

OTC Markets

Alternative Reporting Standard

Consolidated Financial Statements

(unaudited)

For the Quarter ended June 30, 2015

August 14, 2015

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1ST NRG CORP.
BALANCE SHEETS
(Unaudited)

ASSETS	June 30 2015	December 31 2014
Current Assets		
Cash	$ 268,571	$ 514
Accounts receivable	96,007	13
Marketable Securities	7,980	7,980
Notes Recievable	18,400	18,400
Total current assets	390,958	26,907
Property & Equipment		
Oil & gas properties - successful efforts method	2,006,539	2,794,926
Equipment	10,492	18,090
Asset retirement obligation	5,665	6,325
Undeveloped Properties	-	159,721
Total property & equipment	2,022,696	2,979,062
Less accumulated depreciation, depletion & accretion	(73,162)	(71,621)
Net property & equipment	1,949,534	2,907,441
Other Assets		
Deposits	40,000	
Restricted Cash	14,400,762	14,403,762
TOTAL ASSETS	16,781,254	17,338,110
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable	$ 476,368	$ 357,988
Accrued management compensation	3,200,922	3,033,422
Short term loans payable	523,720	523,420
Advances by related parties	106,820	94,170
Current portion of long term debt	3,996,747	3,831,946
Total current liabilities	8,304,576	7,840,946
Long Term Liabilities		
Asset retirement obligation	5,335	5,995
Secured promissory note	-	-
Total long term liabilities	5,335	5,995
Total liabilities	8,309,911	7,846,941
Stockholders Equity (Deficit)		
Preferred stock - 5,000,000 authorized - par value $0.001		
Series A - issuable	449	449
Series B - issuable	30,000	30,000
Series B issued	1	-
Series D - issuable	501	501
Series E - issuable	2	2
Unfilled agreements to issue shares	(949)	(949)
Common Stock - 20,000,000,000 authorized - par value $0.00001		
919,497 Shares issued and outstanding at June 30, 2015 and December 31, 2014.	198,676	198,676
331 Shares to be issued at June 30, 2015 and December 31, 2014.	66	66
Shares reserved for issuance	500	500
Additional paid in capital	20,816,051	20,796,052
Retained earnings (deficit)	(11,534,128)	(10,859,306)
Period net income (loss)	(1,039,827)	(674,822)
Total stockholders' equity (deficit)	8,471,343	9,491,169
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	16,781,254	17,338,110

See notes to the financial statements

1ST NRG CORP.
STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended		Six Months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenues				
Natural Gas Sales	$ 13,725	$ 5,630	$ 15,063	$ 11,770
COPAS Fees	5,112	-	5,112	-
Total revenues	18,837	5,630	20,175	11,770
Costs and Expenses of Operations				
Transportation/gathering	6,135	1,317	6,464	2,629
Lease operating expense	18,757	3,908	19,889	8,083
Production taxes	927	537	1,069	1,144
Total costs and expenses of operations	25,819	5,762	27,422	11,856
Operating Margin	(6,982)	(131)	(7,248)	(86)
Expenses				
Management compensation	83,750	83,750	167,500	148,750
General and administrative	43,616	85,355	70,787	144,212
Total Expenses	127,366	169,105	238,287	292,962
Income (loss) from operations	(134,348)	(169,236)	(245,535)	(293,048)
Other Income (Expense)				
Depreciation, depletion & accretion	(1,242)	(1,514)	(1,541)	(2,836)
Intangible Drilling Costs	(35,820)	(7,721)	(35,334)	(60,496)
Sales of Properties	900,000		924,165	
Cost of Properties Sold	(1,030,812)		(1,030,812)	
Loss of Properties	(479,891)		(479,891)	
Sale of marketable securities		67,306	-	103,688
Interest Expense	(85,439)	(56,664)	(170,879)	(150,457)
Total Other Income (Expense)	(733,204)	1,407	(794,292)	(110,102)
Net Income (Loss)	$ (867,552)	$ (167,829)	$ (1,039,827)	$ (403,150)
Net Income (Loss) Per Common Share	$ (0.943)	$ (0.182)	$ (1.130)	$ (0.438)
Average Number of Shares Outstanding	919,828	919,828	919,828	919,828

See notes to the financial statements

1ST NRG CORP.
STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended	
	June 30 2015	June 30 2014
Cash flow from operating activities		
Net loss	$ (1,039,827)	$ (403,150)
Adjustments to reconcile net income (loss) to net cash from operations		
Depreciation, depletion & accretion expense	1,541	2,836
Loss of Undeveloped Properties	159,721	
Changes in current assets and liabilities		
(Increase) decrease in accounts receivable	(95,994)	-
(Increase) decrease in marketable securities	-	(1,082)
(Increase) decrease in notes receivable	-	(1,100)
Increase (decrease) in accounts payable	118,379	31,760
Increase (decrease) in accrued management compensation	167,500	158,000
Increase (decrease) in short term loans payable	300	3,800
Increase (decrease) in advances by related parties	12,650	(6,045)
Increase (decrease) in current portion of long term debt	164,801	138,763
NET CASH PROVIDED BY OPERATING ACTIVITIES	(510,928)	(76,218)
Investing activities		
Purchase of Properties	-	(20,000)
Deposits Made	(40,000)	-
Asset Retirement	660	660
Restricted Cash	3,000	7,267
NET CASH USED BY INVESTING ACTIVITIES	(36,340)	(12,074)
Financing activities		
Long term note payable	-	-
Net Sales of Properties	795,985	
Asset retirement obligation	(660)	(660)
Series B - issued	20,000	-
Series E - issuable	-	2
Additional paid in capital - Common stock	-	49,750
Retained Earnings	-	(2)
Common stock	-	10,250
NET CASH PROVIDED BY FINANCING ACTIVITIES	815,325	59,340
Change in cash and cash equivalents	268,057	(28,951)
Cash and cash equivalents at the beginning of the period	514	60,325
Cash and cash equivalents at the end of the period	$ 268,571	$ 31,374

See notes to the financial statements

1st NRG Corp.

Notes to the Consolidated Financial Statements

(Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization - The Company is a State of Delaware corporation and its Subsidiary, 1st NRG Wyoming a Wyoming corporation, maintain a December 31 fiscal year end.

Nature of Operations - 1st NRG Corp. (OTCBB: FNRC.PK) is an exploration and production company headquartered in Denver, Colorado. Our activity has been centered upon the development of coal bed methane reserves in Wyoming where we hold a working interest in 43 producing wells and 2,821 undeveloped acres and in Ohio, where we have one well on prospective acreage encompassing approximately 7,000 acres.

In the fourth Quarter of 2014 we became aware of litigation against the Clabaugh Ranch properties brought by the landowner for non-payment of amounts due under the SUA (Surface Use Agreement) and the failure to pay royalties, breeching the terms of the oil and gas leases. A 1st NRG affiliate was named as a defendant in the suits although the alleged non-payments were the responsibility of the past operator, Mountain Hawk Energy and a violation of the terms of the Joint Operating Agreement. The Company made a counter claim against Mountain Hawk for its violation of the Operating Agreement and has applied for a judgment which appoints our newly formed subsidiary, 1st NRG Wyoming, Inc. as operator. 1st NRG Wyoming, Inc. has settled the lawsuits as they pertained to the Company and began to operate the field June 1, 2015 and as a result any references prior to June 2015 refer to pre-consolidation periods. The Company's settlement included new oil and gas leases and a new Surface Use Agreement which will enable the Company to begin operations and increases our net wells from 2.22 to 18.22 and increasing our net acreage position from 690 acres to 1,264 as a result.

Additionally, in March 2015, 1st NRG proposed to restart the Clabaugh Ranch Field and complete the behind pipe CBM reserves in the Cook and Wall coal seams. The operator, Mountain Hawk Energy, did not consent to the proposal and pursuant to the Operating Agreement was deemed to have gone non-consent and thereby relinquished all of its interest in the wells and its share of production until the proceeds of the sale of its share, calculated at the well (after deducting applicable ad valorem, production costs, severance, and excise taxes, royalty, and overriding royalty), equal the total of the following:

> Three hundred percent (300%) of the cost of any newly acquired surface equipment beyond the wellhead connections (including but not limited to stock tanks, separators, treaters, pumping equipment and piping), plus One hundred percent (100%) of their share of the cost of operation of the wells; and
>
> Three hundred percent (300%) of (a) the costs and expenses of restarting and completing the wells, and of (b) that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), which would have been chargeable if Mountain Hawk had participated.

We estimate that the non-consent payout amount for the Mountain Hawk interest to be approximately $3.2 million plus operating costs before a reversion.

Basis of Presentation - The accompanying financial statements were prepared by the Company and include 1st NRG's share of assets, liabilities, income and expenses from the properties in which the Company has a participating working interest, and its subsidiary with which intercompany transactions are recorded. The Company uses the accrual basis of accounting for financial statement purposes. These statements have not been audited.

Basis of Consolidation - The consolidated financial statements include the accounts of the Corporation and its wholly owned controlled subsidiary, 1st NRG Wyoming, Inc. All inter-company transactions, balances, revenue and expenses have been eliminated on consolidation.

Risks and Uncertainties - Historically, oil and natural gas prices have experienced significant fluctuations and natural gas prices have been particularly depressed in recent years. If the Company's assets do not generate income sufficient to meet operating expenses, the Company's perceived market value could adversely be affected. Income from, and the value of, the Company's assets may be adversely affected by the general economic climate, oil & natural gas market conditions such as an oversupply of related assets or a reduction in demand for natural gas or natural gas assets in the areas in which the Company's assets are located, and competition from other energy companies. Revenues from the Company's assets are also affected by such factors as the costs of production and local market conditions.

Cash - Restricted - 1st NRG Corp closed a transaction with nine qualified investors in January 2011, pursuant to which the Investors purchased a private placement of Units consisting of Preferred Shares (convertible into Common Shares) and Warrants to purchase Common Shares. The total Unit purchase was $14,452,014.45 ($16,057.79 per Unit) and $14,400,762 is currently reflected on the Company's Balance Sheet as restricted cash. Under the terms of the Unit Subscription Agreement (USA), the Investor's cash and the Securities purchased (in certificate form) have been deposited in a restricted account with an Intermediary whereby an Account Management Agreement (AMA) between the Investors, the Company and the Intermediary governs the release of funds to the Company from the restricted account. The Investors may NOT request a return of capital without the agreement of 1st NRG and 1st NRG may not request to unwind or alter the transaction without agreement of the Investors. The shares are fully paid and non-assessable.

The funds were to be released to the Company in 36 periodic installments pursuant to the AMA and a schedule approved by the Company and the Investors. Trading volumes at or above a minimum bid price were to release a percentage of each periodic "Breakout" funds to the Company. There are provisions within the agreement which address release of funds to the Company in the event that 1) trading volume is below the minimums, and 2) average bid prices are above or below the minimums. These provisions are in place to ensure the offering goes forward in a smooth and timely manner and all the funds are disbursed to the Company and the shares distributed to the Investors. The Company and the Investors are negotiating changes to the AMA to continue release of funds to the Company given the recent share price, share structure and trading volumes.

Revenue Recognition - The Company recognizes oil and gas revenues for only its ownership percentage of total production under the entitlement method. Purchase, sale and transportation of natural gas are recognized upon completion of the sale and when transported volumes are delivered.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management will provide for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on management's assessment of the current status of individual accounts. Balances that would remain outstanding after management has used reasonable collection efforts would be written off through a charge to the valuation allowance and a credit to trade receivables. Accounts receivable are short-term, non-interest bearing and uncollateralized. The Company did not record any allowance for uncollectable receivables in 2015 or 2014.

Concentrations of Credit Risk - Financial instruments that subject the Company to credit risk consist principally of cash and receivables. Cash balances are maintained in local financial institutions and at times the balances may be in excess of federally insured limits. Management believes the risk of loss to be minimal. Receivables consist primarily of amounts due from Mountain Hawk Energy for natural gas sales under the JOA.

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 certain estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. The Company's significant estimates include estimated life of long lived assets, use of reserves in the estimation of depletion of oil and gas properties and the impairment of oil and gas properties and asset retirement obligations. Mountain Hawk Energy, the previous operator of the Clabaugh Ranch field, has not produced the lease operating statements and revenue statements since April 2014, therefore we have made estimates to the current period based upon prior operating expenses, reported production volumes and published commodity prices to estimate our share of revenues and expenses for the period ended June 30, 2015.

Impairment - Long-lived assets, including oil and gas properties, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected undiscounted future cash flow from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognized and measured using the asset's fair value or discounted cash flows. Management does not believe the oil and gas properties are impaired as of June 30, 2015. No provision for impairment has been previously recorded for proved properties.

Fair Value Measurement and Financial Instruments - The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The fair market value of these financial instruments approximates or is equal to the book value. In 2009, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement and Disclosures* including the application of the statement to non-recurring, non-financial assets and liabilities. The adoption of ASC 820 did not have a material impact on the Company's fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.
Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.

Level 3 - Unobservable inputs based on the Company's own assumptions.

ASC 820 requires the use of observable market date if such data is available without undue cost and effect.

Industry Segment and Geographic Information - The Company operates in one industry segment, the exploration, development, production and sale of natural gas. All of the Company's operations are conducted in the continental United States and consequently, the Company currently reports as a single industry segment.

Earnings per Share - Basic earnings per share ("EPS") is calculated by dividing net income (loss) attributable to common stock by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share incorporates the treasury stock method to measure the dilutive impact of potential common stock equivalents by including the effect of outstanding vested and unvested stock options and unvested stock awards in the average number of common shares outstanding during the period.

The following table shows the calculation of basic and diluted weighted average shares outstanding and EPS for the periods indicated:

	Six Months ended June 30,	
	2015	**2014**
Income (loss) attributable to common stock	**($1,039,827)**	**($403,150)**
Weighted average shares		
Weighted average shares—basic	**919,828**	**919,828**
Earnings (loss) per share - basic	**($1.130)**	**($0.438)**

NOTE 2 - COMMITMENTS AND CONTINGENCIES

Environmental Issues - The Company is engaged in oil and gas exploration and production and may become subject to certain liabilities as they relate to environmental cleanup of well sites or other environmental restoration procedures as they relate to the drilling of oil and gas wells and the operation thereof. In the Company's acquisition of existing or previously drilled well bores, the Company may not be aware of what environmental safeguards were taken at the time such wells were drilled or during such time the wells were operated. Should it be determined that a liability exists with respect to any environmental cleanup or restoration, the liability to cure such a violation could fall upon the Company.

Management believes its properties are operated in conformity with local, state and Federal regulations. No claim has been made, nor is the Company aware of any uninsured liability which the Company may have, as it relates to any environmental cleanup, restoration or the violation of any rules or regulations relating thereto.

Government Regulation - Many aspects of the oil and gas industry are extensively regulated by Federal, state, and local governments in all areas in which the Company has operations. Regulations govern such things as drilling permits, environmental protection and pollution control, spacing of wells, the unitization and pooling of properties, reports concerning operations, royalty rates, and various other matters, including taxation. Oil and gas industry legislation and administrative regulations are periodically changed for a variety of political, economic and other reasons. The Company has not been fined or cited for any violations of governmental regulations that would have a material adverse effect upon the financial condition, capital expenditures, earnings, or competitive position of the Company in the oil and gas industry

Note 3 - PREFERRED STOCK AND STOCKHOLDER'S EQUITY

Preferred Class A - 1st NRG Corp closed a transaction with nine qualified investors in January 2011, pursuant to which the Investors purchased a private placement of Units consisting of Preferred Shares (convertible into Common Shares) and Warrants to purchase Common Shares. The total Unit purchase was $14,452,014.45 ($16,057.79 per Unit) and $14,402,262 is currently reflected on the Company's Balance Sheet as restricted cash. Under the terms of the Unit Subscription Agreement (USA), the Investor's cash and the Securities purchased (in certificate form) have been deposited in a restricted account with an Intermediary whereby an Account Management Agreement (AMA) between the Investors, the Company and the Intermediary governs the release of funds to the Company from the restricted account. The Investors may NOT request a return of capital without the agreement of 1st NRG and 1st NRG may not request to unwind or alter the transaction without agreement of the Investors. The shares are fully paid and non-assessable.

The funds were to be released to the Company in 36 periodic installments pursuant to the AMA and a schedule approved by the Company and the Investors. Trading volumes at or above a minimum bid price will release a percentage of each periodic "Breakout" funds to the Company. There are provisions within the agreement which address release of funds to the Company in the event that 1) trading volume is below the minimums, and 2) average bid prices are above or below the minimums. These provisions are in place to ensure the offering goes forward in a smooth and timely manner and all the funds are disbursed to the Company and the shares distributed to the Investors. The Company and the Investors are negotiating changes to the AMA to continue release of funds to the Company given the recent share price, share structure and trading volumes.

If the Average bid for the Company's Common Stock is less than the bid requirements in any Breakout Period the Company at its sole discretion may utilize a pool of 134,781 Preferred "A" Shares (convertible to 13,478,100 Common) which are available to be deposited with the Intermediary to be held for use as the Pricing Workout Pool, (the "PWP"). The PWP would provide additional shares in the event pricing does not meet the expected levels. The existence of the PWP will allow the offering to proceed in a smooth and timely manner.

An additional 314,488 Series "A" Preferred shares make up the Value Added Model (VAM) for the management team. The VAM will bonus shares on a quarterly basis for performance of corporate valuation. Each series of VAM must be preceded by the fulfillment (Delivery or exercise) of either the completed Breakout for that VAM disbursement period as detailed in the AMA. Such bonus pool will be divided as the Company sees fit, but a complete plan will be approved by the Series "A" Investors.

Series B Issuance- Each Series "B" Preferred converts to common shares at par - $0.00001. Shares of Series B Preferred Stock may not be converted into shares of Common Stock for a period of: a) six (6) months after purchase, if the Company voluntarily or involuntarily files public reports pursuant to Section 12 or 15 of the Securities Exchange Act of 1934; or b) twelve (12) months if the Company does not file such public reports.

The Series B Shares has a face value of $2.50 per share and does not have voting rights. Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any stock ranking junior to the Series B Preferred Stock, the holders of the Series B Preferred Stock shall be entitled to be paid out of the assets of the Corporation an amount equal to $1.00 per share or, in the event of an aggregate subscription by a single subscriber for Series B Preferred Stock in excess of $100,000, $0.997 per share (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) (the "Preference Value"), plus all declared but unpaid dividends, for each share of Series B Preferred Stock held by them. After the payment of the full applicable Preference Value of each share of the Series B Preferred Stock as set forth herein, the remaining assets of the Corporation legally available for distribution, if any, shall be distributed ratably to the holders of the Corporation's Common Stock.

In April 2015, the Company issued 15,000 shares of its preferred series B stock to a non affiliated third party in the State of Florida, in a private transaction. The series B shares are convertible into 1,500,000,000 shares of the Company's common stock. The Company received proceeds of $20,000.

Series D Issuance - As part of the private placement of Series "A' Issuance described above and the AMA agreements the Company issued 500,000 shares of Series "D" Preferred Shares to the Management of the Company. If at least one share of Series D Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series D Preferred Stock at any given time, regardless of their number, shall have voting rights equal to four times the sum of: i) the total number of shares of Common Stock which are issued and outstanding at the time of voting, plus ii) the total number of shares of Series A and Series C Preferred Stocks which are issued and outstanding at the time of voting.

Series E Issuance - The Company declared a special dividend of its Series "E" Preferred Shares to shareholders of record at 4/28/2014 who held at least 100,000 shares of common stock. Each Series "E" Preferred converts to common shares at par - $0.00001. Shares of Series E Preferred Stock may not be converted into shares of Common Stock for a period of: a) six (6) months, if the Company voluntarily or involuntarily files public reports pursuant to Section 12 or 15 of the Securities Exchange Act of 1934; or b) twelve (12) months if the Company does not file such public reports. The Series E Shares have a face value of $2.50 per share and do not have voting rights. At June 30, 2015 there were 183,969 Series "E" Preferred Shares outstanding.

In January and February 2014, the Company issued 51,250 shares of its common stock to a non affiliated third party in the State of Delaware, pursuant to an exemption from registration provided under Rule 504 of the Securities Act of 1933. The Company received proceeds of $60,000.

Effective June 23, 2014 the Company effectuated a reverse stock split comprised of one share of newly issued common stock for each 20,000 shares of common stock held as of the effective date. After the reverse split the Company now has 919,828 common shares outstanding. All quantity references to common shares, both historically and current, have been adjusted to reflect the effect of this action.

Management's Discussion and Analysis of Financial Condition or Plan of Operation

The following discussion and analysis of our financial condition or plan of operation should be read in conjunction with our financial statements and related notes included elsewhere in this report. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution that assumptions, expectations, projections, intentions, or beliefs about future events may, and often do, vary from actual results and the differences can be material. Some of the key factors which could cause actual results to vary from our expectations include changes in commodity prices, the timing of planned capital expenditures, availability of acquisitions, uncertainties in estimating proved reserves and forecasting production results, operational factors affecting the commencement or maintenance of producing wells, the condition of the capital markets generally, as well as our ability to access them and uncertainties regarding environmental regulations or litigation and other legal or regulatory developments affecting our business, as well as those factors discussed below, all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur.

Our Company

1st NRG Corp. (OTCBB: FNRC.PK) is an exploration and production company headquartered in Denver, Colorado. Our activity has been centered upon the development of coal bed methane reserves in Wyoming where through our wholly owned subsidiary operate and hold a working interest in 43 producing wells and 3,018 undeveloped acres. The undeveloped acreage could be permitted for up to 35 additional locations which are characterized by what we believe to be low geologic risk, a repeatable development opportunity and are offsetting wells which all demonstrated developed coal seams in the Schwartz, Anderson, Canyon, Cook and Wall formations.

In 2014 we expanded our activities into a development of acreage in SE Ohio encompassing approximately 7,000 acres. We hold a 35% working interest in a development well where we are proceeding in the completion of the Beekmantown Dolomite. We currently hold 100% of the offset development rights.

Our average net daily production for the quarter ended June 30, 2015 was approximately 85 Mcf/d which represented an increase of 319% from the approximately net 20 Mcf/d for the same period ended June 30, 2014. Clabaugh Ranch resumed operations June 1, 2015, so for the one month of production the Company averaged 285 mcfd. For the quarter ended June 30, 2015 the Company received an average gross price of $ 1.7744 per net mcf, less estimated transportation and production taxes of $0.9129 per net mcf, resulting in an estimated margin before lease operations and depletion of $ 0.8612 per produced net mcf. The Company took over operations of the Clabaugh Ranch Field during the quarter ended June 30, 2015. Restarting the field after being shut in for 5 months resulted in higher than expected lease operating expenses which were $2.4245 per net mcf for the quarter ended June 30, 2015.

CBM – Northern Wyoming

Our current properties are characterized by what we believe to be low geologic risk and repeatable development opportunity. Clabaugh Ranch is about 18 miles northwest of Gillette Wyoming and all of the wells drilled there have encountered developed coal seams in the Schwartz, Anderson, Canyon, Cook and Wall formations. The field now has 43 wells drilled at June 30, 2015 with a success rate of 100%. Our drilling inventory consists of 1 well currently being completed, and 35 future locations, all of which are CBM resource opportunities.

In October 2014 we became aware of litigation against the Clabaugh Ranch properties brought by the landowner for non-payment of amounts due under the Surface Use Agreement (SUA). Subsequently, we were also made aware of a second lawsuit brought by the landowner/royalty owner alleging a breach of the oil and gas lease on the fee minerals at Clabaugh Ranch. The alleged non-payments are the responsibility of the past operator, Mountain Hawk Energy, under the Operating Agreement and as such the Company has made a counter claim against Mountain Hawk for its violation of the Operating Agreement. 1st NRG through its wholly owned subsidiary, 1st NRG Wyoming has settled its portion of the lawsuits and is preparing to operate the field beginning May 2015. The Company's settlement includes new leases and a new Surface Use Agreement which will enable the Company to begin operations in May or June 2015. The Company increases its net wells from 1.22 to 27.95 as a result of its settlement.

In March 2015, 1st NRG proposed to restart the Clabaugh Ranch Field and complete the behind pipe CBM reserves in the Cook and Wall coal seams. Mountain Hawk's did not consent to the proposal where their estimated share of the proposed operations was $1,097,569.74. Pursuant to Article VI (2) of the Operating Agreement Mountain Hawk is deemed to have relinquished all of its interest in the wells and its share of production until the proceeds of the sale of its share, calculated at the well (after deducting applicable ad valorem, production costs, severance, and excise taxes, royalty, and overriding royalty), equal the total of the following:

Three hundred percent (300%) of the cost of any newly acquired surface equipment beyond the wellhead connections (including but not limited to stock tanks, separators, treaters, pumping equipment and piping), plus One hundred percent (100%) of their share of the cost of operation of the wells; and

Three hundred percent (300%) of (a) the costs and expenses of restarting and completing the wells, and of (b) that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), which would have been chargeable if Mountain Hawk had participated.

South Eastern Ohio

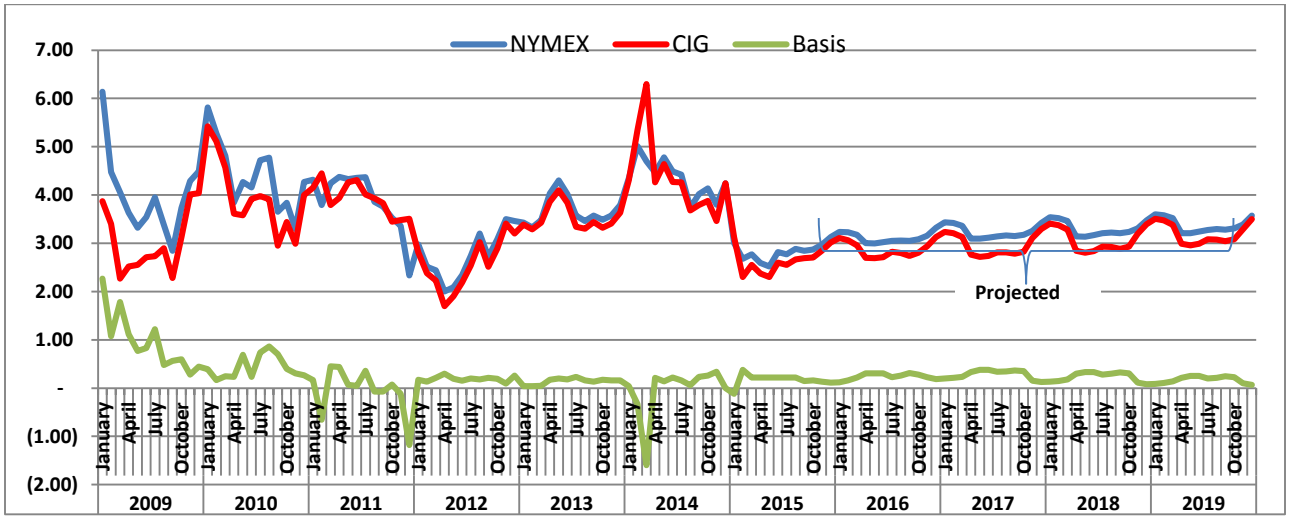
In Ohio, the vertical test well was drilled, logged, cored and cased to a depth of approximately 7,620 feet. Testing of the well, the results of a diagnostic fracture injection test and analysis of the cores, proved inconclusive in the Utica Shale. Because of the inconclusive results and the decline in oil prices, ECA assigned the well back to 1st NRG and its partner. We now hold a 35% working interest in the well and are completing the Beekmantown Dolomite. We expect the well to be put online in August 2015.

Liquidity and Capital Resources

In order to execute its strategy the Company will need external sources of funds as cash flows from operations are not currently sufficient to meet the Company's capital and operational needs. Our capital budget needs are adjusted as business conditions warrant and availability of capital. The amount, timing and allocation of capital expenditures is largely discretionary and within our control. If natural gas decline to levels below our acceptable levels or costs increase to levels above our acceptable levels, we could choose to defer a significant portion of our budgeted capital expenditures until later periods to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flow. We routinely monitor and adjust our capital expenditures in response to changes in prices, availability of financing, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, success or lack of success in drilling activities, contractual obligations, internally generated cash flow and other factors both within and outside our control.

Source of Our Revenues

Currently, our production revenues are entirely generated from the natural gas produced at Clabaugh Ranch. Natural gas prices are inherently volatile and are influenced by many factors outside of our control. Below is a chart of historical and projected natural gas prices for CIG, NYMEX and the CIG basis differential:



Principal Components of Our Cost Structure

- *Transportation expense* - These are the costs incurred to bring the natural gas to the market and include the gathering and compression fees charged by third parties. The first stage of gathering, by Wyoming law, is not a cost that is borne by the royalty and overriding royalty interest owners and is therefore paid by the working interest owners.

- *Lease Operating Expenses* - These are the daily costs of producing, repairs and work over expenses related to our natural gas properties as incurred under terms of the Operating Agreement with Mountain Hawk Energy. Cost levels for

these expenses can vary based on industry drilling and production activity levels and the resulting demand fluctuations for oilfield services.

- *Production taxes* - Production taxes consist of severance and ad valorem taxes and are paid on produced natural gas and oil based on a percentage of market prices (not hedged prices) or at fixed rates established by federal, state or local taxing authorities.

- *Depreciation, depletion and accretion* - This includes the systematic expensing of the capitalized costs incurred to acquire, explore and develop natural gas and oil. As a successful efforts company, we capitalize all costs associated with our acquisition and development efforts and all successful exploration efforts, and allocate these costs to each unit of production using the units of production method.

- *General and administrative expense* - These costs include overhead, excluding payroll and benefits for our corporate staff, costs of maintaining our headquarters, costs of managing our production and development operations, franchise taxes, audit and other professional fees, and legal compliance.

- *Management compensation* - These costs are the current payroll and benefits for our corporate staff which are being accrued.

- *Interest expense* - We have financed a portion of our working capital requirements and acquisitions with borrowings. We also have fixed interest at 14.8% on the Jackson Energy note having a principal balance of $2.7 million. We will likely continue to incur significant interest expense as we continue to grow.

Results of Operations

Three Months Ended June 30, 2015 Compared to the Three Months Ended June 30, 2014

The following table and discussion sets forth selected operating data for the three months ended June 30, 2015 compared to the three months ended June 30, 2014. The driving factor in the increases in revenues and expenses is the change in the Company's asset base – increasing from 1.22 net wells to 18.22 net wells. For comparison purposes, we would note that Clabaugh Ranch only produced in June for the three months ended June 30, 2015.

	Three months ended June 30,			
	2015	**2014**	**Change**	
Revenue				
Natural Gas Sales - Wellhead	13,725	5,630	$ 8,095	143.77%
COPAS Fees	5,112		(5,112)	100.00%
	18,837	5,630	2,983	
Total revenue				
Costs and Expenses				
Transportation - Wellhead	6,135	1,317	4,818	365.87%
Lease operating expenses	18,757	3,908	14,849	379.95%
Production taxes	927	537	391	72.78%
Total Costs and Expenses	25,819	5,762	20,058	348.12%
Operating Margin	(6,982)	(131)	(17,075)	
Other Income (Expense)				
Depreciation, depletion and accretion	(1,242)	(1,514)	272	-17.98%
General and administrative	(43,616)	(85,355)	(41,739)	48.90%
Management salaries	(83,750)	(83,750)	0	0.00%
Intangible drilling costs	(35,820)	(7,721)	28,098	363.90%
Sales of Properties	900,000	0	(900,000)	100.00%
Cost of Properties Sold	(1,030,812)	0	1,030,812	100.00%
Loss of Properties	(479,891)	0	479,891	100.00%
Sale of marketable securities	0	67,306	67,306	100.00%
Interest expense	(85,439)	(56,664)	28,775	50.78%
Total Other Income (Expense)	(860,570)	(167,698)	693,144	413.33%
NET INCOME (LOSS)	$ (867,552)	$ (167,829)	$ 676,069	
Natural gas (Mcf)	7,736	1,847	5,890	318.92%

Daily production (Mcf/d)	85	20	65	318.92%
Average prices:				
Natural gas (per Mcf)	$ 1.7741	$ 3.0488	$ (1.2747)	-41.81%
Average Costs (per Mcf):				
Transportation expense	$ 0.7930	$ 0.7131	$ 0.0799	11.21%
Lease operating expenses	$ 2.4245	$ 2.1162	$ 0.3083	14.57%
Production taxes	$ 0.1199	$ 0.2906	$ (0.1708)	-58.76%
Operating margin (per Mcf)	$ (1.5633)	$ (0.0711)	$ (1.4922)	

Natural gas sales - Revenues from production of natural gas increased from $5,630 for the quarter ended June 30, 2014 to $13,725 for the quarter ended June 30, 2015, an increase of $8,095, or approximately 144%. Our daily net production has increased dramatically by 318.92% from 20 net Mcfd for the quarter ended June 30, 2014 compared to 85 net Mcfd for the corresponding period ended June 30, 2015. Clabaugh Ranch was shut in January 30, 2015 because of the litigation and non-payment of gathering and compression charges by the operator at the time – Mountain Hawk Energy, LLC, and only began producing again in June of 2015.

Lease operating expenses. Lease operating expenses increased $14,849 from the quarter ended June 30, 2014 to $18,757 for the quarter ended June 30, 2015, an increase of approximately 379.95%. Clabaugh Ranch was shut in January 30, 2015 because of the litigation and non-payment of gathering and compression charges by the operator at the time – Mountain Hawk Energy, LLC. The increases expense is directly related to our increased ownership from 1.22 net wells to 18.22 net wells.

Gathering and transportation. Gathering and transportation expense increased $4,818 or approximately 365.87% when comparing the quarter ended June 30, 2014 to $6,135 for the quarter ended June 30, 2015. Clabaugh Ranch was shut in January 30, 2015 because of the litigation and non-payment of gathering and compression charges by the operator at the time – Mountain Hawk Energy, LLC. The increases expense is directly related to our increased net production in the wells from an average of 20 mcfd to an average of 85 mcfd in June of 2015.

Intangible Drilling Costs. IDC's increased $28,098 as the Company has begun completing behind pipe coal seams.

Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014

The following table and discussion sets forth selected operating data for the six months ended June 30, 2015 compared to the six months ended June 30, 2014. The driving factor in the increases in revenues and expenses is the change in the Company's asset base – increasing from 1.22 net wells to 18.22 net wells.

	Six months ended June 30,		Change	
	2015	**2014**		
Revenue				
Natural Gas Sales - Wellhead	15,063	11,770	$ 3,293	27.97%
COPAS Fees	5,112		5,112	100.00%
Total revenue	20,175	11,770	8,405	71.41%
Costs and Expenses				
Transportation - Wellhead	6,464	2,629	3,835	145.88%
Lease operating expenses	19,889	8,083	11,806	146.05%
Production taxes	1,069	1,144	(75)	-6.53%
Total Costs and Expenses	27,422	11,856	15,566	131.29%
Operating Margin	(7,248)	(86)	(7,162)	8329.37%
Other Income (Expense)				
Depreciation, depletion and accretion	(1,541)	(2,836)	(1,295)	-45.66%
General and administrative	(70,787)	(144,212)	(73,425)	-50.91%
Management salaries	(167,500)	(148,750)	18,750	12.61%
Intangible drilling costs	(35,334)	(60,496)	(25,162)	-41.59%
Sales of Properties	924,165	0	(924,165)	100.00%
Cost of Properties Sold	(1,030,812)	0	1,030,812	100.00%
Loss of Properties	(479,891)	0	479,891	100.00%

Sale of marketable securities	0	103,688	103,688	-100.00%
Interest expense	(170,879)	(150,457)	20,421	13.57%
Total Other Income (Expense)	(1,032,579)	(403,064)	630,810	156.50%
NET INCOME (LOSS)	$ (1,039,827)	$ (403,150)	$ 623,649	
Natural gas (Mcf)	8,118	3,191	4,927	154.39%
Daily production (Mcf/d)	45	18	27	155.79%
Average prices:				
Natural gas (per Mcf)	$ 1.8554	$ 3.6881	$ (1.8328)	-49.69%
Average Costs (per Mcf):				
Transportation expense	$ 0.7962	$ 0.8237	$ (0.0275)	-3.34%
Lease operating expenses	$ 2.4499	$ 2.5329	$ (0.0830)	-3.28%
Production taxes	$ 0.1317	$ 0.3584	$ (0.2267)	-63.26%
Operating margin (per Mcf)	$ (1.5224)	$ (0.0269)	$ (1.4955)	

Natural gas sales - Revenues from production of natural gas increased from $11,770 for the six months ended June 30, 2014 to $15,063 for the six months ended June 30, 2015, an increase of $3,293, or approximately 27.97%. Our daily net production has increased by 154.39% from 18 net Mcfd for the six months ended June 30, 2014 compared to 45 net Mcfd for the corresponding period ended June 30, 2015. Clabaugh Ranch was shut in January 30, 2015 because of the litigation and non-payment of gathering and compression charges by the operator at the time – Mountain Hawk Energy, LLC, and only began producing again in June of 2015.

Lease operating expenses. Lease operating expenses increased $8,083 from the six months ended June 30, 2014 to $19,889 for the six months ended June 30, 2015, an increase of approximately 146.05%. Clabaugh Ranch was shut in January 30, 2015 because of the litigation and non-payment of gathering and compression charges by the operator at the time – Mountain Hawk Energy, LLC. The increases expense is directly related to our increased ownership from 1.22 net wells to 18.22 net wells.

Gathering and transportation. Gathering and transportation expense increased $3,835 or approximately 145.88% when comparing the six months ended June 30, 2014 to $6,464 for the six months ended June 30, 2015. Clabaugh Ranch was shut in January 30, 2015 because of the litigation and non-payment of gathering and compression charges by the operator at the time – Mountain Hawk Energy, LLC. The increases expense is directly related to our increased net production in the wells from an average of 18 mcfd to an average of 45 mcfd in June of 2015.

Cash Flow Provided by Operating Activities

Net cash provided (Used) by operating activities was ($510,928) and ($76,218) for the quarter ended June 30, 2015 and 2014, respectively.

Our operating cash flow is sensitive to many variables, the most significant of which is the volatility of prices for natural gas. Prices for these commodities are determined primarily by prevailing market conditions. Regional and worldwide economic activity, weather, infrastructure, and the capacity to reach markets and other variable factors influence market conditions for natural gas. These factors are beyond our control and are difficult to predict.

Cash Flow Used by Investing Activities

For the quarter ended June 30, 2015 and 2014, we had cash provided (Used) by investing activities of ($36,340) and ($12,074), respectively.

Our capital budget needs are adjusted as business conditions warrant and availability of capital. The amount, timing and allocation of capital expenditures is largely discretionary and within our control. If natural gas decline to levels below our acceptable levels or costs increase to levels above our acceptable levels, we could choose to defer a significant portion of our budgeted capital expenditures until later periods to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flow. We routinely monitor and adjust our capital expenditures in response to changes in prices, availability of financing, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, success or lack of success in drilling activities, contractual obligations, internally generated cash flow and other factors both within and outside our control.

Critical Accounting Policies and Estimates

The 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. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our consolidated financial statements. Our more significant accounting policies and estimates include the successful efforts method of accounting for oil and gas production activities, estimates of natural gas and oil reserve quantities and standardized measures of future cash flows, and impairment of unproved properties. We believe these accounting policies reflect our more significant estimates and assumptions used in preparation of our financial statements.

Litigation

In the fourth Quarter of 2014 we became aware of litigation against the Clabaugh Ranch properties brought by the landowner for non-payment of amounts due under the SUA (Surface Use Agreement) and the failure to pay royalties, breeching the terms of the oil and gas leases. A 1st NRG affiliate was named as a defendant in the suits although the alleged non-payments were the responsibility of the past operator, Mountain Hawk Energy and a violation of the terms of the Joint Operating Agreement. The Company made a counter claim against Mountain Hawk for its violation of the Operating Agreement and has received a judgment which appoints our newly formed subsidiary, 1st NRG Wyoming, Inc. as operator. 1st NRG Wyoming, Inc. has settled the lawsuits as they pertained to the Company and began to operate the field June 1, 2015. The Company's settlement included new oil and gas leases and a new Surface Use Agreement which will enable the Company to begin operations and increases our net wells from 2.22 to 18.22 and increasing our net acreage position from 690 acres to 1,264 as a result.

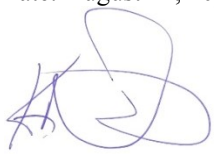
Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements other than operating leases.

Issuer's Certifications

I, Kevin Norris, certify that: 1. I have reviewed this quarterly disclosure statement of 1st NRG Corp.; 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.

Date: August 14, 2015



Kevin Norris
CEO