

# INFORMATION AND DISCLOSURE STATEMENT

## Pursuant To OTC Pink® Basic Disclosure Guidelines

“Federal securities laws, such as Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934 (“Exchange Act”) as well as Rule 144 of the Securities Act of 1933 (“Securities Act”), and state Blue Sky laws, require issuers to provide adequate current information to the public markets. With a view to encouraging compliance with these laws, OTC Markets Group has created these OTC Pink Basic Disclosure Guidelines. We use the basic disclosure information provided by OTC Pink companies under these guidelines to designate the appropriate tier in the OTC Pink marketplace: Current, Limited or No Information. OTC Markets Group may require companies with securities designated as Caveat Emptor to make additional disclosures in order to qualify for OTC Pink Current Information tier.”

**Period Ending  
March 31, 2015**

**ALGAE INTERNATIONAL GROUP, INC.**

and

The Company’s Primary Operating Subsidiary

**AMERICAN SEED & OIL COMPANY**



**2523 Bomar Avenue  
Dallas, Texas 75235**

**CUSIP: 01551W100  
Trading Symbol: ALGA**

## **FORWARD LOOKING STATEMENTS**

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as such, may involve risks and uncertainties. These forward looking statements relate to, amongst other things, current expectation of the business environment in which the company operates, potential future performance, projections of future performance and the perceived opportunities in the market. The company's actual performance, results and achievements may differ materially from the expressed or implied in such forward-looking statements as a result of a wide range of factors.

To the extent that any statements made in this report contain information that is not historical, these statements are essentially forward-looking. Forward-looking statements can be identified by the use of words such as "expects", "plans", "may," "anticipates", "believes", "should", "intends", "estimates", and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, marketability of our products; legal and regulatory risks associated with the share exchange our ability to raise additional capital to finance our activities; the effectiveness, profitability and; the future trading of our common stock; our ability to operate as a public company; our ability to protect our proprietary information; general economic and business conditions; the volatility of our operating results and financial condition; our ability to attract or retain qualified senior management personnel and research and development staff; and other risks detailed from time to time in our filings with the OTC Markets (the "OTC"), or otherwise.

Information regarding market and industry statistics contained in this report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not undertake any obligation to publicly update any forward-looking statements. As a result, investors should not place undue reliance on these forward-looking statements.

## **FOOD AND DRUG ADMINISTRATION DISCLOSURE (FDA)**

The statements found herein have not been evaluated by the Food and Drug Administration (FDA) and are not intended to diagnose, treat, cure or prevent any disease or medical condition.

## **OTC Pink Basic Disclosure Guidelines**

### **1) Name of the issuer and its predecessors (if any)**

The Company's name was changed to Algae International Group, Inc. as of April 1, 2013 (f/k/a)Savanna East Africa, Inc. June 11, 2010 (f/k/a) Nova Energy, Inc. May 30, 2005.

### **2) Address of the issuer's principal executive offices**

Company Headquarters  
2523 Bomar Avenue  
Dallas, Texas 75235  
Phone: 972.528.0162  
Email: steven.rash@americalseedandoil.com

### **3) Security Information**

**Trading Symbol:** ALGA

**Exact title and class of securities outstanding:** COMMON & PREFERRED "D"

**CUSIP:** 01551W100

**Par or Stated Value:** \$0.001 (BOTH)

**Total shares authorized:** 2,000,000,000/10,000,000

as of: 03/31/15

**Total shares outstanding:** 48,201,582/100,000

as of: 03/31/15

#### **Transfer Agent**

Olde Monmouth Stock Transfer Company, Inc.  
200 Memorial Parkway  
Atlantic Highlands, New Jersey 07716  
Phone: (732)872-2727

**Is the Transfer Agent registered under the Exchange Act?\*** Yes: X No:

\*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

#### **List any restrictions on the transfer of security:**

None

#### **Describe any trading suspension orders issued by the SEC in the past 12 months.**

None

#### **List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:**

None

### **4) Issuance History**

Shares issued for the Period ended March 31, 2015 – 4,826,027

### **5) Financial Statements**

The Company's Financial Statements are attached at the end of this Disclosure Statement and incorporated herein by reference.

**6) Describe the Issuer's Business, Products and Services**

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

**A. A description of the issuer's business operations;**

Algae International Group, Inc., through its operating subsidiary American Seed & Oil Company, Inc., is today primarily in the business of hemp production in Vermont to supply seed to the expanding hemp farming market, hemp based consumer products market, and hemp based construction material market. The Company is also piloting a number of other cannabis related products and services.

2014, marks the first time in 70 years hemp has been grown legally within the United States. American Seed & Oil Company has established itself as a leader in Vermont having recently harvested the largest legal hemp crop within the State of Vermont.

American Seed & Oil Company will use the seed from the 2014 crop to reach its goal of planting 1,000 acres in 2015. American Seed & Oil Company also anticipates generating revenue through the sale of seeds to other hemp farming operations.

A Congressional Research report estimates the hemp consumer products market within the United States has exceeded \$500,000,000.00 a year and is growing. Hemp consumer products include lotions and other cosmetics, cooking oils and other edibles, nutraceuticals, paper, and construction material to name just a few. Currently, the raw hemp required to supply the U.S. consumer products market comes exclusively from abroad.

American Seed & Oil Company expects the U.S. home grown hemp market to take years to catch up with the existing and growing demand for hemp consumer products and services. Accordingly, American Seed & Oil Company has established an international hemp trade company to source fair trade, organically grown hemp from abroad to supply the U.S. consumer hemp market.

Recognizing that the hemp and the overall cannabis market within the U.S. is in its infancy, American Seed & Oil Company continues to pilot a number of additional cannabis business concepts. Existing pilots include hemp clothing, branded hemp edibles and medical marijuana.

The parent holding Company, Algae International Group, Inc. continues to explore opportunities to produce economically viable biodiesel from algae both domestically and abroad. However, the Company's primary thrust today is within the cannabis market.

**B. Date and State (or Jurisdiction) of Incorporation:**

April 7, 1999 - Nevada

**C. the issuer's primary and secondary SIC Codes;**

7380 Misc. Business Services

**D. the issuer's fiscal year end date;**

June 30th

**E. principal products or services, and their markets;**

Hemp and Cannabis related business(s).

**7) Describe the Issuer's Facilities**

The Company leases office space in Dallas, Texas at the address described herein.

The Company leases land and improved property for both outdoor and indoor cultivation purposes.

The Company leases equipment for the processing of harvested materials.

In conjunction with a legacy operation, the Company owns oil and gas equipment, as well as, condom manufacturing tools and equipment.

**8) Officers, Directors, and Control Persons**

**A. Steven Rash – President/CEO/Sole Director**

**B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:**

**1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);**

None

**2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;**

None

**3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or**

None

**4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.**

None

- C. **Beneficial Shareholders.** Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Leonard (Ed) Bollen owns Series "D" Voting Control Preferred Shares

**9) Third Party Providers**

**Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:**

Legal Counsel

Law Offices of Lawrence W. Bailey, 8330 LBJ Freeway Suite B350, Dallas, Texas 75243-1166

**10) Issuer Certification**

**The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).**

The certifications shall follow the format below:

I, Steven Rash certify that:

1. I have reviewed this 03/31/2015 quarterly disclosure statement of Algae International Group, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

05/20/15

/s/Steven Rash  
CEO

**ALGAE INTERNATIONAL GROUP, INC.  
BALANCE SHEET AS OF 03/31/2015**

**ASSETS**

**CURRENT ASSETS:**

Related party receivables	\$	<u>66,500</u>
Total current assets		66,500
Long Term Note Receivable, including accrued interest		323,358
Furniture and Equipment, net		<u>397,500</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>787,358</b>

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

**CURRENT LIABILITIES:**

Accounts payable – accounting/legal	\$	96,700
Accrued interest - reserve		500,000
Accrued consulting fees/salaries		220,000
Advances payable		100,000
Advances payable – prior related parties (1)		30,000
Advances payable – prior related parties (2)		495,849
Convertible notes payable		1,187,047
Convertible notes payable – prior related parties		1,173,809
Convertible promissory note payable – prior related party, current		<u>679,459</u>
Total current liabilities		4,482,864
Debt Settlement/Promissory note payable		<u>173,164</u>
Total liabilities		4,656,028

**STOCKHOLDERS DEFICIT:**

Series D preferred stock, authorized 100,000 shares, par value \$0.001, 100,000 I/O	100
Common stock, authorized 2,000,000,000 shares, par value \$0.001, 48,201,582 shares I/O	48,202
Additional paid-in capital	242,423
Accumulated deficit during development stage	<u>(5,570,478)</u>
Total stockholders' deficit	<u>(5,279,753)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ (623,725)</b>

**ALGAE INTERNATIONAL GROUP, INC.**  
**STATEMENT OF OPERATIONS AS OF 03/31/2015**

**Operating Expenses:**

General and administrative expenses	\$	<u>275,000</u>
Total operating expenses		<u>275,000</u>
<b>Loss from operations</b>		<u>(275,000)</u>

**Non-operating income (expense):**

Interest Income		19,608
Interest and finance costs		<u>(102,379)</u>
Total non-operating income (expense)		<u>(82,771)</u>

<b>Net Loss</b>	\$	<u>(357,771)</u>
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**Weighted average shares outstanding:**

Basic		<u>48,201,582</u>
Diluted		<u>48,201,582</u>

**Loss per share attributed to Algae International**

**Common stockholders:**

Basic	\$	<u>(0.007)</u>
Diluted	\$	<u>(0.007)</u>

**ALGAE INTERNATIONAL GROUP, INC.**  
**STATEMENT OF CASH FLOWS AS OF 03/31/2015**

**CASH FLOWS OPERATING ACTIVITES:**

Net Loss	\$	(357,771)
Adjustments to reconcile net loss including noncontrolling interest to net cash used in operating activities:		
Interest Receivable		(19,778)
Change in current assets and liabilities:		
Accounts payable and accrued expenses		<u>99,643</u>
Net cash used in operating activities		(277,906)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$</b>	<b>(277,906)</b>

## **NOTE 1 - GENERAL ORGANIZATION AND BUSINESS**

### **History of the Company**

Algae International Group, Inc. (f/k/a Savanna East Africa, Inc., f/k/a Nova Energy, Inc.) was incorporated in Nevada in 1995, and is a publicly traded company presently listed on [www.otcmarkets.com](http://www.otcmarkets.com), symbol "ALGA".

The Company was historically focused primarily on the recovery of oil and gas reserves through acquisition and project development, specializing in mature and marginal field enhancement, developmental exploration drilling and low risk exploration opportunities in Texas and North Dakota regions. On January 25, 2010, Daymon Bodard, the then sole director and officer of the Company, effected a transfer of control of the Company.

After January 25, 2010, the Company's updated and expanded business plan was centered around a number of diverse opportunities in East Africa, initially centered in Kenya. The Company also continued its oil and gas exploration. On April 26, 2010, the Company purchased oil drilling equipment in Texas for purposes of engaging in such oil and gas exploration.

In connection with the Company's updated business plan, on June 11, 2010, the Company amended its certificate of incorporation to change its name from Nova Energy, Inc. to Savanna East Africa, Inc.

On December 10, 2010, the Company entered into a share exchange agreement with Savanna East Africa Limited ("SEA Kenya"). Pursuant to the exchange agreement, the Company issued 100,000 shares of Series A Preferred Stock in exchange for 70,000 ordinary shares of SEA Kenya, which 70,000 ordinary shares represents 70% of the outstanding capital stock of SEA Kenya. The accompanying consolidated financial statements include those of the 70%-owned subsidiary.

SEA Kenya is a Kenyan corporation engaged in the business of identifying, acquiring and developing early stage and start up business operations or acquiring various resources to support the development of early stage and start-up business opportunities. The Company acquired SEA Kenya with the intent to pursue business opportunities in Kenya.

On March 5, 2013, the Company entered into an agreement to acquire Algae International Group, Inc. in a reverse merger transaction. In accordance with the agreement the Company executed a 1 for 20,000 reverse split. The Company also retired the Series 'A' Preferred Stock and issued Series 'D' Preferred Stock with the same provisions as the original Series 'A.' The Series 'D' was issued to the shareholders of Algae International Group. The transaction also included a change of the Company name from Savanna East Africa, Inc. to Algae International Group, Inc. The African subsidiary SEA Kenya and the Oil and Gas subsidiary, Nova Energy, remain intact subsequent to the execution of the acquisition agreement.

On October 10, 2013, Management resolved to exit the business of developing an operation to produce biodiesel from Algae. In conjunction with the exit, the subsidiary operation dedicated to the development of biodiesel from Algae was sold in exchange for a \$285,000 note with a 10 year term, bearing 10% annual interest. Simultaneously, the executive management and directors, John Potter and Chris Paine, resigned their positions. Further transactions in conjunction with the resolution to exit the business of

developing an operation to produce biodiesel from Algae included the appointment of Edward Bollen as the CEO and sole director of the Company.

### **Current Business Operation**

On January 20, 2014, Management launched a project to redirect the Company's business development efforts. Stemming from the collateral experience garnered from the Company's brief stint in the business of organic growing and cold pressing of oil from organic mass, management made the decision to leverage that experience within the more viable hemp and cannabis market. In conjunction with the launch of the new project, the Company entered into a number of business development agreements that cumulatively represent a material capital commitment. The Company engaged services to build a hemp and cannabis growing capacity, a hemp and cannabis testing facility and a hemp and cannabis related clothing business. Collectively, the agreements to initiate the aforementioned business development make up a year long, \$600,000 capital project. The service providers have acknowledged the Company's current financial position and the inherent risk associated with the Company's ability to perform. In light of the risk, the potential project asset value has not been recorded on the balance sheet at this time. The expenses will be amortized over the life of the project.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Management's Use of Estimates* - These financial statements have been prepared in accordance with accounting principles generally accepted in the United States and, accordingly, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Equipment* - The Company records its equipment at historical cost. The Company expenses maintenance and repairs as incurred. Upon disposition of equipment, the gross cost and accumulated depreciation are written off and the difference between the proceeds and the net book value is recorded as a gain or loss on sale of assets. The Company provides for a five-year useful life for depreciation of its equipment, and depreciation begins upon the Company's placing the fixed assets into service.

*Net Loss Per Share* - Earnings per share is calculated in accordance with the ASC 260-10, "Earnings Per Share." Basic earnings per share is based upon the weighted average number of common shares outstanding. Diluted earnings per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

For the months ended March 31, 2015, potentially dilutive shares, respectively, were excluded from the shares used to calculate diluted earnings per share.

### **NOTE 3 – GOING CONCERN**

The Company has suffered recurring losses from operations and has a working capital deficit and stockholders' deficit, and in all likelihood will be required to make significant future expenditures in connection with continuing business development efforts along with general administrative expenses. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial

statements have been prepared assuming that the Company will continue as a going concern. The Company's activities have been primarily supported by loans from various parties. The Company has sustained losses in all previous reporting periods, with a net loss of \$357,771 for the months ended March 31, 2015. Management continues to seek funding from its shareholders and other qualified investors to pursue its business plan. The Company continues to seek funding for all of the projects and operational requirements for the continuing fiscal year.

#### **NOTE 4 –LONG-TERM NOTE RECEIVABLE**

On October 10, 2013, the Company's board of directors authorized the sale, transfer and conveyance of all its rights in the Company's Pacific Algae joint venture to AlgaePur, LLC in return for 10% note receivable in the amount of \$285,000 that becomes due on October 10, 2023. The Company recognized a gain of \$250,000 sale of these assets. The note receivable balance at March 31, 2015 includes accrued interest receivable of \$38,358.

#### **NOTE 5 –FURNITURE AND EQUIPMENT**

Furniture and equipment consists of drilling equipment of \$397,500 that has not been placed in service.

#### **NOTE 6 – CONVERTIBLE NOTES PAYABLE**

##### *Convertible Note #1*

On April 5, 2010, the Company entered into a Note and Warrant Purchase Agreement pursuant to which the Company issued and sold, a secured convertible note (the "convertible note") in the aggregate principal amount of \$1,226,500 and a warrant to purchase up to 50 shares of common stock of the Company. The convertible note was due on April 4, 2012 and interest on the outstanding principal balance of the convertible note is 6% per annum and interest was due payable in full by April 4, 2012. The note is currently in default. The convertible note is secured by certain mortgage notes issued to the Company in the aggregate amount of \$1,000,000. The Company also received initial proceeds of \$100,000. The note holder has the right to convert the note to shares of common stock in tranches in certain specified amounts, which conversions are conditioned upon payment in full of the amounts owed under the mortgage notes. The number of shares of common stock to be issued upon a conversion is determined by dividing (a) the conversion amount by (b) 70% of the average volume-weighted average price (the "VWAP") for the three (3) trading days with the lowest VWAP during the twenty (20) trading days immediately preceding the date set forth on the conversion notice. The principal balance at March 31, 2015 is \$538,425.

##### *Convertible Note #2*

On December 13, 2010, the Company issued 12% secured convertible notes in the amount of \$154,000. The holders may convert the principal plus accrued interest into shares of the Company's common stock at a price per share equal to 50% of the closing bid price of the common stock on the date that the Company receives notice of conversion, but not to exceed \$300 per share. All unpaid principal, together with the accrued but unpaid interest, became due on June 13, 2011. The note is currently in default. The principal balance at March 31, 2015 is \$129,000.

##### *Convertible Note #3*

On September 6, 2011, the Company issued 8% demand convertible notes in the amount of \$480,700. The holders may convert the principal plus accrued interest into shares of the Company's common stock at a price per share equal to 50% of the closing bid price of the common stock on the date that the Company receives notice of conversion, but not to exceed \$500 per share. All unpaid principal, together with the accrued but unpaid interest, became due on April 2, 2011. The note is currently in default. The principal balance at March 31, 2015 is \$471,153.

#### *Convertible Note #4*

On February 25, 2010, the Company issued an 8% convertible note in the amount of \$10,000. The holder may convert the principal plus accrued interest into shares of the Company's common stock at a price per share equal to 50% of the closing bid price of the common stock on the date that the Company receives notice of conversion. All unpaid principal, together with the accrued but unpaid interest, are due and payable on December 31, 2011. The note is currently in default. The principal balance at March 31, 2015 is \$10,000.

#### *Convertible Note #5*

On April 05, 2011, the Company issued an 8% convertible note in the amount of \$122,500. The holder may convert the principal plus accrued interest into shares of the Company's common stock at a price per share equal to 50% of the closing bid price of the common stock on the date that the Company receives notice of conversion. All unpaid principal, together with the accrued but unpaid interest, are due and payable on December 31, 2012. The note is currently in default. The principal balance at March 31, 2015 is \$38,469.

### **NOTE 7 – CONVERTIBLE NOTES – PRIOR RELATED PARTIES**

#### *Related Party Convertible Note #1*

On May 3, 2010, the Company settled certain past-due amounts with its former President, Daymon Bodar for a convertible promissory note of \$1,040,859, which has been assigned an non-affiliate shareholder. During the year ended June 30, 2011, the Company converted \$49,800 of this note into 1,551 shares of the Company's common stock, respectively. The note's principal balance at March 31, 2015 was \$991,059.

#### *Related Party Convertible Note #2*

On April 1, 2010, September 30, 2010, September 30, 2010, December 31, 2010, March 31, 2011, September 30, 2011, September 30, 2011, December 31, 2011 and March 31, 2012 the Company converted a total of \$205,000 in accrued salaries due to the Company's former Chief Operating Officer for convertible notes in the same principal amount, due on March 31, 2011, December 31, 2010, March 31, 2011, September 30, 2011, December 31, 2011, December 31, 2011, December 31, 2011, December 31, 2012, and December 31, 2012 respectively. The notes accrue interest at 8% per annum. Principal and accrued and unpaid interest on the notes are convertible into shares of common stock at a conversion price of 50% of the closing bid price of common stock on the date of the notice of conversion.

At March 31, 2015, the outstanding principal balance was \$182,750.

## **NOTE 8 – CONVERTIBLE PROMISSORY NOTE PAYABLE, PRIOR RELATED PARTY, CURRENT**

### *Related Party Note Payable #1*

On April 26, 2010, the Company purchased certain oil drilling equipment for \$397,500, financed by issuing a promissory note payable. Of this balance, \$175,000 was assumed by the Company's Chief Executive Officer at the time of the purchase. The note bears interest at 5% per annum and matured on April 26, 2013. The unpaid amounts after the maturity date accrued interest at 21% per annum. On June 3, 2010, the Company received \$100,000 from a company majority-owned by the Company's CEO at the time of receipt. The amount was previously classified as an advance payable. On June 30, 2010, \$200,000 was advanced on behalf of the Company by the Company's then CEO in conjunction with the acquisition of an operating company on the same date. The advance on behalf of the Company was previously booked as a loan to the Company. In conjunction with the aforementioned funds advanced to or on behalf of the Company by the former CEO, that same individual made a number of smaller advances during the same fiscal year which combined with the amounts memorialized here amounted to \$535,000. The Company recently consolidated restated the loans and advances to include both regular and default interest into a single convertible note.

As of March 31, 2015 the outstanding principal balance was \$679,459.

## **NOTE 9 – STOCKHOLDERS' DEFICIT**

### Common Stock

The total number of shares of stock which the Company has authority to issue is 2,010,000,000, which consists of 2,000,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of preferred stock, par value \$0.001 per share.

### Series D Preferred Stock

On September 18, 2013, the Company filed a certificate of designation of Series D Preferred Stock and the Company issued 100,000 shares of Series D preferred stock to the former shareholders of Algae (See Note 1). Pursuant to the certificate of designation:

- 100,000 shares were designated as Series D Preferred Stock.
- Holders of the Series D Preferred Stock will be entitled to receive \$1.00 per share of Series D Preferred Stock, prior to any distribution to holders of common stock, in the event of any liquidation, dissolution or winding up of the Company.
- Holders of Series D Preferred Stock will be entitled to receive dividends in the amount of 51% of net income, payable quarterly.
- Holders of Series D Preferred Stock will own 51% of the voting power of the shareholders of the Company.

The Company may not redeem shares of Series D Preferred Stock without the written consent of the holders thereof.

**NOTE 10 – SUBSEQUENT EVENTS**

The Company has filed to re-domicile in Wyoming, reduce its authorized common shares to one billion (1,000,000,000) down from two billion (2,000,000,000) and change the name to “North American Cannabis Holdings, Inc.”. The Company has also requested a symbol change to its stock. All the aforementioned actions are pending subject to FINRA approval.