Genesis Electronics, Inc.

Consolidated Financial Statements

For the Twelve Months Ended December 31, 2014

(Unaudited)

Genesis Electronics, Inc.

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GENESIS ELECTRONICS, INC.
CONSOLIDATED BALANCE SHEET
(unaudited)

			December 31, 2014		December 31, 2013
ASSETS					
CURRENT ASSETS:					
	Cash		$ 15		$ 1,891
	Notes Receivable		18,000		10,000
	Inventory		1,405		1,405
	Pre-Paid Expenses		313,930		-
	Deferred offering cost		300,000		300,000
		Total current assets	633,350		313,296
PROPERTY AND EQUIPMENT, net			-		-
License agreement, net			-		-
OTHER ASSETS:					
	Deposits		3,523		3,523
Total assets			$ 636,873		$ 316,819
LIABILITIES AND STOCKHOLDERS' DEFICIT					
CURRENT LIABILITIES:					
	Accounts payable and accrued expenses		$ 279,687		$ 254,901
	Accrued payable on license agreement		20,000		20,000
	Convertible debentures, net of debt discount		267,960		186,960
	Convertible debt		931,919		931,919
	Note payable		15,647		15,647
	Loans payable		40,000		40,000
	Due to related party		250		250
	Other Current Liabilities		22,000		2,000
		Total current liabilities	1,577,463		1,451,677
STOCKHOLDERS' DEFICIT:					
	Common stock, $0.001 par value, 1,200,000,000 authorized, 392,199,870 and 271,518,052 issued and outstanding, at Decmeber 31, 2014 and December 31, 2013, respectively		392,198		271,616
	Additional paid-in capital		8,591,244		8,269,326
	Accumulated deficit		(9,909,532)		(9,661,300)
	Subscription receivable		(14,500)		(14,500)
		Total stockholders' deficit	(940,590)		(1,134,859)
Total liabilities and stockholders' deficit			$ 636,873		$ 316,819

GENESIS ELECTRONICS, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

	For the Years Ended December 31,	
	2014	2013
Net Sales		
Cost of sales		
Gross Profit	-	-
Operating expenses:		
Advertising		
Professional fees	27,015	3,151
Consulting fees	47,778	-
Compensation	44,500	-
Other selling, general and administrative	153,355	26,219
Total operating expenses	272,648	29,370
Other expenses:		
Other expense	-	-
Gain on sale of asset	-	-
Impairment expense	-	-
Interest expense	24,417	(14,400)
Total other expenses	24,417	(14,400)
Loss before provision for income taxes	(248,231)	(43,770)
Provision for income taxes	-	-
Net loss from Continued Operations	$ (248,231)	$ (43,770)
Net loss from Discontinued Operations	$ -	$ -
Net Loss	$ (248,231.26)	$ (43,769.61)

GENESIS ELECTRONICS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

				For the Twelve Months December
				2014
Cash flows from operating activities:				
	Net loss			$ (248,231)
	Adjustments to reconcile net loss to net cash used in operations:			
		Amortization of license agreement		-
		Amortization of debt discount		-
		Common stock issued for debt conversion		54,500
		Amortization of deferred financing cost		-
	Changes in assets and liabilities:			
		Notes receivable		(8,000)
		Prepaid expenses and other		(313,930)
		Due from stockholder		-
		Deposits		-
		Accounts payable and accrued expenses		24,786
	Accrued payable on license agreement			-
		Other Liabilities		20,000
			Total adjustr	(145,145)
Net cash used in operating activities				(393,376)
Cash flows from investing activities:				
	Payment on license agreement			-
Net cash used in investing activities				-
Cash flows from financing activities:				
	Proceeds from sale of common stock			310,500
	Proceeds from convertible debt			81,000
	Payments on related party advances			-
Net cash provided by financing activities				391,500
Net increase (decrease) in cash				(1,876)
Cash - beginning of year				1,890
Cash - end of year				$ 15
Cash - end of year				$ 1,890

NOTE 1-OVERVIEW

Liquidity

The accompanying unaudited consolidated financial statements have been prepared assuming that the Company will continue as a going concern. This contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company incurred net losses of $248,231 and $43,770 for the twelve month periods ended December 31, 2014 and 2013, respectively. Additionally, the Company has experienced net losses for the past seven years.

At December 31, 2014 the Company had $15, cash on hand, a deficit working capital of $940,592 and an accumulated deficit of $ 9,909,532.

Accordingly, the Company has limited liquidity and access to capital. The Company has insufficient liquidity to fund its operations for the next twelve months or less. In addition, any of the following factors could result in insufficient capital to fund the Company's operations for a period significantly shorter than twelve months:

- if the Company's capital requirements or cash flow vary materially from its current projections;
- if the Company is unable to timely raise capital for the requirements of its joint venture agreements and to cover its operating expenses; or
- if other unforeseen circumstances occur.

The Company's inability to fund its operations may require the Company to substantially curtail its business activities.
These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.
The Company's plans for correcting these deficiencies include ongoing efforts to raise new capital and negotiating suitable repayment terms for outstanding obligations.

The unaudited consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the inability of the Company to continue as a going concern.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements of Genesis Electronics, Inc. have been prepared in conformity with accounting principles regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for annual financial statements and should be read in conjunction with the unaudited consolidated financial statements previously reported by the Company. In the opinion of management, the accompanying unaudited financial statements contain all adjustments, consisting only of adjustments of a normal recurring nature, necessary for a fair presentation of the Company's financial position as of December 31, 2014, and its results of operations for the periods presented. These unaudited consolidated financial statements are not necessarily indicative of results to be expected for future periods.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 materially from those estimates and assumptions.

Certain amounts from prior periods have been reclassified to conform with current period presentation.

Cash and Cash Equivalents

The Company considers all cash and investments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for minor replacements, maintenance and repairs which do not increase the useful lives of the property and equipment are charged to operations as incurred. Major additions and improvements are capitalized. Depreciation and amortization are computed using the straight-line method over estimated useful lives of 5 years.

Intangible Assets

In accordance with ASC subtopic 350-10, *Intangibles, Goodwill and Others,* the goodwill impairment analysis compares the fair value of each reporting unit to its carrying value, including goodwill. The Company evaluates the remaining useful life of an intangible asset that is being amortized each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization.

Accounting for the Impairment of Long-Lived Assets

ASC subtopic 360-10-40, *Property, Plant, and Equipment, Impairment of Disposal of Long-Lived Assets*, requires that long-lived assets, such as property and equipment and purchased intangibles subject to amortization, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the asset is measured by comparison of its carrying amount to undiscounted future net cash flows the asset is expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair market value. Estimates of expected future cash flows represent the Company's best estimate based on currently available information and reasonable and supportable assumptions. Any impairment recognized in accordance with ASC 360-10-40 is permanent and may not be restored. For the twelve months ended December 31, 2014, the Company did not recognize any impairment of long-lived assets in connection with ASC 360-10-40 based on its reviews.

Advertising

The Company charges advertising costs to expense as incurred. There were no advertising expenses for the six month periods ending December 31, 2014.

Concentrations of Risk

Credit losses, if any, have been provided for in the financial statements and are based on management's expectations. The Company does not believe that it is subject to any unusual risks or significant risks in the normal course of its business.

Revenue Recognition

We recognize revenue in accordance with Staff Accounting Bulletin ("SAB") No. 104, *Revenue Recognition, Corrected Copy*. Under SAB No. 104, revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectability is reasonably assured. Revenue is recognized net of sales tax. We apply the specific provisions of SFAS No. 48, *Revenue Recognition when Right of Return Exists.*

Under SFAS No. 48, product revenue is recorded at the transfer of title to the products to a customer, net of estimated allowances and returns and sales incentives. Transfer of title occurs and risk of ownership passes to a customer at the time of acceptance by the customer, depending on the terms of our agreement with a particular customer. For transactions not satisfying the conditions for revenue recognition under SFAS No. 48, product revenue is deferred until the conditions are met, net of an estimate for cost of sales.

Income Taxes

The Company accounts for income taxes under ASC topic 740, *Income Taxes*, ASC topic 740 defines an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. ASC topic 740 further requires that a tax position must be more likely than not to be sustained before being recognized in the financial statements, as well as the accrual of interest and penalties as applicable on unrecognized tax positions.

Deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax payable for the period, if any, and the change during the period in deferred tax assets and liabilities.

Litigation and Other Contingencies

The Company discloses material contingencies deemed to be reasonably possible and accrues loss contingencies when, in consultation with legal advisors, the Company concludes that a loss is probable

and reasonably estimable. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. The actual outcome of such matters could differ materially from management's estimates. See "Note 11 – Commitments and Contingencies."

Computation of Net Income (Loss) Per Common Share

The Company calculates income/loss per share in accordance with FASB ASC topic 260, *Earnings Per Share*. Basic income/loss per share is computed by dividing the net income/loss available to common shareholders by the weighted-average number of common shares outstanding. Diluted income/loss per share is computed similar to basic loss per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Company's financial assets that are measured on a recurring basis at fair value.

Level 1. The Company utilizes the market approach to determine the fair value of its assets and liabilities under Level 1 of the fair value hierarchy. The market approach pertains to transactions in active markets involving identical or comparable assets or liabilities.

Level 2. The fair values determined through Level 2 of the fair value hierarchy are derived principally from or corroborated by observable market data. Inputs include quoted prices for similar assets, liabilities (risk adjusted), and market-corroborated inputs, such as market comparables, interest rates, yield curves, and other items that allow value to be determined.

Level 3. The fair values determined through Level 3 of the fair value hierarchy are derived principally from unobservable inputs to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or similar assets) at the measurement date. As of September 30, 2014 no fair value measurements for assets or liabilities under Level 3 were recognized in the Company's consolidated financial statements.

There were no changes in the Company's valuation techniques during the nine months ending December 31, 2014.

The Company is not exposed to changes in interest rates which could result in cash flow risks.

NOTE 4- FURNITURE AND EQUIPMENT

	December 31, 2014	December 31, 2013
Vehicles	$ 0	$ 0

Equipment	0	0
Furniture and fixtures	0	0
	0	0
Accumulated depreciation	0	0
	$ 0	$ 0

NOTE 5 – INTANGIBLE ASSETS

During November 2009, the Company licensed the use of certain patents from a third party. This license agreement will aid the Company as it furthers its business plan. In November 2009, the Company entered into a license agreement with Johns Hopkins University Applied Physics Lab ("JHU/APL") whereby the Company will have a limited exclusive license to JHU/APL's Integrated Power Source patents. The patents are for the solar powered cell phone and iPod chargers. During fiscal 2009 and 2010, the Company paid $40,000 and issued 2 million shares of the Company's common stock. The Company valued these common shares at the fair market value on the date of grant at $.022 per share or $44,000. In November 2010, the Company entered into an amendment agreement in connection with this license agreement. Pursuant to the amended license agreement, the Company additionally paid $25,000 and issued 500,000 shares of the Company's common stock in November 2010. The Company valued these common shares at the fair market value on the date of grant at $.075 per share or $37,500.

The Company has capitalized the patent license for a total of $196,500 and is amortizing them over the term of this license agreement.

The Company shall also pay minimum annual royalty payments as defined in the license agreement. The royalty is 6% on net sales of the product sold using the technology under these patents. In addition, the Company shall pay sales milestone payments as set forth in this license agreement. The Company may terminate this agreement and the license granted herein, for any reason, upon giving JHU/APL sixty days written notice.

Accrued payable related to this license agreement as of December 31, 2014 and December 31, 2013 amounted to $20,000 and $20,000, respectively.

NOTE 6 – ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

Accounts payable and accrued expenses as of December 31, 2014 and December 31, 2013, consisted of the following:

	December 31, 2014	December 31, 2013
Trade accounts payable and other accrued liabilities	**$ 321,687**	**$ 254,901**

NOTE 7 – CONVERTIBLE NOTES PAYABLE

On May 22, 2008, in connection with the acquisition of Genesis, the Company assumed certain debts from a third party, Corporate Debt Solutions ("Corporate Debt") amounting to $1,049,717. Corporate Debt assumed a total of $1,049,717 of promissory notes issued by two former officers of Genesis and a certain third party. These promissory notes were issued to the Company's subsidiary, Genesis. Immediately following the closing of the acquisition agreement, on May 23, 2008, the Company entered into a settlement agreement with Corporate Debt Solutions ("Corporate Debt"). Pursuant to the settlement agreement, the Company shall issue shares of common stock and deliver to Corporate Debt, to satisfy the principal and interest due and owing through the issuance of freely trading securities of up to 100,000,000 shares. The parties have agreed that Corporate Debt shall have no ownership rights to the Settlement Shares not yet issued until it has affirmed to the Company that it releases the Company for the proportionate amount of claims represented by each issuance. The said requested number of shares of common stock is not to exceed 4.99% of the outstanding stock of the Company at any one time.

In connection with this settlement agreement, the Company recorded and deemed such debt as a convertible liability with a fixed conversion price of $0.01. Accordingly, the Company recognized a total debt discount of $1,049,717 due to a beneficial conversion feature and such debt discount was immediately amortized to interest expense during fiscal year 2008. In June 2008, the Company issued 2,223,456 shares in connection with the conversion of this convertible debt. The fair value of such shares issued amounted to approximately $23,346. Between July 2008 and August 2008, the Company issued 8,995,374 shares in connection with the conversion of this convertible debt. The fair value of such shares issued amounted to approximately $94,452. At December 31, 2014 and December 31 2013, convertible debt amounted to $931,919.

NOTE 8 – SECURED CONVERTIBLE NOTES PAYABLE

In May 2010, the Company issued a 9% Secured Convertible Debenture for $20,000 to Tangiers Investors, LP in connection with the Securities Purchase agreement. This debenture matures on December 23, 2010. The Company did not receive the cash proceeds from such issuance of this debenture and accordingly, the Company recorded deferred financing cost of $20,000 and will be amortized over the term of the note. Such deferred financing cost of $20,000 was included in other current assets. The Company may prepay any portion of the principal amount at 150% of such amount along with the accrued interest. This debenture including interest shall be convertible into shares of the Company's common stock at the lower of $0.01 per share or a price of 70% of the average of the two lowest volume weighted average price determined on the then current trading market for ten trading days prior to conversion at the option of the holder. On August 5, 2010, the Company entered into an amendment agreement with the debenture holder whereby the debenture shall be convertible at a fixed conversion price $0.005 per share. In connection with this convertible debenture, the Company recorded

deferred financing cost of $20,000 and will be amortized over the term of the note. Additionally, in December 2010, the Company issued a 9% Secured Convertible Debenture for $20,000 to Tangiers Investors, LP. This debenture matures on September 15, 2011. The Company may prepay any portion of the principal amount at 150% of such amount along with the accrued interest. This debenture including interest shall be convertible into shares of the Company's common stock at the lower of $0.05 per share or a price of 70% of the average of the two lowest volume weighted average price determined on the then current trading market for ten trading days prior to conversion at the option of the holder. In March 2011, the Company entered into an amendment agreement with the debenture holder whereby this debenture shall be convertible at a fixed conversion price $0.005 per share. In accordance with ASC 470-20-25, the convertible debentures were considered to have an embedded beneficial conversion feature (BCF) because the effective conversion price was less than the fair value of the Company's common stock. These convertible debentures were fully convertible at the issuance date, therefore the portion of proceeds allocated to the convertible debentures of $40,000 was determined to be the value of the beneficial conversion feature and was recorded as a debt discount and is being amortized over the term of this debenture. Additionally, the Company evaluated whether or not the convertible debt contains embedded conversion options, which meet the definition of derivatives under ASC 815-15 "Accounting for Derivative Instruments and Hedging Activities" and related interpretations. The Company concluded that since these convertible debts currently have a fixed conversion price of $0.005, the convertible debts are not considered a derivative. As of December 31, 2013 amortization of debt discount and deferred financing cost amounted to $40,000, respectively, and are included in amortization expense. As of December 31, 2014 and December 31, 2013, note payable and accrued interest on these debentures amounted to $2,400 and $12,631 and $40,000 and $12,034 respectively.

In May 2014, the Company issued a 10% Secured Convertible Debenture for $10,000 to Tangiers Investors, LP in connection with the Securities Purchase agreement. This debenture matures on May 8, 2015. The Company may prepay any portion of the principal amount at 150% of such amount along with the accrued interest. This debenture including interest shall be convertible into shares of the Company's common stock at the a price of 50% of the average of the two lowest trading price determined on the then current trading market for twenty five trading days prior to conversion at the option of the holder. As of December 31, 2014, note payable and accrued interest on this debentures amounted to $10,000 and $915 respectively.

NOTE 9 – CONVERTIBLE NOTES PAYABLE

In January 2011, the Company issued a convertible promissory note amounting to $50,000. The note bears interest at 8% per annum and matures on October 5, 2011. The Company paid deferred financing cost of $3,000 in connection with this note payable and is being amortized over the term of the note. The note is convertible at the option of the holder into shares of common stock beginning on the date which is 180 days after the date of this note, at a conversion price equal to 58% of the average of three lowest trading prices during the 10 trading day period of the Company's common stock prior to the date of conversion.

In February 2011, the Company issued a convertible promissory note amounting to $42,500 with the same terms and conditions of the convertible promissory note issued in January 2011. The Company paid deferred financing cost of $2,500 in connection with this note payable and is being amortized over the term of the note.

In May 2011, the Company issued a convertible promissory note amounting to $20,000 with the same terms and conditions of the convertible promissory note issued in January 2011. The Company paid deferred financing cost of $2,500 in connection with this note payable and is being amortized over the term of the note.

In August 2011, the Company issued a convertible promissory note amounting to $25,000 with the same terms and conditions of the convertible promissory note issued in January 2011. The Company paid deferred financing cost of $2,500 in connection with this note payable and is being amortized over the term of the note.

In October 2011, the Company issued a convertible promissory note amounting to $32,500 with the same terms and conditions of the convertible promissory note issued in January 2011. The Company paid deferred financing cost of $2,500 in connection with this note payable and is being amortized over the term of the note.

In March 2012, the Company issued a convertible promissory note amounting to $10,000 with the same terms and conditions of the convertible promissory note issued in January 2011.

The balance of these notes net of conversions and accrued interest as of December 31, 2014 and December 31, 2013 was $119,860 and $41,039 and $134,360 and $30,361. The convertible notes payable are subordinated obligations of the Company and are unsecured.

During 2013 and 2014 the Company issued various convertible promissory notes to Grand View Capital. These loans bear 8% interest per annum and is payable one year from issue. As of December 31, 2014 and December 31, 2013, note payable and related accrued interest amounted to $55,700 and $3,479 and $12,600 and $399.

During 2014 the Company issued various convertible promissory notes to various parties. As of December 31, 3014, note payable and related accrued interest amounted to $85,000 and $3,209.

NOTE 10 – NOTES PAYABLE

On May 22, 2008, in connection with the acquisition of Genesis, the Company assumed a note payable from a third party. These loans bear 8% interest per annum and is payable on demand. As of December 31, 2014 and December 31, 2013, note payable and related accrued interest amounted to $15,647 and $13,739 and $15,647 and $12,487.

On May 22, 2008, in connection with the acquisition of Genesis, the Company assumed loans payable from certain third parties. These loans bear 8% interest per annum and are payable on demand. As of December 31, 2014 and December 31, 2013, loans payable and related accrued interest amounted to $40,000 and $27,571 and $40,000 and $24,371, respectively.

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NOTE 11 – SHAREHOLDERS' EQUITY

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GENESIS ELECTRONICS GROUP, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT FOR THE NINE MONTHS ENDING DEC 31, 2014						
	Common Stock, $.001 Par Value		Additional			Total
	Number of Shares	Amount	Paid-in Capital	Accumulated Deficit	Subscription Receivable	Stockholders' Deficit
Balance, December 31, 2013	271,618,052	$ 271,618	$ 8,269,326	$ (9,661,301)	$ (14,500)	$ (1,134,857)
Shares issued for services	62,500,000	$ 62,500				62,500
Shares issed through a subscription agreement	21,900,000	$ 21,900	$ 288,600			310,500
Shares issued for acquisition	15,000,000	$ 15,000				15,000
Shares issued for conversion	21,181,818	$ 21,182	$ 33,318			54,500
Net loss for the period				(248,231)	-	(248,231)
Balance, December 31, 2014	392,199,870	$ 392,200	$ 8,591,244	$ (9,909,532)	$ (14,500)	$ (940,588)

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Employment Contract

The Company has no employment contracts.

Employee Retirement Plan

The Company does not offer retirement plans.

Financial Agreements

The Company has no outstanding financial agreements at December 31, 2014.

Other Contractual Obligations

During 2012 the company into subscription agreements. As of December 31, 2014 there are $22,000 worth of subscription agreements where the stock yet to be issued. These have been classified as other current liabilities.

In February 2015 the Company finalized the sub-lease and mining agreement for a 20 acre claim on the property known as “Mav5-E”. Located in the Osceola Mining District in Nevada, White Pine County, approximately 29 miles southeast of Ely, the project consists of 985 acres is divided up in thirteen claims. The Company also has a first right of refusal on an additional 20 acre claim known as “Mav 5-A”. The agreement includes all rights for mining, water permits from the NDEP and the air pollution permits as required. The Geologic Report estimates the value of the reserves of the claim to be from $103 million to $311 million.