution Methods of Products or Services

Crude oil is normally delivered to refineries in Kentucky by tank truck and natural gas is distributed and transported by pipeline.

Commodity Price Volatility

Oil and natural gas prices are volatile and subject to a number of external factors. Prices are cyclical and fluctuate as a result of shifts in the balance between supply and demand for oil and natural gas, world and North American market forces, conflicts in Middle Eastern countries, inventory and storage levels, OPEC policy, weather patterns and other factors. OPEC supply curtailment, tensions in the Middle East, increased demand in China and low North American crude stocks have kept crude oil prices high. Natural gas prices are greatly influenced by market forces in North America since the primary source of supply is contained within the continent.

Market forces include the industry's ability to find new production and reserves to offset declining production, economic factors influencing industrial demand, weather patterns affecting heating demand and the price of oil for fuel switching.

Seasonality

The exploration for oil and natural gas reserves depends on access to areas where operations are to be conducted. Seasonal weather variations, including freeze-up and break-up affect access in certain circumstances. According to the American Petroleum Institute, more than 60 million U.S. households use natural gas for water heating, space heating, or cooking. In total, natural gas accounts for more than 50 percent of the fuel used to heat U.S. homes. Residential and commercial heating demand for natural gas is highly weather-sensitive, making weather the biggest driver of natural gas demand in the short term. As a result, natural gas demand is highly "seasonal" in nature, with significant "peaks" in the winter heating season.

Seasonality and the natural gas in storage also play a prominent role in natural gas prices. Because natural gas consumption is seasonal but production is not, natural gas inventories are built during the summer for use in the winter. This seasonality leads to higher winter prices and lower summer prices. In addition, inventories above the seasonal average depress prices, and inventories below the seasonal average boost prices.

Governmental Regulation

Operations are or will be subject to various types of regulation at the federal, state and local levels. Such regulation includes requiring permits for the drilling of wells; maintaining bonding requirements in order to drill or operate wells; implementing spill prevention plans; submitting notification and receiving permits relating to the presence, use and release of certain materials incidental to oil and gas operations; and regulating the location of wells, the method of drilling and casing wells, the use, transportation, storage and disposal of fluids and materials used in connection with drilling and production activities, surface usage and the restoration of properties upon which wells have been drilled, the plugging and abandoning of wells and the transporting of production.

Operations are or will also be subject to various conservation matters, including the regulation of the size of drilling and spacing units or proration units, the number of wells which may be drilled in a unit, and the unitization or pooling of oil and gas properties.

In this regard, some states allow the forced pooling or integration of tracts to facilitate exploration while other states rely on voluntary pooling of lands and leases, which may make it more difficult to develop oil and gas properties. In addition, state conservation laws establish maximum rates of production from oil and gas wells, generally limit the venting or flaring of gas, and impose certain requirements regarding the ratable purchase of production. The effect of these regulations is to limit the amounts of oil and gas we may be able to produce from the wells and to limit the number of wells or the locations at which we may be able to drill.

Business is affected by numerous laws and regulations, including energy, environmental, conservation, tax and other laws and regulations relating to the oil and gas industry. We plan to develop internal procedures and policies to ensure that operations are conducted in full and substantial environmental regulatory compliance.

Failure to comply with any laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of injunctive relief or both. Moreover, changes in any of these laws and regulations could have a material adverse effect on business. In view of the many uncertainties with respect to current and future laws and regulations, including their applicability to us, we cannot predict the overall effect of such laws and regulations on future operations.

We believe that operations comply in all material respects with applicable laws and regulations and that the existence and enforcement of such laws and regulations have no more restrictive an effect on operations than on other similar companies in the energy industry. We do not anticipate any material capital expenditures to comply with federal and state environmental requirements.

Environmental Regulation

The oil and gas industry is extensively regulated by federal, state and local authorities. The scope and applicability of legislation is constantly monitored for change and expansion. Numerous agencies, both federal and state, have issued rules and regulations binding on the oil and gas industry and its individual members, some of which carry substantial penalties for noncompliance. To date, these mandates have had no material effect on our capital expenditures, earnings or competitive position.

Legislation and implementing regulations adopted or proposed to be adopted by the Environmental Protection Agency and by comparable state agencies, directly and indirectly, affect our operations. We are required to operate in compliance with certain air quality standards, water pollution limitations, solid waste regulations and other controls related to the discharging of materials into, and otherwise protecting the environment. These regulations also relate to the rights of adjoining property owners and to the drilling and production operations and activities in connection with the storage and transportation of natural gas and oil.

We may be required to prepare and present to federal, state or local authority's data pertaining to the effect or impact that any proposed operations may have upon the environment. Requirements imposed by such authorities could be costly, time-consuming and could delay continuation of production or exploration activities. Further, the cooperation of other persons or entities may be required for us to comply with all environmental regulations. It is conceivable that future legislation or regulations may significantly increase environmental protection requirements and, as a consequence, our activities may be more closely regulated which could significantly increase operating costs. However, management is unable to predict the cost of future compliance with environmental legislation. As of the date hereof, management believes that we are in compliance with all present environmental regulations. Further, we believe that our oil and gas explorations do not pose a threat of introducing hazardous substances into the environment. If such event should occur, we could be liable under certain environmental protection statutes and laws.

We presently carry insurance for environmental liability. Our exploration and development operations are subject to various types of regulation at the federal, state and local levels. Such regulation includes the requirement of permits for the drilling of wells, the regulation of the location and density of wells, limitations on the methods of casing wells, requirements for surface use and restoration of properties upon which wells are drilled, and governing the abandonment and plugging of wells. Exploration and production are also subject to property rights and other laws governing the correlative rights of surface and subsurface owners.

We are subject to the requirements of the Occupational Safety and Health Act, as well as other state and local labor laws, rules and regulations. The cost of compliance with the health and safety requirements is not expected to have a material impact on our aggregate production expenses. Nevertheless, we are unable to predict the ultimate cost of compliance.

Competition

We are in direct competition with numerous oil and natural gas companies, drilling and income programs and partnerships exploring various areas of the Appalachian Basin and elsewhere competing for customers. Several of our competitors are large, well-known oil and gas and/or energy companies, but no single entity dominates the industry. Many of our competitors possess greater financial and personnel resources, sometimes enabling them to identify and acquire more economically desirable energy producing properties and drilling prospects than us. We are more of a regional operator, and have the traditional competitive strengths of one, including recently established contacts and in-depth knowledge of the local geography. Additionally, there is increasing competition from other fuel choices to supply the energy needs of consumers and industry. Management believes that there exists a viable market place for smaller producers of natural gas and oil and for operators of smaller natural gas transmission systems.

Employees

As of the date of this Report, we had one full time employee that serves in the role of President, Vice President, and Treasurer. We plan to expand our management team within the next 12 months to include certain officers for our currently active subsidiaries and any new subsidiaries or operational activities management deems necessary. We consider our relations with our employees and consultants to be in good standing.

Report to Shareholders

On April 16, 2012, the Company filed a Form 15 with the Securities and Exchange Commission to immediately end the Company's requirements as a fully reporting entity. The Company's common stock will continue to be quoted on the OTC Markets ("Pinksheets"). Upon filing the Company's financial information, the Company's status on the OTC Markets will be deemed as "Current Information". In the event the Company fails to file its financial information with the OTC Markets, it may be deemed as "Limited Information or "STOP". Our current financial filings and other reports can be found at www.otcmarkets.com.

Prior to filing the Form 15, the Company was subject to the informational requirements of the Securities Exchange Act of 1934. Accordingly, we filed annual, quarterly and other reports and information with the Securities and Exchange Commission. The public may read and copy these reports, statements, or other information we file at the SEC's public reference room at 100 F Street, NE., Washington, DC 20549 on official business days during the hours of 10 a.m. to 3 p.m. State that the public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission at (http://www.sec.gov).

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below as well as other information provided to you in this document, including information in the section of this document entitled "Forward Looking Statements." The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently believes are immaterial may also impair the Company's business operations. If any of the following risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected, the value of the Company common stock could decline, and you may lose all or part of your investment.

RISKS RELATED TO THE BUSINESS AND FINANCIAL CONDITION

We have a limited operating history and if we are not successful in continuing to grow our business, then we may have to scale back or even cease ongoing business operations.

We are in the "developmental" stage of business and have yet to commence any substantive commercial operations. We have limited history of revenues from operations. We have yet to generate positive earnings and there can be no assurance that we will ever operate profitably. We have a limited operating history and must be considered in the developmental stage. Success is significantly dependent on a successful drilling, completion and production program. Operations will be subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history. We may be unable to locate recoverable reserves or operate on a profitable basis. We are in the developmental stage and potential investors should be aware of the difficulties normally encountered by enterprises in this stage. If the business plan is not successful, and we are not able to operate profitably, investors may lose some or all of their investment in the Company.

As properties are in the exploration stage, there can be no assurance that we will establish commercial discoveries on the properties.

Exploration for economic reserves of oil and gas is subject to a number of risk factors. Few properties that are explored are ultimately developed into producing oil and/or gas wells. The majority of our Kentucky properties are in the exploration stage, where we currently have 9 wells in production. Failure to make commercial discoveries on any of these properties would prevent our company from earning revenue and could lead to the failure of our business.

We rely on highly skilled personnel and, if we are unable to retain or motivate key personnel or hire qualified personnel, we may not be able to grow effectively.

Our performance largely depends on the talents and efforts of highly skilled individuals. Our future success depends on our continuing ability to identify, hire, develop, motivate and retain highly skilled personnel for all areas of our organization. Our continued ability to compete effectively depends on our ability to attract new technology developers and to retain and motivate our existing contractors. Failure to attract and retain qualified personnel could result in a slower and less efficient development of our company.

We will need significant additional capital, which we may be unable to obtain.

Our capital requirements will be significant. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to continue our operations, and there can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. If we are unable to obtain additional financing, our exploration activities will be curtailed. To date, the majority of expenses have been paid directly by the President, Vice-President, or through outside financing. If either party elects to cease paying operating expenses, or the Company is unsuccessful in obtaining additional outside financing, the Company may not be able to continue its existence.

Our independent auditors have expressed doubt about our ability to continue as a going concern, and the amounts recorded in our financial statements may require adjustments if the assumption that the entity is a going concern proves untrue, which may hinder our ability to obtain future financing.

Our independent auditors stated that our financial statements were prepared assuming that we would continue as a going concern. As a result of the going concern qualification, we may find it much more difficult to obtain financing in the future, if required. Further, any financing we do obtain may be on less favorable terms. Moreover, if the Company should fail to continue as a going concern, there is a risk of total loss of any monies invested in the Company, and it is also possible that, in such event, our shares would be of little or no value.

Failure to properly manage our potential growth would be detrimental to our business.

Any growth in our operations will place a significant strain on our resources and increase demands on our management and on our operational and administrative systems, controls and other resources. There can be no assurance that our existing personnel, systems, procedures or controls will be adequate to support our operations in the future or that we will be able to successfully implement appropriate measures consistent with our growth strategy. As part of this growth, we may have to implement new operational and financial systems, procedures and controls to expand, train and manage our employee base and maintain close coordination among our staff. We cannot guarantee that we will be able to do so, or that if we are able to do so, we will be able to effectively integrate them into our existing staff and systems. We may fail to adequately manage our anticipated future growth. We will also need to continue to attract, retain and integrate personnel in all aspects of our operations. Failure to manage our growth effectively could hurt our business.

Risks related to our oil and natural gas operations:

We are a new entrant into the oil and gas exploration and development industry without profitable operating history.

Since inception, activities have been limited to organizational efforts, obtaining working capital and acquiring and developing a very limited number of properties. As a result, there is limited information regarding property related production potential or revenue generation potential. As a result, future revenues may be limited or non-existent.

The business of oil and gas exploration and development is subject to many risks. The potential profitability of oil and natural gas properties if economic quantities are found is dependent upon many factors and risks beyond our control, including, but not limited to: (i) unanticipated ground conditions; (ii) geological problems; (iii) drilling and other processing problems; (iv) the occurrence of unusual weather or operating conditions and other force majeure events; (v) lower than expected reserve quantities; (vi) accidents; (vii) delays in the receipt of or failure to receive necessary government permits; (viii) delays in transportation; (ix) labor disputes; (x) government permit restrictions and regulation restrictions; (xi) unavailability of materials and equipment; and (xii) the failure of equipment or drilling to operate in accordance with specifications or expectations.

Drilling operations may not be successful which would harm our ability to operate.

There can be no assurance that future drilling activities will be successful, and we cannot be sure that overall drilling success rate or production operations within a particular area will ever come to fruition and, if it does, will not decline over time. We may not recover all or any portion of the capital investment in the wells or the underlying leaseholds. Unsuccessful drilling activities would have a material adverse effect upon results of operations and financial condition. The cost of drilling, completing, and operating wells is often uncertain, and a number of factors can delay or prevent drilling operations including: (i) unexpected drilling conditions; (ii) pressure or irregularities in geological formations; (iii) equipment failures or accidents; (iv) adverse weather conditions; and (iv) shortages or delays in availability of drilling rigs and delivery of equipment. If we are unable to successfully drill for oil and natural gas, we will not have revenue and in turn, the company could fail.

Production initiatives may not prove successful which could have a material adverse effect upon our operations.

The shales from which we intend to produce natural gas frequently contain water, which may hamper the ability to produce gas in commercial quantities. The amount of natural gas that can be commercially produced depends upon the rock and shale formation quality, the original free gas content of the shales, the thickness of the shales, the reservoir pressure, the rate at which gas is released from the shales, and the existence of any natural fractures through which the gas can flow to the well bore. However, shale rock formations frequently contain water that must be removed in order for the gas to detach from the shales and flow to the well bore. The ability to remove and dispose of sufficient quantities of water from the shales will determine whether or not we can produce gas in commercial quantities.

There is no guarantee that the potential drilling locations we have or acquire in the future will ever produce natural gas, which could have a material adverse effect upon the results of operations.

Prospects that we decide to drill may not yield oil or natural gas in commercially viable quantities which could have a material adverse effect upon our operations.

Prospects are in various stages of preliminary evaluation and assessment and we have not reached the point where we will decide to drill at all on the subject prospects. The use of seismic data, historical drilling logs, offsetting well information, and other technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling and testing whether natural gas will be present or, if present, whether oil or natural gas will be present in sufficient quantities or quality to recover drilling or completion costs or to be economically viable. In sum, the cost of drilling, completing and operating any wells is often uncertain and new wells may not be productive.

If production results from operations, we are dependent upon transportation and storage services provided by third parties.

We will be dependent on the transportation and storage services offered by various interstate and intrastate pipeline companies for the delivery and sale of gas supplies. Both the performance of transportation and storage services by interstate pipelines and the rates charged for such services are subject to the jurisdiction of the Federal Energy Regulatory Commission or state regulatory agencies. An inability to obtain transportation and/or storage services at competitive rates could hinder processing and marketing operations and/or affect sales margins.

The potential profitability of oil and gas ventures depends upon factors beyond the control of our company.

The potential profitability of oil and gas properties is dependent upon many factors beyond our control. For instance, world prices and markets for oil and gas are unpredictable, highly volatile, potentially subject to governmental fixing, pegging, controls, or any combination of these and other factors, and respond to changes in domestic, international, political, social, and economic environments. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for production and other expenses have become increasingly difficult, if not impossible, to project. These changes and events may materially affect financial performance.

Adverse weather conditions can also hinder drilling operations. A productive well may become uneconomic in the event that water or other deleterious substances are encountered which impair or prevent the production of oil and/or gas from the well. The marketability of oil and gas which may be acquired or discovered will be affected by numerous factors beyond our control. These factors include the proximity and capacity of oil and gas pipelines and processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulations. These factors cannot be accurately predicted and the combination of these factors may result in our company not receiving an adequate return on invested capital.

The oil and gas industry is highly competitive and there is no assurance that we will be successful in acquiring new leases.

The oil and gas industry is intensely competitive. We compete with numerous individuals and companies, including many major oil and gas companies, which have substantially greater technical, financial and operational resources and staffs. Accordingly, there is a high degree of competition for desirable oil and gas leases, suitable properties for drilling operations and necessary drilling equipment, as well as for access to funds. We cannot predict if the necessary funds can be raised or that any projected work will be completed. With the increased competition for mineral rights leases, we cannot say with certainty that we will be able to expand beyond the current 17,000 acres we currently hold. If we are unable to acquire further leaseholds, our drilling activities will be restricted to the acreage we currently maintain, which will in turn limit our growth and revenue.

Oil and gas operations are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on our company.

Oil and gas operations are subject to federal, state, and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Oil and gas operations are also subject to federal, state, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Various permits from government bodies are required for drilling operations to be conducted; no assurance can be given that such permits will be received. Environmental standards imposed by federal, state or local authorities may be changed and any such changes may have material adverse effects on activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages which we may elect not to insure against due to prohibitive premium costs and other reasons. To date we have not been required to spend any material amount on compliance with environmental regulations. However, we may be required to do so in future and this may affect our ability to expand or maintain operations.

Exploration activities are subject to certain environmental regulations which may prevent or delay the commencement or continuance of operations.

In general, exploration activities are subject to certain federal, state and local laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Compliance with these laws and regulations has not had a material effect on operations or financial condition to date. Specifically, we are subject to legislation regarding emissions into the environment, water discharges and storage and disposition of hazardous wastes. In addition, legislation has been enacted which requires well and facility sites to be abandoned and reclaimed to the satisfaction of state authorities. However, such laws and regulations are frequently changed and we are unable to predict the ultimate cost of compliance. Generally, environmental requirements do not appear to affect us any differently or to any greater or lesser extent than other companies in the industry.

We believe that our operations comply, in all material respects, with all applicable environmental regulations. Our operating partners maintain insurance coverage customary to the industry; however, we are not fully insured against all possible environmental risks.

Exploratory drilling involves many risks and we may become liable for pollution or other liabilities which may have an adverse effect on financial position.

Drilling operations generally involve a high degree of risk. Hazards such as unusual or unexpected geological formations, power outages, labor disruptions, blow-outs, sour gas leakage, fire, inability to obtain suitable or adequate machinery, equipment or labor, and other risks are involved. We may become subject to liability for pollution or hazards against which we cannot adequately insure or which we may elect not to insure. Incurring any such liability may have a material adverse effect on financial position and operations.

Any change to government regulation/administrative practices may have a negative impact on the ability to operate and profitability.

The laws, regulations, policies or current administrative practices of any government body, organization or regulatory agency in the United States or any other jurisdiction, may be changed, applied or interpreted in a manner which will fundamentally alter the ability of our company to carry on our business.

The actions, policies or regulations, or changes thereto, of any government body or regulatory agency, or other special interest groups, may have a detrimental effect on us. Any or all of these situations may have a negative impact on our ability to operate profitably.

Risks related to our dispensary and online retail operations:

Our success is dependent on additional states legalizing medical marijuana and on localities passing legislation to allow dispensaries.

Continued development of the medical marijuana market is dependent upon continued legislative authorization of marijuana at the state level for medical purposes and on local governments authorizing a sufficient number of dispensaries. Any number of factors could slow or halt the progress. Furthermore, progress, while encouraging, is not assured, and the process normally encounters set-backs before achieving success. While there may be ample public support for legislative proposal, key support must be created in the legislative committee or a bill may never advance to a vote. Numerous factors impact the legislative process. Any one of these factors could slow or halt the progress and adoption of marijuana for medical purposes, which would limit the market for our products and negatively impact our business and revenues.

The alternative medicine industry faces strong opposition.

It is believed by many that well-funded, significant businesses may have a strong economic opposition to the medical marijuana industry as currently formed. We believe that the pharmaceutical industry clearly does not want to cede control of any compound that could become a strong selling drug. For example, medical marijuana will likely adversely impact the existing market for Marinol, the current "marijuana pill" sold by mainstream pharmaceutical companies. Furthermore, the medical marijuana industry could face a material threat from the pharmaceutical industry should marijuana displace other drugs or simply encroach upon the pharmaceutical industry's market share for compounds such as marijuana and its component parts. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses the funding of the medical marijuana movement. Any inroads the pharmaceutical industry makes in halting or rolling back the medical marijuana movement could have a detrimental impact on the market for our products and thus on our business, operations and financial condition.

Marijuana remains illegal under federal law.

Marijuana remains illegal under federal law. It is a schedule-I controlled substance. Even in those jurisdictions in which the use of medical marijuana has been legalized at the state level, its prescription is a violation of federal law. The United States Supreme Court has ruled in *United States v. Oakland Cannabis Buyers' Coop.* and *Gonzales v. Raich* that it is the federal government that has the right to regulate and criminalize cannabis, even for medical purposes. Therefore, federal law criminalizing the use of marijuana preempts state laws that legalize its use for medicinal purposes. Presently, despite federal law, many states are maintaining existing laws and passing new ones in this area. This may be because the Obama Administration has made a policy decision to allow states to implement these laws and not prosecute anyone operating in accordance with applicable state law.

Regardless of the Obama Administration's policy decision, the federal government may at any time choose to enforce the federal law, and, in the past, it has investigated medical marijuana businesses in the various states in which we do business. Moreover, we face another presidential election cycle in 2016, and a new administration could introduce a less favorable policy. A change in the federal attitude towards enforcement could cripple the industry.

Although we do not market, sell, or produce marijuana or marijuana related products, there is a risk that we could be deemed to facilitate the selling or distribution of marijuana in violation of the federal Controlled Substances Act, or be deemed to be aiding or abetting, or being an accessory to, a violation of the Controlled Substances Act. Additionally, even if the Federal government does not prove a violation of the Controlled Substances Act, the federal government may seize, through civil asset forfeiture proceedings, certain Company assets, such as equipment, real estate, moneys and proceeds if the government can prove a substantial connection between these assets and marijuana distribution or cultivation.

Adverse actions taken by the federal government may lead to delays on our business operations, disruptions to our revenue streams, losses of substantial assets, and substantial litigation expenses. Furthermore, the medical marijuana industry is our primary target market, and if this industry were unable to operate, we would lose the majority of our potential clients, which would have a negative impact on our business, operations and financial condition.

We and people and businesses that we do business with may have difficulty accessing the service of banks, which may make it difficult for them to purchase our products and services.

As discussed above, the use of marijuana is illegal under federal law. Therefore, there is a compelling argument that banks cannot accept for deposit funds from the drug trade and therefore cannot do business with our clients that traffic in marijuana, and clinic operators often have trouble finding a bank willing to accept their business. On February 14, 2014, the U.S. Department of the Treasury Financial Crimes Enforcement Network ("FinCEN") released guidance to banks "clarifying Bank

Secrecy Act ("BSA") expectations for financial institutions seeking to provide services to marijuana-related businesses." In addition, U.S. Rep. Jared Polis (D-CO) has stated he will seek an amendment to banking regulations and laws in order to allow banks to transact business with state-authorized medical marijuana businesses. While these are positive developments, there can be no assurance this legislation will be successful, or that, even with the FinCEN guidance, banks will decide to do business with medical marijuana retailers, or that, in the absence of actual legislation, state and federal banking regulators will not strictly enforce current prohibitions on banks handling funds generated from an activity that is illegal under federal law. The inability of potential clients in our target markets to open accounts and otherwise use the services of banks may make it difficult for such potential clients to purchase our products and services and could materially harm our business.

Our business is dependent upon continued market acceptance by consumers.

We are substantially dependent on continued market acceptance of our dispensary machines and vaporizer products by consumers. Although we believe that the use of dispensing machines and vaporizers in the United States is gaining better consumer acceptance, we cannot predict the future growth rate and size of this market.

RISKS RELATED TO COMMON STOCK

There is currently a limited public market for our Common Stock. Failure to develop or maintain a trading market could negatively affect its value and make it difficult or impossible for you to sell your shares.

There has been a limited public market for our Common Stock and an active public market for our Common Stock may not develop. Failure to develop or maintain an active trading market could make it difficult for you to sell your shares or recover any part of your investment in us. Even if a market for our Common Stock does develop, the market price of our Common Stock may be highly volatile. In addition to the uncertainties relating to future operating performance and the profitability of operations, factors such as variations in interim financial results or various, as yet unpredictable, factors, many of which are beyond our control, may have a negative effect on the market price of our Common Stock.

If we fail to remain current on our reporting requirements with OTC Markets, our status may be downgraded from "Current Information Tier" to that of OTC Pink with a "STOP" sign signaling that we are not filing the required public disclosures. If this were to happen, it may limit the ability of broker-dealers to sell our securities in the secondary market.

Companies listed on the OTC Markets, such as us, must file Annual Financial Statements and subsequent Quarterly Reports, in order to maintain price quotation privileges under the "Current Information Tier" of the OTC Markets. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market if we fail to meet the reporting requirements of the OTC Markets. In addition, if we fail to file the required financial reports we may be unable to get relisted on the OTC Markets, which may have an adverse material effect on the Company. Please see "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION, Recent Developments**,** for an explanation of the change in trading platform from the OTC Bulletin Board and OTCQB to only the OTC Markets ("Pinksheets").

We do not expect to pay dividends in the future; any return on investment may be limited to the value of our common stock.

We do not currently anticipate paying cash dividends in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting it at such time as the board of directors may consider relevant. Our current intention is to apply net earnings, if any, in the foreseeable future to increasing our capital base and development and marketing efforts. There can be no assurance that the Company will ever have sufficient earnings to declare and pay

dividends to the holders of our common stock, and in any event, a decision to declare and pay dividends is at the sole discretion of our board of directors. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if its stock price appreciates.

Authorization of preferred stock.

Our Certificate of Incorporation authorizes the issuance of up to 5,000,000 shares of preferred stock with designations, rights and preferences determined from time to time by its Board of Directors. Accordingly, our Board of Directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting, or other rights which could adversely affect the voting power or other rights of the holders of the common stock. In the event of issuance, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company. In September 2009, the Company issued two Series of Preferred in connection with the acquisition of SLMI Options, LLC. As of December 31, 2014, there are 1.0 million shares of Series A Preferred and 300,000 shares of Series B Preferred issued and outstanding.

On September 4, 2009, the Company entered into a Lender Acquisition Agreement (the "Agreement") with SLMI Holdings LLC ("Holdings") and SLMI Options, LLC ("Options"). Pursuant to the Agreement, the Company acquired all of the outstanding ownership units (the "Ownership Units") of Options from Holdings. As part of the agreement, the Company agreed to issue to Holdings 1,000,000 shares of Series A Preferred Stock of the Company, which shares shall be convertible into 10,000,000 shares of common stock upon the occurrence of an event of default under the Agreement. The Holders of the Series A Preferred shall have the right to one vote for each one share of Series A Preferred stock owned. The Agreement provides that in the event of a default, the Holders of the Series A Preferred Stock shall have the right to appoint 3 additional members to the Company's Board of Directors. In addition, the holders of the Series A Preferred Stock shall have the right to appoint an observer to the Company's Board of Directors who will act as tie breaking vote upon the occurrence of an event of default and the subsequent increase in the size of the Board to six members. The Company also agreed to issue 300,000 shares of Series B Preferred Stock to Holdings in consideration for the issuance of a promissory note in the principal amount of $300,000 which is due on the fifth anniversary of the Agreement and which is secured by the Series B Preferred Stock. The Series B Preferred Stock is convertible into 3,000,000 shares of common stock of the Company.

On April 18, 2011, the Company issued an additional Series of Preferred shares titled Series C Preferred Stock. Of the 5.0 million Preferred shares authorized, 1.0 million shall be designated as Series C. There are currently no shares of Series C Preferred Stock issued.

Our common stock is subject to the U.S. "Penny Stock" Rules and investors who purchase our common stock may have difficulty re-selling their shares as the liquidity of the market for our common stock may be adversely affected by the impact of the "Penny Stock" Rules.

Our stock is subject to U.S. "Penny Stock" rules, which may make the stock more difficult to trade on the open market. Our common shares are currently listed on the OTC ("Pinksheets") but there is no current regular trading in our common stock. A "penny stock" is generally defined by regulations of the U.S. Securities and Exchange Commission ("SEC") as an equity security with a market price of less than US$5.00 per share. However, an equity security with a market price under US$5.00 will not be considered a penny stock if it fits within any of the following exceptions:

(i) the equity security is listed on NASDAQ or a national securities exchange;
(ii) the issuer of the equity security has been in continuous operation for less than three years, and either has (a) net tangible assets of at least US$5,000,000, or (b) average annual revenue of at least US$6,000,000; or
(iii) the issuer of the equity security has been in continuous operation for more than three years, and has net tangible assets of at least US$2,000,000.

Our common stock does not currently fit into any of the above exceptions.

If an investor buys or sells a penny stock, SEC regulations require that the investor receive, prior to the transaction, a disclosure explaining the penny stock market and associated risks. Furthermore, trading in our common stock will be subject to Rule 15g-9 of the Exchange Act, which relates to non-NASDAQ and non-exchange listed securities. Under this rule, broker/dealers who recommend our securities to persons other than established customers and accredited investors must make a special written suitability determination for the purchaser and receive the purchaser's written agreement to a transaction prior to sale. Securities are exempt from this rule if their market price is at least $5.00 per share. Since our common stock is currently deemed penny stock regulations, it may tend to reduce market liquidity of our common stock, because they limit the broker/dealers' ability to trade, and a purchaser's ability to sell, the stock in the secondary market.

Future Issuance of Additional Shares of the Company's Common Stock Could Cause Dilution of Ownership Interest and Adversely Affect Stock Price.

The Company may in the future issue previously authorized and unissued securities, resulting in the dilution of the ownership interest of its current stockholders. The Company is currently authorized to issue a total of 9 billion shares of common stock with such rights as determined by the Board of Directors. Of that amount, approximately 8 billion shares have been issued. The potential issuance of the approximately 1 billion remaining authorized but unissued shares of common stock may create downward pressure on the trading price of the Company's common stock.

The Company may also issue additional shares of its common stock or other securities that are convertible into or exercisable for common stock for raising capital or other business purposes. Future sales of substantial amounts of common stock, or the perception that sales could occur, could have a material adverse effect on the price of the Company's common stock.

Existing stockholders will experience significant dilution from our sale of shares under potential Securities Purchase Agreements.

The sale of shares pursuant to any Securities Purchase Agreements executed by the Company in the future will have a dilutive impact on our stockholders. As a result, the market price of our common stock could decline significantly, as we sell shares pursuant to the Securities Purchase Agreement. In addition, for any particular advance, we will need to issue a greater number of shares of common stock under the Securities Purchase Agreement as our stock price declines. If our stock price is lower, then our existing stockholders would experience greater dilution.

The Company May Issue Shares of Preferred Stock with Greater Rights than Common Stock.

The Company's charter authorizes the Board of Directors to issue one or more series of preferred stock and set the terms of the preferred stock without seeking any further approval from holders of the Company's common stock. Any preferred stock that is issued may rank ahead of the Company's common stock in terms of dividends, priority and liquidation premiums and may have greater voting rights than the Company's common stock.

Being a Public Company Significantly Increases the Company's Administrative Costs.

The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and listing requirements subsequently adopted by the NYSE Amex in response to Sarbanes-Oxley, have required changes in corporate governance practices, internal control policies and audit committee practices of public companies. Although the Company is a relatively small public company, these rules, regulations, and requirements for the most part apply to the same extent as they apply to all major publicly traded companies. As a result, they have significantly increased the Company's legal, financial, compliance and administrative costs, and have made certain other activities more time consuming and costly, as well as requiring substantial time and attention of our senior management. The Company expects its continued compliance with these and future rules and regulations to continue to require significant resources. These rules and regulations also may make it more difficult and more expensive for the Company to obtain director and officer liability insurance in the future, and could make it more difficult for it to attract and retain qualified members for the Company's Board of Directors, particularly to serve on its audit committee.

ITEM 2. DESCRIPTION OF PROPERTY

Leases for Company Headquarters

Our corporate headquarter is located in a leased office space at 735 Arlington Ave. N., Suite 308, St. Petersburg, Florida. We entered into a two-year lease for this property on February 1, 2013 and the term commenced on February 1, 2013. The annual rent for year one is $7,062 and $7,704 for year two. We believe that our existing facilities are suitable and adequate to meet our current business requirements.

Leased Acreage for Drilling Program

The Company maintains leases on mineral rights on approximately 4,600 acres in South Central Kentucky.

The Company will continue to lease additional mineral rights acreage in and around its operational area in the state of Kentucky.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be a defendant and plaintiff in various legal proceedings arising in the normal course of our business. We are currently not a party to any material pending legal proceedings or government actions, including any bankruptcy, receivership, or similar proceedings. In addition, management is not aware of any known litigation or liabilities involving the operators of our properties that could affect our operations. Should any liabilities be incurred in the future, they will be accrued based on management's best estimate of the potential loss. As such, there is no adverse effect on our consolidated financial position, results of operations or cash flow at this time. Furthermore, management of the Company does not believe that there are any proceedings to which any director, officer, or affiliate of the Company, any owner of record of the beneficially or more than five percent of the common stock of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

On November 28, 2011, the Company entered into a Forbearance Agreement ("Agreement") with Caesar Capital Group, LLC due to the inability of the Company to pay the remaining amounts due on two outstanding notes. For more details on the notes, please see Note I- Convertible Debentures. Subsequently, the Company failed to make payments as scheduled within the Agreement. On or about December 23, 2011, Caesar Capital, LLC filed an action against us in the New York County Supreme Court for breach of contract. On December 6, 2012, a default judgment was entered against the Company in the amount of $85,341.13. During 2014, the convertible debenture was paid in full through the issuance of common stock.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On March 19, 2010, the Company held a special meeting of its shareholders. The meeting was held to vote on the following proposals set forth below (the "Proposals").

Proposals:

1. To approve a share exchange between the Company and Wilon Resources, Inc., a Tennessee corporation ("Wilon") whereby the Company would acquire all of the outstanding shares of Wilon and hold Wilon as a wholly-owned subsidiary. For each share of common stock of Wilon to be exchanged, the Company would issue one share of the Company's common stock plus one warrant to purchase one additional share of common stock of the Company at an exercise price of $.25 (25 cents) per share to be exercisable for a period of 5 years from the date of issue.

2. To approve an amendment to the Company's Articles of Incorporation to change the name of the Company to US Natural Gas Corp.

3. To approve an amendment to the Company's Articles of Incorporation to delete Article 8 thereof, which states "all of the shares of the Company may be subject to a Shareholders' Restrictive Agreement." No such agreement was ever entered into by the shareholders and there is no current intent to enter into any such agreement at the present time.

The Company's shareholders approved each of the Proposals with 16,611,138 votes for and 0 votes against.

On March 19, 2010, Wilon Resources, Inc. held a special meeting of its shareholders. The meeting was held to vote on the following proposal set forth below (the "Proposal").

Proposal:

1. To approve a share exchange between the Company and Adventure Energy, Inc., a Florida corporation ("Adventure") whereby Adventure would acquire all of the outstanding common shares of the Company and hold the Company as a wholly-owned subsidiary. For each share of the Company's common stock to be exchanged, Adventure would issue one share of its common stock plus one warrant to purchase one additional share of common stock at an exercise price of $.25 (25 cents) per share to be exercisable for a period of 5 years from the date of issue.

The shareholders approved Proposal #1 with 27,843,109 votes for and 0 votes against.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

OTC Bulletin Board Considerations

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is listed on the OTC ("Pinksheets") under the trading symbol "UNGS". The following table sets forth the high and low bid prices for our common stock for the periods noted, as reported by the National Daily Quotation Service and the OTCQB. Quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions. Our stock began trading on April 3, 2009.

Fiscal Year 2014	High	Low
First Quarter	$ 0.089	$ 0.0004
Second Quarter	$ 0.005	$ 0.0009
Third Quarter	$ 0.003	$ 0.0003
Fourth Quarter	$ 0.0005	$ 0.0001

The prices shown above reflect the Company's 1:300 reverse stock split effective August 12, 2013.

Holders

As of December 31, 2014, the approximate number of stockholders of record of the Common Stock of the Company was 283.

Dividend Policy

The Company has never declared or paid any cash dividends on its common stock. We currently intend to retain future earnings, if any, to finance the expansion of our business. As a result, we do not anticipate paying any cash dividends in the foreseeable future.

Equity Compensation Plan(s) Information

The following table includes information regarding the Company's 2011 Employee and Consultant Stock Compensation Plan as of April 30, 2015.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			0
Equity compensation plans not approved by security holders	NONE	N/A	N/A
Total			0

The Company has established the Plan to attract, retain, motivate and reward employees and other individuals, to encourage ownership of the Company's common stock by employees and other individuals, and to promote and further the best interests of the Company. The Company is authorized to issue 36 million shares of its common stock under the Plan. Stock under that Plan may be granted only to consultants and employees of the Company. The Plan was filed with the Securities and Exchange Commission on June 29, 2011 on Form S-8.

The following table includes information regarding the Company's 2009 Flexible Stock Plan as of April 30, 2015.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			0
Equity compensation plans not approved by security holders	NONE	N/A	N/A
Total			0

The Company has established the Plan to attract, retain, motivate and reward employees and other individuals, to encourage ownership of the Company's common stock by employees and other individuals, and to promote and further the best interests of the Company. The Company is authorized to issue 20 million shares of its common stock under the Plan. Stock under that Plan may be granted only to consultants and employees of the Company. The Plan was filed with the Securities and Exchange Commission on December 3, 2009 on Form S-8.

Recent Sales of Unregistered Securities

See NOTE L- COMMON STOCK ISSUANCES/WARRANTS

All of the above offerings and sales were deemed to be exempt under rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended. No advertising or general solicitation was employed in offering the securities. The offerings and sales were made to a limited number of persons, all of whom were accredited investors, business associates of the Company or executive officers of the Company, and transfer was restricted by the Company in accordance with the requirements of the Securities Act of 1933. In addition to representations by the above-referenced persons, we have made independent determinations that all of the above-referenced persons were accredited or sophisticated investors, and that they were capable of analyzing the merits and risks of their investment, and that they understood the speculative nature of their investment. Furthermore, all of the above-referenced persons were provided with access to our Securities and Exchange Commission filings.

Issuer Purchases of Equity Securities

The Company reacquired 4,625,000 shares of its issued and outstanding common stock which were returned to the Company's transfer agent to be retired during the calendar year ended December 31, 2014.

On January 11, 2011, the Company's Board of Directors approved a share repurchase plan. Under terms of the plan, the Company is authorized to repurchase up to an aggregate of $250,000 of its common stock over the next 12 months. Acquisitions of stock under the repurchase plan will be made from time to time at prices prevailing in the open market or in privately negotiated transactions as permitted by securities laws and other legal requirements, and subject to market conditions and other factors. The repurchase program will be funded by the Company's available cash and may be commenced or suspended at any time or from time to time. The plan will continue as long as periodic management reviews determine it to be fiscally feasible and may be discontinued at any time.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The following discussion should be read in conjunction with the consolidated financial statements and the related notes that appear in this annual report.

Overview

We began operations on March 28, 2008 and are engaged in the oil and natural gas industry focusing on exploration, development, and production. We operate oil and gas wells in which we own the majority of the working interest, and are presently re-working and completing oil wells on our current leaseholds in Kentucky. We maintain leaseholds covering approximately 4,600 acres in South Central Kentucky and are presently expanding our leasehold interests. Our first revenue from production was generated in July 2009. We have incurred a net loss of $4,101,755 for the fiscal year ended December 31, 2014.

Our Kentucky properties, operated by our wholly owned subsidiary US Natural Gas Corp KY ("KY"), are focused in the South Central region of the state encompassing the counties of Allen, Monroe, Metcalfe, Green, Hart, Adair, Edmonson and Barren. We currently have the majority Working Interest in 16 oil wells of which 9 are currently in production.

We also maintain the majority Working Interest in 3 previously producing natural gas wells in Kentucky. One well located in Eastern Kentucky is currently shut-in due to issues with the receiving transmission pipeline. We anticipate that if we elect to expand our operations in this region, we can satisfactorily resolve this issue and place this well back into production. We have reached an agreement with Magnum Hunter for the transmission of natural gas produced from our two natural gas producing wells located in Whitley County, Kentucky. We maintain a majority working interest in each of these wells. Prior to placing these wells into production, we will need to complete the laying of a 1 ¼" extension of our gathering system to a tap into Magnum Hunter's line.

We expect to generate long-term reserve and production growth through drilling activities, re-entry and completion projects, and further acquisitions. We believe that our management's experience and expertise will enable it to identify, evaluate, and develop our oil and natural gas projects.

We continue to seek to identify oil and natural gas wells for possible acquisition. However, there can be no assurance that we will be able to enter into agreements for the acquisition of these oil wells upon terms that are satisfactory to the Company.

We expect to generate long-term reserve and production growth through drilling activities, re-entry and completion projects, and further acquisitions. We believe that our management's experience and expertise will enable us to identify, evaluate, and develop oil and natural gas projects.

Since the Company's formation in 2008, we have formed three additional operational subsidiaries:

1. **E 2 Investments, LLC** ("E2") is a wholly owned subsidiary which manages the Company's alternative investments through a variety of avenues:

- Buying and selling of domestic equities
- Purchase of third party debt issued by publicly traded entities
- Purchase of mineral rights
- Direct Stock Purchase participation with other publicly traded entities
- Consulting capacity
- Direct funding to small and microcap companies through the issuance of debentures

2. Formed in March 2014, **The Greater Cannabis Company, LLC** ("GCC") is the Company's operating subsidiary for its recently launched operations in the medical and recreational marijuana market. The Company will look to represent a line of premier products through licensing agreements, development, acquisitions and joint ventures. The Company will launch an online superstore for marijuana related accessories under the name of GCC Superstore.

3. Formed in July 2014, **Bud Bank, LLC** ("BB") is dedicated solely to the Company's new automated cannabis dispensing product. Through the licensing agreement entered into between The Greater Cannabis Company, LLC and Artemis Dispensing Technologies, a new automated cannabis dispensing product is in development to be branded under the name Bud Bank.

Recent Developments

On April 14, 2014, the Company filed an Amendment to its Articles of Incorporation with the State of Florida Division of Corporations for a name change from US Natural Gas Corp to Sylios Corp. On April 25, 2014, the Company filed the appropriate documentation with the Financial Industry Regulatory Authority ("FINRA") to effectively change the name of the publicly traded entity from US Natural Gas Corp to Sylios Corp. The name change was effective on June 20, 2014. The Company's new Cusip number associated with the name change is 871324 109.

On July 2, 2014, the Company formed Bud Bank, LLC ("BB") in the state of Florida. BB will act as the Company's operating subsidiary dedicated solely to the Company's cannabis dispensing product.

On July 9, 2014, the Company entered into two separate Consulting Agreements with Greenscape Laboratories, Inc., whereby the companies would provide one another with services related to strategic board level advisory, financial advisory, business development and acquisition and joint ventures advisory. The term of each agreement is 12 months.

On July 9, 2014, the Company entered into definitive agreements with Bayport International Holdings, Inc. for the disposition of certain assets currently operated by the Company's operating subsidiaries within the states of West Virginia. Included within the assets are certain leases covering mineral rights, oil and natural gas wells and ancillary facilities constructed by the Company for the delivery of natural gas in West Virginia. On July 31, 2014, the transaction closed.

On July 11, 2014, the Company filed a trademark for the name "Bud Bank" with the United States Office Patent and Trademark Office.

On July 31, 2014, the Company and Bayport International Holdings, Inc. ("Bayport") closed on the Asset Purchase Agreement entered into between the companies on July 9, 2014. Included within the assets sold by the Company were certain leases covering mineral rights, oil and natural gas wells, certain right of ways and ancillary facilities constructed by the Company for the delivery of natural gas in West Virginia. The Company will file the required Bill of Sales, Assignments and Deeds with the designated County Clerks for the transaction. At Closing, Bayport remitted the required funds as per the Asset Purchase Agreement and issued to the Company three Notes with varying maturity dates.

On July 31, 2014, the Company entered into a Licensing Agreement with Artemis Dispensing Technologies ("Artemis") for the development and resell of its automated dispensing product. Under the collaboration and license agreement, Artemis will be responsible for the development of a high end automated dispensing product. Upon launch and sales of the product, Artemis will be responsible for the installation, training and customer support for the hardware and software. The Company will be responsible for direct sales, addition of key distributors and sub-licensing of specific territories within the U.S. Under the terms of the agreement, the Company will pay to Artemis a one-time licensing fee in the amount of $500,000.00 broken into tranches and based on development parameters. Artemis will also receive a percentage of transaction fees generated on a monthly basis per unit. The Company will receive revenue generated directly from sales either though its website or sales staff, a royalty from sales generated through third party vendors/distributors or a percentage of any sub-licenses sold. In addition, the Company shall have the first right of refusal to purchase a license for the use of the same technology in other countries.

On August 21, 2014, the Company filed an Amendment to its Articles of Incorporation increasing the Authorized number of common shares from 2,000,000,000 to 5,000,000,000. No changes were made to the Company's Preferred share structure.

On November 24, 2014, the Company filed an Amendment to its Articles of Incorporation increasing the Authorized number of common shares from 5,000,000,000 to 9,000,000,000. No changes were made to the Company's Preferred share structure.

Going Concern

The Company had revenues of $288,207 for the period ended December 31, 2014 and negative working capital aggregating $1,752,205. These factors raise substantial doubt about the Company's ability to continue as a going concern.

There can be no assurance that sufficient funds required during the next year or thereafter will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company's existing stockholders.

The Company intends to overcome the circumstances that impact its ability to remain a going concern through a combination of the commencement of revenues, with interim cash flow deficiencies being addressed through additional equity and debt financing. The Company anticipates raising additional funds through public or private financing, strategic relationships or other arrangements in the near future to support its business operations; however the Company may not have commitments from third parties for a sufficient amount of additional capital. The Company cannot be certain that any such financing will be available on acceptable terms, or at all, and its failure to raise capital when needed could limit its ability to continue its operations. The Company's ability to obtain additional funding will determine its ability to continue as a going concern. Failure to secure additional financing in a timely manner and on favorable terms would have a material adverse effect on the Company's financial performance, results of operations and stock price and require it to curtail or cease operations, sell off its assets, seek protection from its creditors through bankruptcy proceedings, or

otherwise. Furthermore, additional equity financing may be dilutive to the holders of the Company's common stock, and debt financing, if available, may involve restrictive covenants, and strategic relationships, if necessary to raise additional funds, and may require that the Company relinquish valuable rights.

Results of Operations

This discussion should be read in conjunction with our financial statements included elsewhere in this report.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2014 COMPARED TO THE YEAR ENDED DECEMBER 31, 2013

Revenues for the year ended December 31, 2014 and December 31, 2013 were $288,207 and $109,672, respectively. Over the next twelve months, the Company expects to generate additional revenue through its oil operations in Kentucky as wells as through operations through its two wholly owned subsidiaries formed in 2014, The Greater Cannabis Company, LLC and Bud Bank, LLC.

Operating Expenses for the year ended December 31, 2014 and December 31, 2013 were $1,321,853and $731,758, respectively. The Company anticipates that its operating expenses will increase over the next twelve months for both operating subsidiaries as it continues to bring additional wells online and into production.

Net Loss for the year ended December 31, 2014 and 2013 was $4,101,755and $728,397, respectively.

Liquidity and Capital Resources

At December 31, 2014 and December 31, 2013 cash and cash equivalents totaled $3,950 and $4,384, respectively.

For the year ended December 31, 2014 and 2013, cash provided by operating activities was ($216,798) and ($261,888), respectively.

For the year ended December 31, 2014 and 2013, cash provided from investing activities was ($28,636) and $186,714, respectively.

For the year ended December 31, 2014 and 2013, cash provided (used) by financing activities was $245,000 and 78,680, respectively.

Recent Financings

For the year ended December 31, 2014 and 2013, the Company received $345,000 and $78,680, respectively in private financing from accredited investors. These funds were utilized for the daily operating of the Company.

For a detailed list of financings, refer to Note J (note payable), Note L (common stock issuances/warrants), Note H (loans payable – other), and Note I (convertible debenture payable). These notes are located within the Notes to the Consolidated Financial Statements.

Off Balance Sheet Arrangements

None.

Critical Accounting 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Effect of Recently Issued Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the accompanying financial statements.

Application of Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to impairment of property, plant and equipment, intangible assets, deferred tax assets and fair value computation using the Black Scholes option-pricing model. We base our estimates on historical experience and on various other assumptions, such as the trading value of our common stock and estimated future undiscounted cash flows, that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions; however, we believe that our estimates, including those for the above-described items, are reasonable.

Use of Estimates

In accordance with accounting principles generally accepted in the United States, management utilizes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates and assumptions relate to recording net revenue, collectability of accounts receivable, useful lives and impairment of tangible and intangible assets, accruals, income taxes, inventory realization, stock-based compensation expense and other factors. Management believes it has exercised reasonable judgment in deriving these estimates. Therefore, a change in conditions could affect these estimates.

ITEM 8. FINANCIAL STATEMENTS.

All financial information required by this Item is attached hereto at the end of this report beginning on page 38 and is hereby incorporated by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

On July 15, 2009, our Board of Directors dismissed Drakeford and Drakeford, LLC ("Drakeford") as the Company's independent registered public accounting firm. The Board's decision to dismiss Drakeford was based upon the revocation of the registration of Drakeford by the Public Company Accounting Oversight Board.

During the fiscal year ended December 31, 2008, Drakeford's reports on the Company's financial statements did not contain an adverse opinion or disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles except, Drakeford's audit reports for the year ended December 31, 2008 stated that several factors raised substantial doubt about the Company's ability to continue as a going concern and that the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

During the fiscal year ended December 31, 2008 and the subsequent interim period through July 15, 2009, (i) there were no disagreements between the Company and Drakeford on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which, if not resolved to the satisfaction of Drakeford would have caused Drakeford to make reference to the matter in its reports on the Company's financial statements; and (ii) there were no reportable events as the term described in Item 304(a)(1)(iv) of Regulation S-K.

On August 20, 2009, the Company provided Drakeford with a copy of the disclosures it is making in response to Item 4.01 on this Form 8-K/A, and requested that Drakeford furnish it with a letter addressed to the Securities and Exchange Commission stating whether it agrees with the above statements. A copy of the letter, dated August 20, 2009, is filed as Exhibit 16.1 (which is incorporated by reference herein) to the Company's Form 8-K filed with the SEC on August 20, 2009.

Following the dismissal of Drakeford, the Board retained Paula Morelli, CPA, P.C. as its independent registered public accounting firm. Subsequently, on January 11, 2010, the Board dismissed Paula Morelli, CPA, P.C.. On January 12, 2010, the accounting firm of Michael T. Studer, CPA, P.C. was engaged as the Company's new independent registered public accounting firm. The Board approved of the dismissal of Paula Morelli, CPA P.C. and the engagement of Michael T. Studer, CPA, P.C. as its independent auditor.

During the Company's two most recent fiscal years and through January 11, 2010, there were no disagreements with Paula Morelli, CPA P.C. whether or not resolved, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to Paula Morelli, CPA, P.C.'s satisfaction, would have caused it to make reference to the subject matter of the disagreement in connection with any report on the Company's financial statements.

Paula Morelli, CPA P.C. had been engaged as the Company's independent registered public accounting firm since July 28, 2009 and had performed review procedures in connection with our unaudited financial statements included in our reports on Form 10-Q for the quarterly periods ended June 30, 2009 and September 30, 2009, but never audited any of the Company's financial statements.

The Company has requested that Paula Morelli, CPA, P.C. furnish it with a letter addressed to the Securities and Exchange Commission stating whether it agrees with the above statements. The letter was attached as an exhibit to the Company's Form 8-K filed on January 14, 2010.

On January 12, 2010, the Company engaged Michael T. Studer, CPA, P.C. as its independent accountant. During the two most recent fiscal years and the interim periods preceding the engagement and through January 12, 2010, the Company did not consult Michael T. Studer, CPA, P.C. regarding any of the matters set forth in Item 304(a)(2) of Regulation S-K.

On April 12, 2010, the Company retained Louis Gutberlet, CPA of LGG & Associates, PC as the Company's new independent registered public accounting firm. The Board approved of the dismissal of Michael T. Studer, CPA, P.C. and the engagement of Louis Gutberlet, CPA of LGG & Associates, PC as its independent auditor. Michael T. Studer, CPA, P.C. had been engaged as the Company's independent registered public accounting firm since January 12, 2010 and had performed a review of the Company's 2008 audited financials.

During the Company's two most recent fiscal years and through April 12, 2010, there were no disagreements with Michael T. Studer, CPA, P.C. whether or not resolved, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to Michael T. Studer, CPA, P.C.'s satisfaction, would have caused it to make reference to the subject matter of the disagreement in connection with any report on the Company's financial statements.

On April 16, 2012, the Company filed a Form 15 with the Securities and Exchange Commission to immediately end the Company's requirements as a fully reporting entity. Subsequently, the Company no longer required the services of its auditor, LGG & Associates, PC.

On June 12, 2014, the Company engaged Enrique Nowogrodzki, CPA and CPA Services Corp as its independent accountant. During the two most recent fiscal years and the interim periods preceding the engagement and through June 12, 2014, the Company did not consult Enrique Nowogrodzki, CPA and CPA Services Corp regarding any of the matters set forth in Item 304(a)(2) of Regulation S-K. On September 30, 2014, the Company and its accountant mutually agreed to terminate their relationship.

ITEM 9A. CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer, and other members of management team have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)).

Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this Report, were adequate and effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

The effectiveness of a system of disclosure controls and procedures is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of internal controls, and fraud. Due to such inherent limitations, there can be no assurance that any system of disclosure controls and procedures will be successful in preventing all errors or fraud, or in making all material information known in a timely manner to the appropriate levels of management.

Managements Annual Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting refers to the process designed by, or under the supervision of the Company's Chief Executive Officer and Treasurer, and effected by the Company's Board of Directors, management and other personnel, 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, and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness into future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Treasurer, the Company's management conducted an evaluation of the effectiveness of the Company internal control over financial reporting as of December 31, 2014. In making this assessment, the Company's management used the criteria set forth in the framework in "Internal Control- Integrated- Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the evaluation conducted under the framework in "Internal Control- Integrated Framework," issued by COSO the Company's management concluded that the Company's internal control over financial reporting was effective as of December 31, 2014.

Changes in Internal Control Over Financial Reporting

During 2010, the Company changed accounting systems to one that offered stronger access and validation controls than those included in the previous accounting system. There have been no other changes to the Company's system of internal control over financial reporting during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's system of controls over financial reporting.

As part of a continuing effort to improve the Company's business processes, Management is evaluating its internal controls and may update certain controls to accommodate any modifications to its business processes or accounting procedures.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.

The following table sets forth information about our executive officers, key employees and directors as of December 31, 2013. The board of directors elects our executive officers annually. A majority vote of the directors who are in office is required to fill vacancies. Each director will serve until his or her successor is elected and qualified, or until his or her earlier resignation or removal.

Name	Age	Position	Date of Election Or Appointment as a Director
Wayne Anderson	49	President, Vice-President, Treasurer and Chairman	April 2012

Wayne Anderson, President and Chairman

Wayne Anderson has served as the President and Chairman of the Board of US Natural Gas since the incorporation of the company, under the name of Adventure Energy, Inc., in March 2008. Prior to founding Adventure Energy, Wayne Anderson acted as the Managing Member and a founding partner of Around the Clock Trading & Capital Management, LLC, an investment management company, and the General Partner of Around the Clock Partners, LP from January 2000 through 2008. Through the fund Around the Clock Partners, LP, Mr. Anderson has made significant key investments within the natural resources sector.

Mr. Anderson has been a vital source in negotiating and executing transactions for several small to mid-sized companies. From June 1997 through December 1999, Mr. Anderson was a proprietary equities trader. Mr. Anderson practiced as a Podiatric physician from May 1993 through June 1997. Mr. Anderson studied biology at the University of Georgia from 1984 to 1987 and then attended the Temple University School of Podiatric Medicine (formerly the Pennsylvania College of Podiatric Medicine) where he received a doctorate of podiatric medicine (DPM) in 1991.

Committees of the Board of Directors

We have not established any committees, including an Audit Committee, a Compensation Committee, a Nominating Committee, or any committee performing a similar function. The functions of those committees are being undertaken by the entire board as a whole.

Family Relationships

None.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics, which is attached as an exhibit to the 2008 Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION.

Overview

The following is a discussion of our program for compensating our named executive officers and directors. Currently, we do not have a compensation committee, and as such, our Board of Directors is responsible for determining the compensation of our named executive officers.

Compensation Program Objectives and Philosophy

The primary goals of our policy of executive compensation are to attract and retain the most talented and dedicated executives possible, to assure that our executives are compensated effectively in a manner consistent with our strategy and competitive practice and to align executives' compensation with the achievement of our short- and long-term business objectives.

The board of directors considers a variety of factors in determining compensation of executives, including their particular background and circumstances, such as their training and prior relevant work experience, their success in attracting and retaining savvy and technically proficient managers and employees, increasing our revenues, broadening our product line offerings, managing our costs and otherwise helping to lead our Company through a period of rapid growth.

In the near future, we expect that our board of directors will form a compensation committee charged with the oversight of executive compensation plans, policies and programs of our Company and with the full authority to determine and approve the compensation of our chief executive officer and make recommendations with respect to the compensation of our other executive officers. We expect that our compensation committee will continue to follow the general approach to executive compensation that we have followed to date, rewarding superior individual and company performance with commensurate cash compensation.

Elements of Compensation

Our compensation program for the named executive officers consists primarily of base salary and equity compensation. There is no retirement plan, long-term incentive plan or other such plans. The base salary we provide is intended to equitably compensate the named executive officers based upon their level of responsibility, complexity and importance of role, leadership and growth potential, and experience.

Base Salary

Our named executive officers receive base salaries commensurate with their roles and responsibilities. Base salaries and subsequent adjustments, if any, are reviewed and approved by our board of directors annually, based on an informal review of relevant market data and each executive's performance for the prior year, as well as each executive's experience, expertise and position. The base salaries paid to our named executive officers in 2013 are reflected in the Summary Compensation Table below.

Stock-Based Awards under the Equity Incentive Plan

We provide equity awards as a component of compensation. Our 2011 Employee and Consultant Stock Compensation Plan permits the issuance of stock to its employees, directors, consultants and independent contractors for up to thirty six million shares of our common stock. Our 2009 Flexible Stock Plan permits the granting of stock options to its employees, directors, consultants and independent contractors for up to eight million shares of our common stock. We believe that such awards encourage employees to remain employed by the Company and also to attract persons of exceptional ability to become employees of the Company.

Summary Compensation Table

Name and Principal Position	Year	Salary ($) (a)	Bonus ($) (b)	Stock Awards ($) (c)	Option Awards ($) (d)(5)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value & Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($) (e)	Total ($)
Wayne Anderson, President, Treasurer, Secretary, Chairman	2014	221,767	0	0	0	0	0	0	221,767
(4)	2013	209,017	0	0	0	0	0	0	209,017
(1)(3)	2012	197,000	0	0	15,000	0	0	10,000	222,000
	2011	111,507	0	0	0	0	0	1,200	112,707
	2010	115,000	0	0	0	0	0	541	115,541
	2009	90,000	50,000	500,000	125,000	0	0	7,500	722,500

(1) Effective upon the execution of the employment agreement dated April 1, 2012, Mr. Wayne Anderson served in the capacity as President, Treasurer, and Secretary. In consideration of Mr. Anderson's execution and delivery of this agreement, the Company shall issue to Mr. Anderson options to purchase 100,000,000 shares of the Company's common stock at varying strike prices over the three year agreement term. Pursuant to the agreement, Mr. Anderson will receive an annual compensation of $197,000 in year one. After the first year during the employment term, the annual salary for each successive year will be increased by the lesser of 10% or the percentage increase, if any, in the CPI for each year just completed measured for the entire twelve month period, plus three percent.

(2) n/a

(3) Effective upon the execution of the employment agreement dated April 1, 2009, Mr. Wayne Anderson served in the capacity as President, Treasurer, and Secretary. Effective July 15, 2010, Mr. Anderson no longer served in the capacity of treasurer.

(4) Beginning in June 2013, Mr. Anderson served in the role as President, Vice-President, Treasurer and Secretary.

(5) The values shown in this column represent the aggregate grant date fair value of equity-based awards granted during the fiscal year, in accordance with ASC 718, “Share Based-Payment”. The fair value of the stock options at the date of grant was estimated using the Black-Scholes option-pricing model, based on the assumptions described in the Notes to Financial Statements included in this Annual Report.

(a) Accrued salary and salary paid
(b) Accrued bonus to employee for execution of employment agreement
(c) Delivery of common stock to employee for execution of employment agreements. Mr. Wayne Anderson received Two Million shares of the Company's common stock and Mr. Jim Anderson received One Million shares of the Company's common stock.
(d) Options issued to employee for execution of employment agreement. More details on Options noted under Employment Agreements section below.
(e) Equity compensation received as a Director of the Company

We have not issued our executives any stock options or maintained any stock options under any other incentive plans other than our 2011 Employee and Consultant Stock Compensation Plan and our 2009 Flexible Stock Plan. Our executives have received a combined total of 4,916,676 shares under both Plans from inception of each Plan through December 31, 2014. We have no plans in place and have never maintained any plans that provide for the payment of retirement benefits or benefits that will be paid primarily following retirement including, but not limited to, tax qualified deferred benefit plans, supplemental executive retirement plans, tax-qualified deferred contribution plans and nonqualified deferred contribution plans.

Except as indicated below, we have no contracts, agreements, plans or arrangements, whether written or unwritten, that provide for payments to the named executive officers listed above.

2014 Outstanding Equity Awards at Fiscal Year-End

	Option Awards				
	Number of Securities Underlying Unexercised Options (#)			Option Exercise Price	Option Expiration
Name	Exercisable		Unexercisable	($)	Date
Wayne Anderson	250,000	(3)		0.75	04/30/16
President	250,000	(4)		1.00	04/30/17
	50,000,000	(5)		0.0003	04/01/17
		(6)	50,000,000	0.0004	04/01/17

(1) n/a
(2) n/a
(3) These options vest on May 1, 2011
(4) These options vest on May 1, 2012
(5) These options vest immediately upon execution of employment agreement dated April 1, 2012
(6) These options vest on April 1, 2013

COMPENSATION OF DIRECTORS

Director Compensation for year ending December 31, 2014

Directors receive the equivalent of $2,500.00 of shares of the Company's common stock for each quarter they serve on the Board. The number of shares is calculated on the closing stock price on the last trading day of each quarter. Previously, each director received 5,000 shares of common stock for their services per quarter. The Board modified director compensation on January 5, 2011.

The following table sets forth with respect to the named director, compensation information inclusive of equity awards and payments made in the year ended December 31, 2014.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Wayne Anderson	--	$ -	--	--	--	--	$ -

(1) The Directors were not paid any compensation in 2014 for serving on the Board of Directors.

Employment Agreements with Named Executive Officers

On April 1, 2012, the Company entered into a new employment agreement with Wayne Anderson to serve as the President, Treasurer (Principal Financial Officer), and Secretary commencing on April 1, 2012 and terminating on March 31, 2015. In consideration of Mr. Anderson's execution and delivery of this agreement, the Company shall issue to Mr. Anderson options to purchase 100,000,000 shares of the Company's common stock at varying strike prices over the three year agreement term. Pursuant to the agreement, Mr. Anderson will receive an annual compensation of $197,000 in year one. After the first year during the employment term, the annual

salary for each successive year will be increased by the lesser of 10% or the percentage increase, if any, in the CPI for each year just completed measured for the entire twelve month period, plus three percent. The Company shall pay Mr. Anderson a monthly stipend of $1,000 to cover automobile expenses. Mr. Anderson is entitled to participate in any and all benefit plans, from time to time, in effect for the Company's employees, along with vacation, sick and holiday pay in accordance with policies established and in effect from time to time. In the event that the employment agreement is ended due to Mr. Anderson's death, incapacity or termination, the Company shall pay any accrued and unpaid salary for a one year period from the date of the event plus any performance bonus that would be payable for the one year period and unreimbursed business expenses.

Equity Compensation, Pension or Retirement Plans

No retirement, pension, profit sharing, stock option or insurance programs or other similar programs have been adopted by the Company for the benefit of its employees.

Options/SARS Grants During Last Fiscal Year

None.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The number of shares of common stock beneficially owned by each person is determined under the rules of the Commission and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which such person has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within sixty (60) days after the date hereof, through the exercise of any stock option, warrant or other right. Unless otherwise indicated, each person has sole investment and voting power (or shares such power with his or her spouse) with respect to the shares set forth in the following table. The inclusion herein of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of those shares.

The table also shows the number of shares beneficially owned as of April 30, 2015 by each of our individual directors and executive officers, by our nominee directors and executive officers and by all our current directors and executive officers as a group.

Name of Beneficial Owner (1)	Common Stock Beneficially Owned	% of Common Stock
Wayne Anderson (2)(3)	216,588,391	4.411%
Around the Clock Trading & Capital Management, LLC (3)	240	0.000%
Officers and Directors as a Group	216,588,391	4.411%
Around the Clock Partners, LP (2)	47,599	0.000%

(1) Beneficial Ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to options, warrants, or convertible debt currently exercisable or convertible, or exercisable or convertible within 60 days of April 30, 2015 are deemed outstanding for computing the percentage of the person holding such option or warrant but are not deemed outstanding for computing the percentage of any other person. Percentages are based on a total of shares of common stock outstanding on April 30, 2015, and the shares issuable upon the exercise of options, warrants exercisable, and debt convertible on or within 60 days of April 30, 2015.
(2) Wayne Anderson is a limited partner in Around the Clock Partners, LP. The General Partner of Around the Clock Partners, LP is Around the Clock Trading & Capital Management LLC. The shares included in Mr. Anderson’s beneficial ownership include share held in Mr. Anderson's name, shares issuable as per any warrants held in Mr. Anderson's name, 240 shares held by Around the Clock Trading & Capital Management, LLC, and 2190 shares held by Mr. Anderson’s children, for which Mr. Anderson is the custodian. The shares held in the name Around the Clock Partners, LP are not included in Mr. Anderson's beneficial ownership.
(3) Wayne Anderson is the managing member and sole owner of Around the Clock Trading & Capital Management LLC and has voting and dispositive power over the shares.
issued to Jim Anderson for accrued wages and , shares issuable as per any warrants held in Mrs. Anderson's name
(4) Common stock beneficially owned and % of common stock are listed as post reverse split figures. The number of common shares outstanding used in computing the percentages is 4,910,250,000.
(5) The address for each Beneficial Owner shown above is 735 Arlington Ave N., Suite 308, St. Petersburg, FL 33701.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Notes receivable, stockholder, due on demand with an interest rate of 4% totals $231,911 and $184,924 at December 31, 2014 and December 31, 2013, respectively. Interest receivable on the notes totals $- and $- at December 31, 2014 and December 31, 2013, respectively.

Included within accounts payable and accrued expenses are wages due officers and shareholders of $353,092 and $98,500 as of December 31, 2014 and December 31, 2013, respectively.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Audit Fees

The aggregate fees billable to us by our audit firm for the year ending December 31, 2014 for the audit and reviews of our annual and quarterly consolidated financial statements totaled $0.00.

Audit-Related Fees

We did not incur any assurance and audit-related fees in connection with the audit of the financial statements of the Company for the year ended December 31, 2014, other than as set forth in "Audit Fees" above.

Tax Fees

The aggregate fees billable to us by our CPA firm for the year ending December 31, 2014 for federal and state tax preparation totaled $15,000.

All Other Fees

The aggregate fees billable to us by our audit firm for the year ending December 31, 2014, for consultation with Form S-1, totaled $-.

As of the date of this filing, our current policy is to not engage our independent auditors to provide, among other things, bookkeeping services, appraisal or valuation services, or international audit services. The policy provides that we engage our independent audit firms to provide audit, tax, and other assurance services, such as review of SEC reports or filings.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

The board of directors acts as the audit committee, and consults with respect to audit policy, choice of auditors, and approval of out of the ordinary financial transactions.

ITEM 15. EXHIBITS.

3.1	Articles of Incorporation (filed with Form S-1 (File No. 333-154799) on October 29, 2008 and incorporated by reference)
3.2	Articles of Incorporation (amended and restated) (filed with Form S-1/A (File No. 333-154799) on December 9, 2008 and incorporated by reference)
3.3	By-Laws (filed with Form S-1/A (File No. 333-154799) on December 9, 2008 and incorporated by reference)
3.4	Amended and Restated Articles of Incorporation filed with the Secretary of State on October 21, 2009.
3.5	Articles of Amendment to Articles of Incorporation filed with the Florida Department of State Division of Corporations on March 19, 2010.
3.6	Articles of Merger filed with the Florida Department of State Division of Corporations on May 27, 2010
10.10	Employment Agreement between Wayne Anderson and Adventure Energy, Inc. dated as of April 1, 2009 (Previously filed with Current Report on Form 8-K filed with the SEC on July 7, 2009
10.11	Employment Agreement between Jim Anderson and Adventure Energy, Inc. dated as of April 1, 2009 (Previously filed with Current Report on Form 8-K filed with the SEC on July 7, 2009)
10.12	Lender Acquisition Agreement dated as of September 4, 2009 among Adventure Energy. Inc., SLMI Holdings, LLC and SLMI Options, LLC. (Previously filed with Current Report on Form 8-K filed with the SEC on September 11, 2009)
10.13	Securities Purchase Agreement between Tangiers Investors, LP and Adventure Energy, Inc. dated as of September 24, 2009. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 16, 2009)
10.14	Pledge and Escrow Agreement among Atlas Capital Partners, LLC, Adventure Energy Inc. and Atlas Capital Partners, LP, as escrow agent, dated as of September 24, 2009. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 16, 2009)
10.15	Debenture Securities Purchase Agreement between Atlas Capital Partners, LLC and Adventure Energy, Inc. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 16, 2009)
10.16	Securities Purchase Agreement by and among, E 2 Investments, LLC and Harlis Trust dated as of November 10, 2009. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 16, 2009)
10.17	Secured Convertible Debenture issued to Atlas Capital Partners, LLC. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 16, 2009)
10.18	Security Agreement between Adventure Energy, Inc. and Atlas Capital Partners, LLC. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 16, 2009)
10.19	Consent Order issued to E 3 Petroleum Corp by the West Virginia Department of Environmental Protection Office of Oil & Gas dated as of May 5, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on August 16, 2010)

10.20 Convertible Promissory Note between Asher Enterprises, Inc. and US Natural Gas Corp dated as of June 18, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on August 16, 2010)

10.21 Securities Purchase Agreement between Asher Enterprises, Inc. and US Natural Gas Corp dated as of June 18, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on August 16, 2010)

10.22 Consulting Agreement between Del Mar Corporate Consulting, LLC and US Natural Gas Corp dated as of July 9, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on August 16, 2010)

10.23 Employment Agreement between Chuck Kretchman and US Natural Gas Corp dated as of July 15, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on August 16, 2010)

10.24 Convertible Promissory Note between Asher Enterprises, Inc. and US Natural Gas Corp dated as of July 30, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on August 16, 2010)

10.25 Securities Purchase Agreement between Asher Enterprises, Inc. and US Natural Gas Corp dated as of July 30, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on August 16, 2010)

10.26 Convertible Promissory Note between Caesar Capital Group, LLC and US Natural Gas Corp dated as of August 6, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on August 16, 2010)

10.27 Amendment to Common Stock Purchase Warrant Agreement between Caesar Capital Group, LLC and US Natural Gas Corp dated as of August 6, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 15, 2010)

10.28 Amendment to Common Stock Purchase Warrant Agreement between ARRG Corp and US Natural Gas Corp dated as of August 6, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 15, 2010)

10.29 Convertible Promissory Note between ARRG Corp and US Natural Gas Corp dated as of August 6, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on August 16, 2010)

10.30 Common Stock Purchase Warrant Agreement between Caesar Capital Group, LLC and US Natural Gas Corp dated as of August 6, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on August 16, 2010)

10.31 Common Stock Purchase Warrant Agreement between ARRG Corp and US Natural Gas Corp dated as of August 6, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on August 16, 2010)

10.32 Convertible Promissory Note between Caesar Capital Group, LLC and US Natural Gas Corp dated as of September 7, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 15, 2010)

10.33 Common Stock Purchase Warrant Agreement between Caesar Capital Group, LLC and US Natural Gas Corp dated as of September 7, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 15, 2010)

10.34 Convertible Promissory Note between Asher Enterprises, Inc. and US Natural Gas Corp dated as of October 8, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 15, 2010)

10.35 Securities Purchase Agreement between Asher Enterprises, Inc. and US Natural Gas Corp dated as of October 8, 2010. (Previously filed on the Quarterly Report on Form 10-Q with the SEC on November 15, 2010)

10.36 Amendment to Securities Purchase Agreement dated November 10, 2009 by and between E 2 Investments, LLC and Harlis Trust dated December 20, 2010. (Previously filed with Current Report on Form 8-K filed with the SEC on December 22, 2010)

10.37 Convertible Promissory Note between Asher Enterprises, Inc. and US Natural Gas Corp dated as of January 19, 2011

10.38 Securities Purchase Agreement between Asher Enterprises, Inc. and US Natural Gas Corp dated as of January 19, 2011

10.39 Consulting Agreement between E 2 Investments, LLC and Fitt Highway Products, Inc. dated as of January 24, 2011

10.40 Convertible Promissory Note between Asher Enterprises, Inc. and US Natural Gas Corp dated as of February 3, 2011

10.41 Securities Purchase Agreement between Asher Enterprises, Inc. and US Natural Gas Corp dated as of February 3, 2011

10.42 Articles of Termination and Articles of Dissolution filed for B.T.U. Pipeline, Inc with the Tennessee Secretary of State dated March 4, 2011

10.43 Term Sheet between Madison Brothers Investments, LLC and US Natural Gas Corp dated March 16, 2011

21.1 List of Subsidiaries

31.1 Certification of Principal Executive Officer pursuant to Section 302 the Sarbanes-Oxley Act of 2002

31.2 Certification of Principal Financial Officer pursuant to Section 302 the Sarbanes-Oxley Act of 2002

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

** The following Exhibits can be found under our previous Securities and Exchange Filings at www.sec.gov

SIGNATURES

Sylios Corp

Date: May 6, 2015

By: /s/ Wayne Anderson

Wayne Anderson
President, Vice-President and Director (Principal Executive Officer and Principal Financial Officer)

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SYLIOS CORP
(Formerly US Natural Gas Corp)
CONSOLIDATED BALANCE SHEETS
UNAUDITED

	December 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,950	$ 4,384
Accounts receivable:		
Joint interest billing	-	128,356
Other	-	73,199
Marketable equity securities	31,024	-
Prepaid expenses		-
Notes receivable, current	560,000	15,660
Notes receivable, stockholder	231,911	184,924
Total current assets	826,885	406,523
PROPERTY AND EQUIPMENT		
Oil and gas properties and equipment, net	283,665	3,742,855
OTHER ASSETS		
Notes receivable, net of current portion	300,000	499,084
Licensing Agreement	500,000	-
Miscellaneous	80,000	50,567
TOTAL ASSETS	$ 1,990,550	$ 4,699,029
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 448,819	$ 250,217
Accounts payable, revenue distribution	-	3,930
Notes payable, current	1,783,137	1,378,964
Loans payable, other		-
Convertible debentures payable	347,134	252,069
Total current liabilities	2,579,090	1,885,180
LONG-TERM LIABILITIES		
Notes payable, net of current portion		-
STOCKHOLDERS' EQUITY		
Preferred stock:		
Series A	1,000	1,000
Series B	300	300
Series C	-	-
Common stock	4,847,750	342,276
Additional paid in capital	3,693,243	7,499,351
Retained Deficit	(9,129,201)	(5,027,446)
Treasury stock, at cost	(1,632)	(1,632)
Total stockholders' equity (deficit)	(588,540)	2,813,849
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,990,550	$ 4,699,029

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

SYLIOS CORP
(Formerly US Natural Gas Corp)
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2014 and 2013
UNAUDITED

	2014	2013
Revenue earned		
Oil and gas production sales	$ 18,439	$ 4,379
Well Management Fees		7,075
Cannabis related sales		
Other	269,768	98,218
Total revenue earned	288,207	109,672
Cost of operations	9,758	7,240
Gross profit	278,449	102,432
Operating Expenses		
Selling, general and administrative	1,043,154	388,070
Stock issued for legal, consulting and other services	73,000	89,800
Depreciation, depletion and amortization	205,699	253,888
Total operating expenses	1,321,853	731,758
Loss from operations	(1,043,404)	(629,326)
Other Income (expenses)		
Forgiveness of debt	279,457	-
Net gain from sale of marketable equity securities and investments		1,702
Net loss on sale of oil and gas properties and equipment	(3,270,488)	(69,537)
Interest income	61	-
Interest expense	(67,381)	(31,236)
Loss before provision for income taxes	(4,101,755)	(728,397)
Provision for income taxes	-	-
Net loss	$ (4,101,755)	$ (728,397)
Basic loss per common share	$ (0.00)	$ (0.01)
Diluted loss per common share	$ (0.00)	$ (0.01)
Weighted average common shares outstanding - basic	1,633,322,410	134,801,422
Weighted average common shares outstanding - diluted (see Note A)	-	-

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

SYLIOS CORP
(Formerly US Natural Gas Corp)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
For the years ended December 31, 2014 and 2013
UNAUDITED

Balances at December 31, 2012	1,300,000	1,300	Converted 10,981,943	10,982	Converted 6,726,992	(4,299,049)	632,866	(1,632)	2,438,593
Issuance of common stock for consulting and other services			3,313,333	3,313	86,487				89,800
Issuance of common stock for accrued expenses			164,166,086	164,166	536,167				700,333
Issuance of common stock for debt reduction			163,815,019	163,815	149,705				313,520
Net loss for the year ending December 31, 2013						(728,397)			(728,397)
Balances at December 31, 2013	1,300,000	1,300	342,276,381	342,276	7,499,351	(5,027,446)	632,866	(1,632)	2,813,849
Issuance of common stock for consulting,legal, other services			76,000,000	76,000	(3,000)				73,000
Issuance of common stock for debt reduction			4,429,473,619	4,429,474	(3,803,108)				626,366
Net loss for the year ending December 31, 2014						(4,101,755)			(4,101,755)
Balances at December 31, 2014	1,300,000	1,300	4,847,750,000	4,847,750	3,693,243	(9,129,201)	632,866	(1,632)	(588,540)

SYLIOS CORP
(Formerly US Natural Gas Corp)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2014 and 2013
UNAUDITED

		2014		2013
OPERATING ACTIVITIES:				
Net loss	$	(4,101,755)	$	(728,397)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation, depletion and amortization		205,699		253,888
Issuance of stock for consulting and other services		73,000		89,800
Issuance of stock for accounts payable and accrued expenses		-		
Loss from sale of oil and gas properties and equipment, net		3,270,488		69,537
Notes receivable write-offs		-		-
Issuance of stock for salaries		-		140,361
Gain from sale of investments		-		(1,702)
Changes in operating assets and liabilities:				
Accounts receivable, joint interest billing		128,356		-
Accounts receivable, other		73,199		(23,720)
Marketable Equity Securities		(31,024)		
Other assets		(29,433)		109,292
Accounts payable and accrued expenses		198,602		(170,947)
Accounts payable, revenue distribution		(3,930)		-
Net cash flows from operating activities		(216,798)		(261,888)
INVESTING ACTIVITIES:				
Collections on notes receivable		20,348		52,191
Collections on notes receivable, stockholders		-		75,922
Lending on notes receivable, stockholder		(46,987)		-
Purchase of oil and gas properties and equipment		(16,997)		(55.002)
Proceeds from sale of investments		-		7,935
Proceeds from sale of oil and gas properties and equipment		15,000		105,668
Net cash flows from investing activities		(28,636)		186,714
FINANCING ACTIVITIES:				
Borrowings from Notes Payable		-		34,371
Payments on Notes Payable		(100,000)		-
Borrowings from convertible debentures		345,000		44,309
Net cash flows from financing activities		245,000		78,680
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(434)		3,506
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		4,384		878
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	3,950	$	4,384

SYLIOS CORP
(Formerly US Natural Gas Corp)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2014 and 2013
UNAUDITED

	2014	2013
Supplemental Disclosures of Cash Flow Information:		
Taxes paid	$ -	$ -
Interest paid	$ 67,381	$ 31,236
Issuance of common stock for reduction of notes and convertible debenture	$ 626,366	$ 313,520
Issuance of common stock for reduction for accrued wages and salaries	$ -	$ 559,972
Issuance of common stock for interest on convertible debentures	$ 7,134	$ -

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

SYLIOS CORP
(Formerly US Natural Gas Corp)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 (Unaudited)

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Sylios Corp (f/k/a US Natural Gas Corp) (“Sylios”, the “Company”, “we”, “us”, or “our”) was organized as a Florida Corporation on March 28, 2008 under the name of Adventure Energy, Inc.

Sylios Corp is a holding corporation, which through its subsidiaries, has operations engaged in the exploration and development oil and natural gas properties, investments in equities and corporate debt and the development of products utilized for the medical and recreational marijuana industry.

Our operations are currently divided amongst five wholly owned subsidiaries, US Natural Gas Corp KY (“KY”), US Natural Gas Corp WV (“WV”) (formerly Wilon Resources, Inc.), E 2 Investments, LLC ("E2"), The Greater Cannabis Company, LLC ("GCC") and Bud Bank, LLC ("BB").

On July 20, 2009, the Company formed E 2 Investments, LLC ("E 2") to actively make equity investments in private and publically owned companies and to acquire energy related holdings.

On August 25, 2009, the Company formed Wilon Resources, Inc. in the state of Tennessee. On February 9, 2010, Wilon Resources, Inc. ("Wilon") merged with and into Wilon Resources of Tennessee, Inc. ("WRT"), a publically owned Tennessee Corporation. All of the stock of Wilon owned by the Company was acquired by WRT for consideration equal to 1,000 shares of WRT for every one share of Wilon held by the Company. Subsequent to the merger, Wilon approved the use of the name Wilon Resources, Inc. by WRT.

On September 4, 2009, the Company entered into a lender acquisition agreement with SLMI Holdings, LLC, a Nevada Limited Liability Company. Through this agreement, the Company acquired SLMI Options, LLC. The sole purpose of this acquisition of SLMI Options, LLC is to hold three commercial notes issued by Wilon Resources, Inc., (formerly "Wilon Resources of Tennessee, Inc.') in the years 2005 through 2007.

On February 1, 2010, the Company formed US Natural Gas Corp in the state of Florida. Subsequently, on March 22, 2010 the Company changed the name to US Natural Gas Corp KY. With this name change, all assets held in the state of Kentucky were transferred from US Natural Gas Corp to US Natural Gas Corp KY.

On February 2, 2010, the Company formed E 3 Petroleum Corp ("E 3") in the state of Florida. E 3 acts as the operator and bonding entity for the Company’s wells in the states of Kentucky and West Virginia.

On March 19, 2010, the shareholders of Adventure Energy, Inc. (now Sylios Corp) approved an amendment to its Articles of Incorporation changing the name of the Company to US Natural Gas Corp, and an amendment deleting Article 8 thereof to eliminate reference to a non-existent Shareholders' Restrictive Agreement. Wilon simultaneously completed a name change to US Natural Gas Corp WV. On April 13, 2010, the Company received approval from FINRA recognizing the name change and approving a corresponding change of the Company's trading symbol from "ADVE" to "UNGS".

On March 19, 2010, the Company's shareholders approved with 16,611,138 votes "for" and zero votes "against" to an exchange of shares between the Company and Wilon Resources, Inc. ("Wilon"), whereby the Company acquired all of the outstanding shares of Wilon. For each share of common stock of Wilon exchanged, the Company issued one share of the Company's common stock plus one warrant to purchase one additional share of common stock of the Company at an exercise price of $.25 (25 cents) per share to be exercisable for a period of 5 years from the date of issue. Wilon's shareholders approved the share exchange with 27,843,109 votes "for" and zero votes "against".

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On June 3, 2010, the Financial Industry Regulatory Authority (FINRA) made the final approval of the share exchange. The Company accounted for the acquisition of Wilon using the purchase method on June 3, 2010.

On January 11, 2011, the Board of Directors of B.T.U. Pipeline, Inc. ("BTU"), a wholly owned subsidiary of the Company, elected to dissolve the corporation. BTU was organized under the state of Tennessee and was acquired in the Wilon Resources, Inc. acquisition in 2010. BTU's sole purpose of existence was to serve as the bonding company and operator of the Company's West Virginia natural gas wells. Any remaining assets of BTU were assigned to US Natural Gas Corp WV on January 11, 2011 and appropriate documentation filed with the County Clerk of Wayne County, West Virginia. The Articles of Dissolution and Articles of Termination were filed with the State of Tennessee Department of State on March 4, 2011 after the Company's Certificate of Tax Clearance was received from the Tennessee Department of Revenue. The corporation was effectively terminated and dissolved on March 15, 2011 with the Tennessee Secretary of State.

On April 16, 2012, the Company filed a Form 15 with the Securities and Exchange Commission to immediately end the Company's requirements as a fully reporting entity. The Company's common stock will continue to be quoted on the OTC Markets ("Pinksheets"). Upon filing the Company's financial information, the Company's status on the OTC Markets will be deemed as "Current Information Tier". In the event the Company fails to file its financial reports with the OTC Markets, it may be deemed as "Limited Information" or a "STOP" will be placed against our Company quotation informing investors of our failure to file the required financial reports.

On July 19, 2013, the Company filed an Amendment to its articles of Incorporation reducing the Authorized number of common shares from 9,000,000,000 to 2,000,000,000 and to effectively reduce the number of common shares outstanding through a 1:300 reverse stock split.

On August 12, 2013, the Company effectively completed a 1:300 reverse stock split of its common stock.

On March 13, 2014, the Company formed The Greater Cannabis Company, LLC ("GCC") in the state of Florida. GCC will act as the Company's operating subsidiary for its new operation in the medical and recreational marijuana market. On July 19, 2013, the Company filed an Amendment to its Articles of Incorporation reducing the Authorized number of common shares from 9,000,000,000 to 2,000,000,000 and to effectively reduce the number of common shares outstanding through a 1:300 reverse stock split.

On April 14, 2014, the Company filed an Amendment to its Articles of Incorporation with the State of Florida Division of Corporations for a name change from US Natural Gas Corp to Sylios Corp. On April 25, 2014, the Company filed the appropriate documentation with the Financial Industry Regulatory Authority ("FINRA") to effectively change the name of the publicly traded entity from US Natural Gas Corp to Sylios Corp. The name change was effective on June 20, 2014. The Company's new Cusip number associated with the name change is 871324 109.

On July 2, 2014, the Company formed Bud Bank, LLC ("BB") in the state of Florida. BB will act as the Company's operating subsidiary dedicated solely to the Company's cannabis dispensing product.

On July 9, 2014, the Company entered into two separate Consulting Agreements with Greenscape Laboratories, Inc., whereby the companies would provide one another with services related to strategic board level advisory, financial advisory, business development and acquisition and joint ventures advisory. The term of each agreement is 12 months.

On July 9, 2014, the Company entered into definitive agreements with Bayport International Holdings, Inc. for the disposition of certain assets currently operated by the Company's operating subsidiaries within the states of West Virginia. Included within the assets are certain leases covering mineral rights, oil and natural gas wells and ancillary facilities constructed by the Company for the delivery of natural gas in West Virginia. On July 31, 2014, the transaction closed.

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On July 11, 2014, the Company filed a trademark for the name "Bud Bank" with the United States Office Patent and Trademark Office.

On July 31, 2014, the Company and Bayport International Holdings, Inc. ("Bayport") closed on the Asset Purchase Agreement entered into between the companies on July 9, 2014. Included within the assets sold by the Company were certain leases covering mineral rights, oil and natural gas wells, certain right of ways and ancillary facilities constructed by the Company for the delivery of natural gas in West Virginia. The Company will file the required Bill of Sales, Assignments and Deeds with the designated County Clerks for the transaction. At Closing, Bayport remitted the required funds as per the Asset Purchase Agreement and issued to the Company three Notes with varying maturity dates.

On July 31, 2014, the Company entered into a Licensing Agreement with Artemis Dispensing Technologies ("Artemis") for the development and resell of its automated dispensing product. Under the collaboration and license agreement, Artemis will be responsible for the development of a high end automated dispensing product. Upon launch and sales of the product, Artemis will be responsible for the installation, training and customer support for the hardware and software. The Company will be responsible for direct sales, addition of key distributors and sub-licensing of specific territories within the U.S. Under the terms of the agreement, the Company will pay to Artemis a one-time licensing fee in the amount of $500,000.00 broken into tranches and based on development parameters. Artemis will also receive a percentage of transaction fees generated on a monthly basis per unit. The Company will receive revenue generated directly from sales either though its website or sales staff, a royalty from sales generated through third party vendors/distributors or a percentage of any sub-licenses sold. In addition, the Company shall have the first right of refusal to purchase a license for the use of the same technology in other countries.

On August 21, 2014, the Company filed an Amendment to its Articles of Incorporation increasing the Authorized number of common shares from 2,000,000,000 to 5,000,000,000. No changes were made to the Company's Preferred share structure.

On November 24, 2014, the Company filed an Amendment to its Articles of Incorporation increasing the Authorized number of common shares from 5,000,000,000 to 9,000,000,000. No changes were made to the Company's Preferred share structure.

Principles of Consolidation

The consolidated financial statements include the accounts of Sylios Corp, and all of its wholly owned subsidiaries, US Natural Gas Corp WV, US Natural Gas Corp KY, SLMI Options, LLC, E2 Investments, LLC, Bud Bank, LLC and The Greater Cannabis Company, LLC. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying interim unaudited financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) for interim financial statements and in the opinion of management contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly, in all material respects, the Company's consolidated financial position as of December 31, 2014, and the results of its operations for the six months ended December 31, 2014 and 2013 and cash flows for the six months ended December 31, 2014 and 2013. These results have been determined on the basis of accounting principles generally accepted in the United States of America and have been applied consistently as those used in the preparation of the Company's 2014 Unaudited Annual Report filed with OTC Markets..

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Company considers all liquid debt securities with an original maturity of 90 days or less that are readily convertible into cash to be cash equivalents.

Marketable Equity Securities

Marketable equity securities are stated at lower of cost or market value with unrealized gains and losses included in operations. The Company has classified its marketable equity securities as trading securities.

Recently Enacted Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. Generally Accepted Accounting Principles when it becomes effective. The new standard is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period and is to be applied retrospectively, with early application not permitted. The new standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In April 2014, the FASB issued ASU 2014-08 Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This guidance changes the criteria for reporting discontinued operations while enhancing disclosures in this area. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. In addition, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement user with more information about the assets, liabilities, income, and expenses of discontinued operations. This guidance is effective in the first quarter of 2015 for public companies with calendar year ends. The Company does not expect this to impact its operating results, financial position, or cash flows.

Key revisions include: (a) changes to the pricing used to estimate reserves utilizing a 12-month average price rather than a single day spot price which eliminates the ability to utilize subsequent prices to the end of a reporting period when the full cost ceiling was exceeded and subsequent pricing exceeds pricing at the end of a reporting period; (b) the ability to include nontraditional resources in reserves; (c) the use of new technology for determining reserves; and (d) permitting disclosure of probable and possible reserves. The SEC requires companies to comply with the amended disclosure requirements for registration statements filed after January 1, 2010, and for annual reports on Form 10-K for fiscal years ending on or after December 15, 2009. ASU 2010-03 is effective for annual periods ending on or after December 31, 2009. Adoption of Topic 932 did not have a material impact on the Company's results of operations or financial position. In April 2010, the FASB issued ASU 2010-14, Accounting for Extractive Activities-Oil & Gas: Amendments to Paragraph 932-10-S99-1. This ASU amends terminology as defined in Topic 932-10-S99-1.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. (See Note B - Acquisition of Wilon Resources, Inc.)

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments which potentially subject the Company to a concentration of credit risk consists primarily of trade accounts receivable from a variety of local, national, and international oil and natural gas companies. Such credit risk is considered by management to be limited due to the financial resources of those oil and natural gas companies.

Risk Factors

The Company operates in an environment with many financial risks including, but not limited to, the ability to acquire additional economically recoverable gas reserves, the continued ability to market drilling programs, the inherent risks of the search for, development of and production of gas, the ability to sell natural gas at prices which will provide attractive rates of return, the volatility and seasonality of gas production and prices, and the highly competitive nature of the industry as well as worldwide economic conditions.

Fair Value of Financial Instruments

The Company defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Financial instruments included in the Company's financial statements include cash and cash equivalents, short-term investments, accounts receivable, other receivables, other assets, accounts payable, notes payable and due to affiliates. Unless otherwise disclosed in the notes to the financial statements, the carrying value of financial instruments is considered to approximate fair value due to the short maturity and characteristics of those instruments. The carrying value of debt approximates fair value as terms approximate those currently available for similar debt instruments.

Oil and Gas Properties

The Company has adopted the successful efforts method of accounting for gas producing activities. Under the successful efforts method, costs to acquire mineral interests in gas properties, to drill and equip exploratory wells that find proved reserves, and to drill and equip developmental wells are capitalized. Costs to drill exploratory wells that do not find proved reserves, costs of developmental wells on properties the Company has no further interest in, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed. Unproved gas properties that are significant are periodically assessed for impairment of value, if any, and a loss is recognized at the time of impairment by providing an impairment allowance. Other unproven properties are expensed when surrendered or expired.

When a property is determined to contain proved reserves, the capitalized costs of such properties are transferred from unproved properties to proved properties and are amortized by the unit-of-production method based upon estimated proved developed reserves. To the extent that capitalized costs of groups of proved properties having similar characteristics exceed the estimated future net cash flows, the excess, if any, of capitalized costs are written down to the present value of such amounts. Estimated future net cash flows are determined based primarily upon the estimated future proved reserves related to the Company's current proved properties and, to a lesser extent, certain future net cash flows related to operating and related fees due the Company related to its management of various partnerships. The Company follows U.S. GAAP in Accounting for Impairments.

On sale or abandonment of an entire interest in an unproved property, gain or loss is recognized, taking into consideration the amount of any recorded impairment. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained. (See Note S- Disposition of Oil and Gas Properties).

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue from product sales is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) the price is fixed or determinable, (3) collectability is reasonably assured, and (4) delivery has occurred.

Stock-Based Compensation

Stock-based compensation is accounted for at fair value in accordance with U.S. GAAP.

Income Taxes

Income taxes are accounted for under the assets and liability method. Current income taxes are provided in accordance with the laws of the respective taxing authorities. Deferred income taxes are provided for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards.

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. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is not more likely than not that some portion or all of the deferred tax assets will be realized.

Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed based on the weighted average number of common shares outstanding during the period.

Diluted net income (loss) per common share is computed based on the weighted average number of common shares and dilutive securities (such as stock options, warrants, and convertible securities) outstanding. Dilutive securities having an anti-dilutive effect on diluted net income (loss) per share and are excluded from the calculation.

At December 31, 2014, diluted weighted average common shares outstanding exclude 41,715,378 shares issuable on exercise of the 41,715,378 warrants outstanding at December 31, 2014.

NOTE B - ACQUISITION OF WILON RESOURCES, INC.

On May 28, 2010, the Company received notification from the appropriate state agencies that the acquisition of Wilon Resources by the Company was effective. On June 3, 2010, final approval was given by FINRA for the share exchange between the Company and Wilon Resources. The Company issued one share of common stock for each share of Wilon stock outstanding (49,207,973 shares) plus one warrant to purchase an additional share exercisable for a period of 5 years from the issue date. In July 2010, the Company canceled 1,000,000 shares of common stock relating to the Wilon acquisition. These shares were owned by the Company. The Company's common stock at June 3, 2010 had a value of $.035 per share making the acquisition price $1,687,279.

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTE B - ACQUISITION OF WILON RESOURCES, INC. (Continued)

The Company accounted for the business combination using the purchase method. The estimated fair market value of Wilon's net assets (assets less liabilities) was recorded at the value of the acquisition price of $1,687,279. Management reduced its original estimate of the fair market value. This reduction in the estimate had no effect on the recorded amount of the transaction as the excess fair market value over the acquisition price reduced the recorded value of oil and gas properties and equipment. The oil and gas properties consist of 115 natural gas wells, 12,000 acres of mineral rights leases and the gathering system interconnecting the wells. The Company intends to retain a third party to complete a Reserve Report covering the 12,000 acres located in Wayne County, West Virginia substantiating proven and unproven wells. The estimates used by the Company in recording the acquisition could change significantly pending the valuation results of the third party.

NOTE C - GOING CONCERN

The Company is a development stage enterprise and although it has commenced planned principal business operations, there are insignificant revenues there from. The Company has incurred losses of $9,086,274 for the period March 28, 2008 (inception) through December 31, 2014 and has negative working capital balance aggregating $1,752,205. These factors raise substantial doubt about the Company's ability to continue as a going concern.

There can be no assurance that sufficient funds required during the next year, or thereafter, will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and therefore would have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company's existing stockholders.

The Company intends to overcome the circumstances that affect its ability to remain a going concern through a combination of the commencement of revenues, with interim cash flow deficiencies being addressed through additional equity and debt financing. The Company anticipates raising additional funds through public or private financing, strategic relationships or other arrangements in the near future to support its business operations; however the Company may not have commitments from third parties for a sufficient amount of additional capital. The Company cannot be certain that any such financing will be available on acceptable terms, or at all, and its failure to raise capital when needed could limit its ability to continue its operations. The Company's ability to obtain additional funding will determine its ability to continue as a going concern. Failure to secure additional financing in a timely manner and on favorable terms would have a material adverse effect on the Company's financial performance, results of operations and stock price and require it to curtail or cease operations, sell off its assets, seek protection from its creditors through bankruptcy proceedings, or otherwise. Furthermore, additional equity financing may be dilutive to the holders of the Company's common stock, and debt financing, if available, may involve restrictive covenants, and strategic relationships, if necessary to raise additional funds, and may require that the Company relinquish valuable rights.

The accompanying financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

NOTE D - MARKETABLE EQUITY SECURITIES

At December 31, 2014 and December 31, 2013, marketable equity securities consisted of equity securities held with a cost and fair market value of $31,024 and $-, respectively.

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at:

	12/31/2014	12/31/2013
Land and mineral rights	$ -	$ -
Computer Software	20,000	33,000
Field Equipment	10,880	10,828
Transportation Equipment	8,200	8,200
Oil and Gas Properties	312,360	4,260,739
Accumulated depreciation and depletion	(67,775)	(569,912)
Net property and equipment	$ 283,665	$ 3,742,855

The Company uses the straight-line method of depreciation for computer software and field and transportation equipment with an estimated useful life ranging from three to twenty years. The Company uses the straight-line method of depletion for oil and gas properties with an estimated useful life ranging from seven to twenty-five years. Included in the December 31, 2014 balances are the estimated fair market values of property and equipment acquired from Wilon Resources during 2010. These estimates could change significantly pending a valuation by third parties. (See Note B - Acquisition of Wilon Resources, Inc.) (See Note S- Disposition of Oil and Gas Properties).

NOTE F - NOTES RECEIVABLE

Notes receivable consist of the following at:

	12/31/2014	12/31/2013
Note receivable, interest at 4%, total due by 7/31/15, monthly installments	60,000	-
Note receivable, interest at 4%, due 7/31/15, convertible note	50,000	-
Note receivable, interest at 4%, due 7/31/15, convertible note	250,000	-
Note receivable, interest at 3%, due September 2014, collateralized by Series B preferred stock	300,000	300,000
Note receivable from Consulting Services	200,000	-
Less current portion	(560,000)	(15,660)
Notes receivable long-term	$ 300,000	$ 499,084

NOTE G - MISCELLANEOUS

Miscellaneous assets consist of the following at:

	12/31/2014	12/31/2013
Loan commitment fee	$ -	$ 169,683
Accumulated amortization	-	(169,683)
Deposits	-	1,010
Operating bonds	25,000	49,557
Other	55,000	-
Total Other Assets	$ 80,000	50,567

Loan commitment fee is amortized over the life of the agreement using a straight line method.

NOTE H – LOANS PAYABLE-OTHER

Loans payable with no interest to potential investors aggregated $- and $- at December 31, 2014 and December 31, 2013, respectively.

NOTE I - CONVERTIBLE DEBENTURE PAYABLE

Convertible debentures payable total $347,134 and $252,069 at December 31, 2014 and December 31, 2013, respectively.

Convertible debentures payable consist of the following:

On August 21, 2014, the Company entered into a Promissory Note ("Promissory Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of One Hundred Twelve Thousand Five Hundred Dollars ($112,500). The Promissory Note was fully funded on July 7, 2014. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 60% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to ten percent (10%) per year. The balance owed at December 31, 2014 is $112,500.

On July 25, 2014, the Company entered into a Promissory Note ("Promissory Note") with WHC Capital, LLC, ("WHC") in the amount of Thirty Three Thousand Dollars ($33,000). The Promissory Note was fully funded on July 28, 2014. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 60% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 15 (fifteen) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to eight percent (12%) per year. The balance owed at December 31, 2014 is $33,000.

On July 3, 2014, the Company entered into a Promissory Note ("Promissory Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Fifty Thousand Dollars ($50,000). The Promissory Note was fully funded on July 7, 2014. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 60% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading

NOTE I - CONVERTIBLE DEBENTURE PAYABLE (continued)

Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to ten percent (10%) per year. The balance owed at December 31, 2014 is $50,000.

On July 3, 2014, the Company entered into a Promissory Note ("Promissory Note") with Beaufort Capital, LLC, ("Beaufort") in the amount of Twenty Five Thousand Dollars ($25,000). The Promissory Note was fully funded on July 4, 2014. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 58% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year. The balance owed at December 31, 2014 is $25,000.

On June 3, 2014, the Company entered into a Promissory Note ("Promissory Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Twenty Eight Thousand Five Hundred Dollars ($28,500). The Promissory Note was fully funded on June 3, 2014. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 60% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to ten percent (10%) per year. The balance owed at December 31, 2014 is $28,500.

On May 8, 2014, the Company entered into a Promissory Note ("Promissory Note") with Beaufort Capital, LLC, ("Beaufort") in the amount of Twenty Thousand Dollars ($20,000). The Promissory Note was fully funded on May 8, 2014. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 58% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to eight percent (8%) per year. The balance owed at December 31, 2014 is $20,000.

On April 25, 2014, the Company entered into a Promissory Note ("Promissory Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Twenty Eight Thousand Five Hundred Dollars ($28,500). The Promissory Note was fully funded on April 25, 2014. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 60% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to ten percent (10%) per year. The balance owed at December 31, 2014 is $28,500.

On April 11, 2014, the Company entered into a Promissory Note ("Promissory Note") with Beaufort Capital, LLC, ("Beaufort") in the amount of Fifteen Thousand Dollars ($15,000). The Promissory Note was fully funded on April 11, 2014. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 58% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to eight percent (8%) per year. The balance owed at December 31, 2014 is $15,000.

NOTE I - CONVERTIBLE DEBENTURE PAYABLE (continued)

On April 2, 2014, the Company entered into a Promissory Note ("Promissory Note") with Beaufort Capital, LLC, ("Beaufort") in the amount of Fifteen Thousand Dollars ($15,000). The Promissory Note was fully funded on April 2, 2014. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 58% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to eight percent (8%) per year. The balance owed at December 31, 2014 is $15,000.

On March 21, 2014, the Company entered into a Convertible Promissory Note ("Promissory Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Seventeen Thousand Five Hundred Dollars ($17,500). The Convertible Note was fully funded on March 21, 2014. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at lower of $.002 or fifty percent (50%) of the lowest trading price of the Company's common stock during the twenty (20) consecutive trading days prior to the date on which Holder elects to convert all or part of the Note. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to eight percent (8%) per year. The balance owed at December 31, 2014 is $17,500.

On September 26, 2013, the Company entered into a Convertible Promissory Note ("Promissory Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Sixty Seven Thousand Five Hundred Dollars ($67,500). The Convertible Note was fully funded on September 27, 2013. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 60% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to ten percent (10%) per year. During the fourth quarter of 2014, the convertible debenture was paid in full through the issuance of common stock of the Company.

On September 16, 2013, the Company entered into a Convertible Promissory Note ("Promissory Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Twenty Thousand Dollars ($20,000). The Convertible Note was fully funded on September 18, 2013. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 50% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 10 (ten) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to ten percent (10%) per year. During the third quarter of 2014, the principal on the convertible debenture was reduced through the issuance of common stock of the Company. The balance owed at December 31, 2014 is $2,134.

On May 14, 2013, the Company entered into a Promissory Note ("Promissory Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Twenty Five Thousand Dollars ($25,000). The Promissory Note was fully funded on May 14, 2013. The Promissory Note is due on or before June 14, 2013. In the event of such default, the amount due and owing to the Holder shall be the 125% of the outstanding Principal Amount of the Notes held by the Holder plus all accrued and unpaid interest, fees, and liquidated damages, if any. During the second quarter of 2014, the Promissory Note was paid in full through the issuance of common stock of the Company.

On May 14, 2013, the Company entered into a Convertible Promissory Note ("Promissory Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Ten Thousand Dollars ($10,000). The Convertible Note was fully funded on May 14, 2013. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 60% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible

NOTE I - CONVERTIBLE DEBENTURE PAYABLE (continued)

Note has a term of one (1) year and accrues interest at a rate equal to ten percent (10%) per year. During the second quarter of 2014, the convertible debenture was paid in full through the issuance of common stock of the Company.

On January 16, 2013, the Company entered into a Convertible Promissory Note ("Promissory Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Twenty Two Thousand Five Hundred Dollars ($22,500). The Convertible Note was fully funded on January 21, 2013. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 60% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 5 (five) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to ten percent (10%) per year. During the first quarter of 2014, the convertible debenture was paid in full through the issuance of common stock of the Company.

On November 15, 2012, the Company entered into a Convertible Promissory Note ("Promissory Note") with Tangiers Investors, LP, ("Tangiers") in the amount of Twenty One Thousand Five Hundred Dollars ($21,500). The Convertible Note was fully funded on November 18, 2012. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 60% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 5 (five) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to ten percent (10%) per year. During the second quarter of 2014, the convertible debenture was paid in full through the issuance of common stock of the Company.
On April 16, 2012, the Company entered into a Convertible Promissory Note ("Promissory Note") with Tangiers Investors, LP ("Tangiers") in the amount of Fifteen Thousand Dollars ($15,000) and a Securities Purchase Agreement. The Convertible Promissory Note was fully funded on April 16, 2012. The Promissory Note is convertible, in whole or in part, at any time from time to time before maturity at the option of the holder at the Variable Conversion Price which shall mean 50% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the five (5) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Promissory Note has a term of one (1) year and accrues interest at a rate equal to nine percent (9%) per year. During the second quarter of 2014, the convertible debenture was paid in full through the issuance of common stock of the Company.

On April 9, 2012, the Company entered into a Convertible Promissory Note ("Promissory Note") with Tangiers Investors, LP ("Tangiers") in the amount of Fifteen Thousand Dollars ($15,000) and a Securities Purchase Agreement. The Convertible Promissory Note was fully funded on April 9, 2012. The Promissory Note is convertible, in whole or in part, at any time from time to time before maturity at the option of the holder at the Variable Conversion Price which shall mean 50% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the five (5) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Promissory Note has a term of one (1) year and accrues interest at a rate equal to nine percent (9%) per year. During the first quarter of 2014, the convertible debenture was paid in full through the issuance of common stock of the Company.

On April 3, 2012, the Company entered into a Convertible Promissory Note ("Promissory Note") with Tangiers Investors, LP ("Tangiers") in the amount of Nineteen Thousand Dollars ($19,000) and a Securities Purchase Agreement. The Convertible Promissory Note was fully funded on April 3, 2012. The Promissory Note is convertible, in whole or in part, at any time from time to time before maturity at the option of the holder at the Variable Conversion Price which shall mean 50% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the five (5) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Promissory Note has a term of one (1) year and accrues interest at a rate equal to nine percent (9%) per year. During 2013, the convertible debenture was paid in full through the issuance of common stock of the Company.

NOTE I - CONVERTIBLE DEBENTURE PAYABLE (continued)

On March 8, 2012, the Company entered into a Convertible Promissory Note ("Promissory Note") with Hanover Holdings, LLC ("Hanover") in the amount of Eighteen Thousand Dollars ($18,000) and a Securities Purchase Agreement. The Promissory Note was fully funded on March 22, 2012. The Promissory Note is convertible, in whole or in part, at any time from time to time before maturity at the option of the holder at the Variable Conversion Price which shall mean 50% of the Market Price. The Market Price is defined as the average of the three (3) lowest Trading Prices for the common stock during the ten (10) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Promissory Note has a term of six (6) months and accrues interest at a rate equal to six percent (6%) per year. During the second quarter of 2013, the convertible debenture was paid in full through the issuance of common stock of the Company.

On December 1, 2011, the Company entered into a Convertible Promissory Note ("Promissory Note") with Asher Enterprises, Inc. ("Asher") in the amount of Thirty Thousand Dollars ($30,000) and a Securities Purchase Agreement. The Promissory Note was fully funded on December 12, 2011. The Promissory Note is convertible, in whole or in part, at any time from time to time before maturity at the option of the holder at the Variable Conversion Price which shall mean 58% of the Market Price. The Market Price is defined as the average of the three (3) lowest Trading Prices for the common stock during the ten (10) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Promissory Note has a term of nine (9) months and accrues interest at a rate equal to eight percent (8%) per year. During the second quarter of 2014, the convertible debenture was paid in full through the issuance of common stock of the Company.

On November 22, 2011, the Company entered into a Convertible Promissory Note ("Promissory Note") with Tangiers Investors, LP ("Tangiers") in the amount of Seventeen Thousand Five Hundred Dollars ($17,500) and a Securities Purchase Agreement. The Promissory Note was fully funded on November 22, 2011. The Promissory Note is convertible, in whole or in part, at any time from time to time before maturity at the option of the holder at the Variable Conversion Price which shall mean 60% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the five (5) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Promissory Note has a term of one (1) year and accrues interest at a rate equal to nine percent (9%) per year. During the first quarter of 2013, the convertible debenture was paid in full through the issuance of common stock of the Company.

On September 8, 2011, the Company entered into a Convertible Promissory Note ("Promissory Note") with Asher Enterprises, Inc. ("Asher") in the amount of Forty Thousand Dollars ($40,000) and a Securities Purchase Agreement. The Promissory Note was fully funded on September 14, 2011. The Promissory Note is convertible, in whole or in part, at any time from time to time before maturity at the option of the holder at the Variable Conversion Price which shall mean 58% of the Market Price. The Market Price is defined as the average of the three (3) lowest Trading Prices for the common stock during the ten (10) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Promissory Note has a term of nine (9) months and accrues interest at a rate equal to eight percent (8%) per year. During the second quarter of 2014, the convertible debenture was paid in full through the issuance of common stock of the Company.

On November 16, 2010, the Company entered into a Convertible Promissory Note ("Promissory Note") with Caesar Capital Group, LLC, ("Caesar Capital") in the amount of Twenty Five Thousand Dollars ($25,000) and a Securities Purchase Agreement. The Promissory Note was fully funded on November 19, 2010. The Promissory Note is convertible, in whole or in part, at any time from time to time before maturity at the option of the holder at a per share price equal to Sixty Percent (60%) of the average of the last Five (5) trading days closing volume weighted average price. The Promissory Note has a term of six (6) months and accrues interest at a rate equal to twelve percent (12%) per year. During the second quarter of 2014, the convertible debenture was paid in full through the issuance of common stock of the Company. Please see ITEM 3.-LEGAL PROCEEDINGS.

NOTE J - NOTES PAYABLE

Notes payable consist of the following at:

	12/31/2014	12/31/2013
Note payable, interest at 1% per annum,	$ 100,000	$ 100,000
Note payable, interest at 3% per annum, due in annual installments of $250,000 through December 2014	780,000	980,000
Notes payable, interest at 100% through maturity date, interest at maximum rate allowable by law thereafter	150,000	298,964
Note payable, interest at 3%, due on demand	28,137	-
Notes payable for consulting services, varying interest rates, due on demand	325,000	-
Note payable for Licensing Agreement	400,000	-
Less current portion	(1,783,137)	(1,378,964)
Notes payable long term	$ -	$ -

NOTE K - INCOME TAXES

The Company accounts for income taxes using the asset and liability method described in SFAS No. 109, "Accounting For Income Taxes", the objective of which is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting and the tax basis of the Company's assets and liabilities at the enacted tax rates expected to be in effect when such amounts are realized or settled. A valuation allowance related to deferred tax assets is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In recognition of the uncertainty regarding the ultimate amount of income tax benefits to be derived, the Company has recorded a full valuation allowance at December 31, 2014 and December 31, 2013.

The provision (benefit) for income taxes includes income taxes currently payable and those deferred because of temporary differences between the financial statement and tax bases of assets and liabilities.

The provision (benefit) for income taxes consists of the following at:

	12/31/2014	12/31/2013
Federal income taxes:		
Current	$ (1,260,255)	$ (166,442)
Deferred	1,260,255	166,442
State income taxes:		
Current	$ (243,920)	$ (29,372)
Deferred	243,920	29,372
	-	-
Total	$ -	$ -

NOTE K - INCOME TAXES (Continued)

Significant components of the Company's deferred tax assets and liabilities calculated at an estimated effective tax rate of 35% are as follows:

Noncurrent deferred tax assets (liabilities):	12/31/2014	12/31/2013
Accrued wages deducted for financial purposes not deducted for tax purposes	$ 10,342	$ 98,500
Other non-cash wages not deducted for tax purposes	-	140,361
Capital losses deducted for financial purposes carried over to future years for tax purposes (expiring in years through 2014)	-	-
Well costs deducted for financial purposes capitalized for tax purposes	-	-
Excess depletion on oil and gas properties taken for tax purposes over financial purposes	-	-
Excess depreciation on oil and gas properties taken for tax purposes over financial purposes	-	-
Excess loss on sale of investments taken for tax purposes over financial purposes over financial purposes	-	-
NOL from the acquisition of Wilon Resources (subject to potential I.R.C. Section 382 limitations)	601,000	601,000
NOL remaining not attributable to timing differences (expiring in years through 2020)	1,742,192	489,536
Deferred noncurrent tax asset, net	2,353,534	1,329,297
Valuation allowance	(2,353,534)	(1,329,397)
	$ -	$ -

NOTE L - COMMON STOCK ISSUANCES/WARRANTS

For the twelve months ended December 31, 2014, the Company had the following unregistered sale/issuance of its securities:

In January 2014, the Company issued 25,000,000 shares of common stock at $.001 per share to an accredited investor as payment towards consulting services.

In February 2014, the Company issued 34,460,000 shares of common stock at $.00035 per share to an accredited investor as payment towards a note.

In March 2014, the Company issued 40,405,438 shares of common stock at $.00016 per share to an accredited investor as payment towards a note.

In March 2014, the Company issued 35,714,286 shares of common stock at $.0007 per share to an accredited investor as payment towards a note.

In March 2014, the Company issued 41,000,000 shares of common stock at $.001 per share to an accredited investor as payment towards Consulting services.

In March 2014, the Company issued 48,243,300 shares of common stock at $.0002 per share to an accredited investor as payment towards a note.

In March 2014, the Company issued 53,067,125 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In April 2014, the Company issued 12,516,700 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In April 2014, the Company issued 38,876,830 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In April 2014, the Company issued 32,304,287 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In April 2014, the Company issued 9,604,598 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In April 2014, the Company issued 16,873,563 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In April 2014, the Company issued 25,666,667 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In April 2014, the Company issued 27,777,778 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In May 2014, the Company issued 3,846,154 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In May 2014, the Company issued 26,724,138 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

NOTE L - COMMON STOCK ISSUANCES/WARRANTS (continued)

In May 2014, the Company issued 35,714,286 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In May 2014, the Company issued 17,857,143 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In May 2014, the Company issued 30,601,222 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In May 2014, the Company issued 23,000,000 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In May 2014, the Company issued 38,473,180 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In June 2014, the Company issued 46,296,296 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In June 2014, the Company issued 27,000,000 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In June 2014, the Company issued 52,681,992 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In June 2014, the Company issued 55,555,556 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In June 2014, the Company issued 19,592,476 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In June 2014, the Company issued 41,666,667 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In July 2014, the Company issued 28,045,455 shares of common stock at $.00048 per share to an accredited investor as payment towards a note.

In July 2014, the Company issued 5,000,000 shares of common stock at $.001 per share to an accredited investor as payment towards a note.

In July 2014, the Company issued 54,545,455 shares of common stock at $.00055 per share to an accredited investor as payment towards a convertible debenture.

In July 2014, the Company issued 12,000,000 shares of common stock at $.00117 per share to an accredited investor as payment towards a note.

In July 2014, the Company issued 52,083,333 shares of common stock at $.00096 per share to an accredited investor as payment towards a note.

In July 2014, the Company issued 5,138,889 shares of common stock at $.00089 per share to an accredited investor as payment towards a note.

In August 2014, the Company issued 28,571,429 shares of common stock at $.00035 per share to an accredited investor as payment towards a note.

NOTE L - COMMON STOCK ISSUANCES/WARRANTS (continued)

In September 2014, the Company issued 142,857,143 shares of common stock at $.00035 per share to an accredited investor as payment towards a note.

In September 2014, the Company issued 130,000,000 shares of common stock to an accredited investor as payment towards a note.

In September 2014, the Company issued 86,680,000 shares of common stock at $.00025 per share to an accredited investor as payment towards a note.

In September 2014, the Company issued 26,000,000 shares of common stock at $.00020 per share to an accredited investor as payment towards a note.

In September 2014, the Company issued 49,000,000 shares of common stock at $.00020 per share to an accredited investor as payment towards a note.

In September 2014, the Company issued 89,330,000 shares of common stock at $.00020 per share to an accredited investor as payment towards a convertible debenture.

In October 2014, the Company issued 10,000,000 shares of common stock at $.00070 per share for consulting services..

In October 2014, the Company issued 1,357,720,912 shares of common stock at $.00010 per share to different accredited investors as payment towards varying notes.

In November 2014, the Company issued 1,635,991,310 shares of common stock at $.00010 per share to different accredited investors as payment towards varying notes.

Warrants outstanding at December 31, 2014 and December 31, 2013 are 41,715,378 and 1,715,378, respectively. Each warrant enables the holder to acquire one share of the Company's common stock at a specified exercise price for a term of three to five years. Warrants outstanding at December 31, 2014 have vesting dates through December 2014 and expiration dates through May 2019.

There were 27,500,000 warrants issued for the twelve months ending December 31, 2014. There were no warrants exercised or canceled for the twelve months ending December 31, 2014.

Please see NOTE O -COMMITMENTS AND CONTINGENCIES.

NOTE M – STOCKHOLDERS' EQUITY

On April 14, 2011, the Board of Directors unanimously approved the designation of a series of preferred stock to be known as "Series C Preferred Stock". The designations, powers, preferences and rights, and the qualifications, limitations or restrictions hereof, in respect of the Series C Preferred Stock shall be as hereinafter described. The holders of Series C Preferred Stock shall not be entitled to receive dividends nor shall dividends be paid on common stock or any other Series Preferred Stock while Series C Preferred shares are outstanding. The holders of Series C Preferred Stock shall be entitled to vote on all matters submitted to a vote of the Shareholders of the Company and shall have such number of votes equal to the number of shares of Series C Preferred Stock held on a forty votes per one share basis. Upon the availability of a sufficient number of authorized but unissued and unreserved shares of common stock, the holders of Series C Preferred Stock may at their election convert such shares in to fully paid and non-assessable shares of common stock at the rate of forty shares of common stock for each share of series C Preferred Stock. The Board of directors of the Company, pursuant to authority granted in the Articles of

NOTE M – STOCKHOLDERS' EQUITY (Continued)

Incorporation, created a series of preferred stock designated as Series C Preferred Stock (the "Series C Preferred Stock") with a stated value of $0.001 per share. The number of authorized shares constituting the Series C Preferred Stock was One Million (1,000,000) shares. At December 31, 2014 and December 31, 2013, there are 0 and 0 shares issued and outstanding, respectively.

On September 2, 2009, the Board of Directors unanimously approved the designation of a series of preferred stock to be known as "Series A Preferred Stock". The designations, powers, preferences and rights, and the qualifications, limitations or restrictions hereof, in respect of the Series A Preferred Stock shall be as hereinafter described. The holders of Series A Preferred Stock shall not be entitled to receive dividends nor shall dividends be paid on common stock or any other Series Preferred Stock while Series A Preferred shares are outstanding.
The holders of Series A Preferred Stock shall be entitled to vote on all matters submitted to a vote of the Shareholders of the Company and shall have such number of votes equal to the number of shares of Series A Preferred Stock held on a one per one share basis. Upon the availability of a sufficient number of authorized but unissued and unreserved shares of common stock, the holders of any Series A Preferred Stock shall be entitled to convert such shares in to fully paid and non-assessable shares of common stock at the rate of 7.8 shares of common stock for each share of Series A Preferred Stock only if the Company has failed to satisfy all financial obligations by the designated time inclusive of the cure period. The Board of Directors of the Company, pursuant to authority granted in the Articles of Incorporation, created a series of preferred stock designated as Series A Preferred Stock (the "Series A Preferred Stock") with a stated value of $0.001 per share. The number of authorized shares constituting the Series A Preferred Stock was Three Million (3,000,000) shares. At December 31, 2014 and December 31, 2013, there are 1,000,000 shares issued and outstanding.

On September 2, 2009, the Board of Directors unanimously approved the designation of a series of preferred stock to be known as "Series B Preferred Stock". The designations, powers, preferences and rights, and the qualifications, limitations or restrictions hereof, in respect of the Series B Preferred Stock shall be as hereinafter described. The holders of Series B Preferred Stock shall not be entitled to receive dividends. The holders of Series B Preferred Stock shall not be entitled to vote on any matters submitted to a vote of the Shareholders of the Company. Upon the availability of a sufficient number of authorized but unissued and unreserved shares of common stock, the holders of Series B Preferred Stock may at their election convert such shares in to fully paid and non-assessable shares of common stock at the rate of ten shares of common stock for each share of series B Preferred Stock. The Board of Directors of the Company, pursuant to authority granted in the Articles of Incorporation, created a series of preferred stock designated as Series B Preferred Stock (the "Series B Preferred Stock") with a stated value of $0.001 per share. The number of authorized shares constituting the Series B Preferred Stock was Two Million (2,000,000) shares. At December 31, 2014 and December 31, 2013, there are 300,000 shares issued and outstanding.

The number of common shares authorized with a stated value of $0.001 per share at December 31, 2014 and December 31, 2013 is 9,000,000,000 and 2,000,000,000, respectively. At December 31, 2014 and December 31, 2013, there are 4,847,750,000 and 342,276,381 shares of common stock issued and outstanding, respectively.

NOTE N – RELATED PARTY TRANSACTIONS

Notes receivable, stockholders, totals $231,911 and $184,924 at December 31, 2014 and December 31, 2013, respectively. Interest receivable on the notes total $- and $- at December 31, 2014 and December 31, 2013, respectively.

Included within accounts payable and accrued expenses are wages due officers and shareholders of $353,092 and $98,500 as of December 31, 2014 and December 31, 2013, respectively.

NOTE O -COMMITMENTS AND CONTINGENCIES

On February 1, 2013, the Company entered into an operating lease for office space. The lease term is for two years with monthly rent totaling $642/month for a total of $7,062 in year one and $7,704 in year two.

Future minimum rental obligations at December 31, 2014 are $642 in 2015 and $- in 2016. The Company intends to sign a new lease prior to the end of the lease expiration date for the same space its corporate office is located.

On April 1, 2012, the Company executed employment agreements for the offices of President, Vice-President, Treasurer, and Secretary of the Company upon the terms and provisions and, subject to the conditions set forth in the Agreement, for a term of three (3) years, commencing on April 1, 2012, and terminating on March 31, 2015, unless earlier terminated as provided in the Agreement. The Agreement included options to the President to purchase 100,000,000 shares of common stock at an average price of $.00035 per share and 50,000,000 shares to the Vice-President at the same average price per share.

The executive agrees to accept, for the first year of the Employment Term a salary at an annual rate of $197,000 for the President, payable in accordance with the Company's regular payroll practices as from time to time in effect, less all withholdings and other deductions required to be deducted in accordance with any applicable federal, state, local or foreign law, rule or regulation. After the first year during the Employment Term, the annual salary for each successive year will be increased by the lesser of (i) 10% or (ii) the percentage increase, if any, in the CPI for each year just completed measured for the entire twelve (12) month period, plus three percent (3%).

NOTE P- LENDER ACQUISITION AGREEMENT

A lender acquisition agreement was entered into on September 4, 2009 by Sylios Corp and SLMI Holdings, LLC. Through the agreement, Sylios Corp acquired SLMI Options, LLC, a Nevada Limited Liability Company. SLMI Options, LLC is the secured lender of the three commercial notes defined below.

This Agreement is made with respect to loans made by SLMI Holdings, LLC to Harry Thompson (“Thompson”), Harlis Trust (“Trust”), Wilon Resources Inc. (“Wilon”) and/or Wilon Gathering System Inc. Sylios Corp agrees to pay the following consideration herewith in return for conveyance of the Lender Units.

$500,000 in financing given May 6, 2005 for construction of a natural gas gathering system in Kentucky (the “Gathering System Loan”), $300,000 mortgage on the Wilon business offices given October 13, 2005 (the “Office Loan”), $175,000 in financing given on October 24, 2006 to finance 176 acres of land in West Virginia and to finance the placement of a natural gas treatment station (the “WV Loan”); these loans include that certain Amendment to Loan Agreements dated August 2, 2006, that certain Receipt for Shares Pledged as Collateral dated December 8, 2007 and that certain Second Amendment to Loan Agreements dated January 27, 2009 (with 7.8 million Wilon shares attached and pledged as additional collateral). Further, the Borrowers and SLMI have agreed to special terms for assignment of loan rights by SLMI and subsequent holders of the loans pursuant to that Acknowledgment by Borrowers delivered Jan. 5, 2009. At December 31, 2010 the notes receivable balance was eliminated through consolidation.

$1,000,000 in financing was made payable by secured promissory note. By December 31, 2010, Sylios Corp shall have paid at least $250,000 in cash toward the Secured Note. By December 31, 2011, Sylios Corp shall have paid at least $250,000 more. By December 31, 2012, Sylios Corp shall have paid at least $250,000 more. All unpaid principal and interest shall be due no later than December 31, 2013. To the extent, Sylios Corp tenders proceeds from dispositions of real estate collateral on the SLMI Loans (which dispositions shall require the written consent of Owner), said payments shall be applied toward the Secured Note, but they shall not reduce the minimum installments required for years 2010 through 2012. From January 2010 to December 2013, a minimum monthly cash installment of $4,000 shall be paid by Sylios Corp on the Secured Note until it is paid in full. Additional Security and Collateral for the Secured Note and the covenants hereunder: At December 31, 2014 and December 31, 2013 the notes payable balances were $780,000 and $980,000, respectively. (See Note J).

NOTE Q – SUBSEQUENT EVENTS

On April 1, 2015, the Company executed an employment agreement with Wayne Anderson to serve in the role as President, Vice-President, Treasurer, and Secretary of the Company upon the terms and provisions and, subject to the conditions set forth in the Agreement, for a term of three (3) years, commencing on April 1, 2015, and terminating on March 31, 2018, unless earlier terminated as provided in the Agreement. The Agreement included options to Mr. Anderson to purchase 100,000,000 shares of common stock at an average price of $.0002 per share. Mr. Anderson's salary shall be fixed for three years at the same amount as the last day of the preceding employment agreement.

NOTE R- ACCRUED COMPENSATION

Accrued compensation consists of the following at December 31, 2014:

	12/31/2014	12/31/2013
Accrued officers compensation	$ 353,092	$ 98,500
Other accrued compensation	0	0
Accrued payroll taxes	0	0
Total	$ 353,092	98,500

NOTE S- DISPOSITION OF OIL AND GAS PROPERTIES

On July 31, 2014, the Company and Bayport International Holdings, Inc. ("Bayport") closed on the Asset Purchase Agreement entered into between the companies on July 9, 2014. Included within the assets sold by the Company were certain leases covering mineral rights, oil and natural gas wells, certain right of ways and ancillary facilities constructed by the Company for the delivery of natural gas in West Virginia. In addition, the Company assigned all shares of E 3 Petroleum Corp to Bayport making it a wholly owned subsidiary of Bayport. The Company will file the required Bill of Sales, Assignments and Deeds with the designated County Clerks for the transaction.

At Closing, Bayport remitted the required funds as per the Asset Purchase Agreement and issued to the Company three Notes with varying maturity dates. (See Note F- NOTES RECEIVABLE).