



PetroSun, Inc. (PSUD)

A Nevada Corporation

Annual Report
Initial Basic Disclosure

Prepared in accordance with
OTC Pink Basic Disclosure Guidelines

For Period ending December 31, 2015

PetroSun, Inc.
2999 North 44th St., Suite 620
Phoenix, Arizona 85018

1) The exact name of the issuer and its predecessor (if any)

The name of the Issuer is PetroSun, Inc. ("PetroSun", the "Issuer", "we", or "Company"). The Company was organized in the state of Nevada on June 20, 2001 as JBO, Inc. On December 1, 2001, JBO, Inc. merged with LeBlanc Petroleum, Incorporated, a private Arizona corporation and changed its name to LeBlanc Petroleum, Incorporated and then on August 31, 2005 changed its name to PetroSun Drilling, Inc. and finally on August 8, 2006 changed its name to PetroSun, Inc..

2) The address of the issuer's principal executive offices

The Issuer's principal executive offices are located at 2999 North 44th Street, Suite 620, Phoenix, AZ 85018. The Issuer's telephone number is 480-425-4290.

3) Security Information

Trading Symbol: PSUD

Exact title and class of securities outstanding: Common

CUSIP: 716766108

Par or Stated Value: \$0.001

Total shares authorized: 250,000,000 as of: December 31, 2015

Total shares outstanding: 240,598,750 as of: December 31, 2015

First American Stock Transfer, Inc.

c/o American Stock Transfer

4747 N. 7th St., Suite 170

Phoenix, AZ 85014

602-485-1346

First American Stock Transfer, Inc. is registered with the Securities and Exchange Commission as a transfer agent pursuant to Section 17A(c) of 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

In October 2014 the Company issued 200,000 shares to James L. Powell, Jr. for services rendered. The shares were issued as restricted securities in an offering exempt from the registration requirements of Section 5 of the Securities Act of 1933 under Section 4(a)(2).

5) Financial Statements

The Issuer has provided the following financial statements for the most recent period ending December 31, 2015 and the fiscal year ending December 31, 2014: balance sheet; statement of income; statement of cash flows; and financial notes. The December 31, 2015 financial statements are included herein as Exhibit 1. The December 31, 2014 financial statements are incorporated by reference herein and were originally posted to otcq.com and are available at the following:

<http://www.otcmq.com/stock/PSUD/filings>

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

PetroSun is a diversified energy Company focused on non-shale, unconventional resources, while utilizing forward-looking technologies.

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

Research and development of enhanced oil recovery technologies

Research and development of solar thermal applications

Research and development of helium processing technologies

B. Date and State (or Jurisdiction) of Incorporation: Incorporated on June 20, 2001 in Nevada.

C. The issuer's primary SIC code is 1311; there is no secondary SIC code.

D. The issuer's fiscal year end date: December 31st

E. Principal products or services, and their markets;

Issuer is presently in the research and development stage regarding products and services and their respective markets for period ending December 31, 2015

7) Describe the Issuer's Facilities

Not applicable.

8) Officers, Directors, and Control Persons

A. Names of Officers, Directors, and Control Persons.

<u>Name</u>	<u>Position</u>	<u>Share Ownership</u>
Gordon LeBlanc, Jr.	CEO, President, and Director	46,091,840

B. Legal/Disciplinary History.

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses)
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
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
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 of the above numbered statements apply to the Company's sole officer and Director.

C. Beneficial Shareholders.

	Name	Amount	Percent
Common Stock	Gordon LeBlanc, Jr.	46,091,840	19.2%
	Victory Mineral Investments LLC Controlled by Carmon Bonanno	20,000,000	8.3%
	Slocum Royalty LLC Controlled by Christopher Slocum and Carmon Bonnano	20,000,000	8.3%
	San Martin Oil LLC Controlled by Cody J. Brown and John Patrick Dougherty	12,500,000	5.2%

9) Third Party Providers

Legal Counsel

The McGeary Law Firm, P.C.
1600 Airport Fwy., Suite 300
Bedford, Texas 76022

Accountant or Auditor

Don D. Meyers
1579 Parkway Court
Saratoga Springs, UT 84045

10) Issuer Certification

I, Gordon LeBlanc, Jr., certify that:

1. I have reviewed this Annual Report and Initial Basic Disclosure statement of PETROSUN, 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.

Date: January 15, 2016

/s/ Gordon LeBlanc, Jr.
Gordon LeBlanc, Jr.

PetroSun, Inc.

Consolidated Balance Sheets
(Unaudited)

	December 31, 2015	December 31, 2014 (Restated)
<u>ASSETS</u>		
Current Assets		
Cash	\$ -	\$ -
Total Current Assets	<u>-</u>	<u>-</u>
Fixed Assets		
Investment in Affiliates	<u>7,150,000</u>	<u>7,150,000</u>
Total Fixed Assets	<u>7,150,000</u>	<u>7,150,000</u>
Total Assets	<u><u>\$ 7,150,000</u></u>	<u><u>\$ 7,150,000</u></u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities		
Accounts Payable	\$ 15,320	\$ 11,570
Accrued Salary	126,090	126,090
Accrued Expenses	2,336	2,336
Notes Payable	105,911	105,911
Related Party Note	<u>209,121</u>	<u>209,121</u>
Total Liabilities	<u>458,778</u>	<u>455,028</u>
Stockholders' Equity		
Common Stock, authorized 250,000,000 shares, par value \$0.001, issued and outstanding on December 31, 2015 and December 31, 2014 is 240,598,750 and 240,598,750 respectively	240,599	240,599
Paid in Capital	20,743,859	20,743,859
Deficit Accumulated During the Development Stage	<u>(14,293,236)</u>	<u>(14,289,486)</u>
Total Stockholders' Equity	<u>6,691,222</u>	<u>6,694,972</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 7,150,000</u></u>	<u><u>\$ 7,150,000</u></u>

The accompanying notes are an integral part of these statements

PetroSun, Inc.

Consolidated Statements of Operations
(Unaudited)

	Year Ended December 31,	
	2015	2014 (Restated)
Revenue		
Oil Revenue	\$ -	\$ -
Operating Expenses		
General and Administrative	-	796
Depreciation and Depletion	-	76
Professional Fees	3,750	8,200
Total Expenses	3,750	9,072
Net Loss from Operations	(3,750)	(9,072)
Other Expenses		
Interest Expense	-	-
Net Loss before Income Tax	(3,750)	(9,072)
Income Tax	-	-
Net Income/(Loss)	\$ (3,750)	\$ (9,072)
Basic and Diluted (Loss) per Share	\$ -	\$ -
Weighted Average Number of Shares	240,598,750	240,448,613

The accompanying notes are an integral part of these notes

PetroSun, Inc.

Consolidated Statement of Stockholders' Equity

(Restated and Unaudited)

Inception June 20, 2001 to December 31, 2015

	<u>Common Stock</u>		<u>Paid in</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Deficit</u>	<u>Equity</u>
Balance, December 31, 2013	240,398,750	\$ 240,399	\$ 23,127,691	\$ (14,280,414)	\$ 9,087,676
Impairment of expired assets			(6,481,500)		(6,481,500)
Contributed capital from debt forgiveness			4,096,268		4,096,268
Common shares issued for services	200,000	200	1,400		1,600
Net Income/(Loss)				(9,072)	(9,072)
Balance, December 31, 2014	240,598,750	240,599	20,743,859	(14,289,486)	6,694,972
Net Income/(Loss)				(3,750)	(3,750)
Balance, December 31, 2015	<u>240,598,750</u>	<u>\$ 240,599</u>	<u>\$ 20,743,859</u>	<u>\$ (14,293,236)</u>	<u>\$ 6,682,150</u>

The accompanying notes are an integral part of these statements

PetroSun, Inc.

Consolidated Statements of Cash Flows
(Unaudited)

	Year Ended December 31,	
	2015	2014 (Restated)
Operating Activities		
Net Income/(Loss)	\$ (3,750)	\$ (9,072)
Adjustments to reconcile Net (Loss) to cash:		
Depreciation	-	76
Common shares issued for services	-	1,600
Changes in Assets and Liabilities		
Increase/(Decrease) in Accounts Payable	3,750	4,500
Net Cash (Used) by Operating Activities	-	(2,896)
Investment Activities		
Purchase of Equipment	-	-
Net Cash (Used) by Investment Activities	-	-
Financing Activities		
Proceeds/(Repayment) from Related Party Loans	-	2,840
Cash Provided by Financing Activities	-	2,840
Net Increase in Cash	-	(56)
Cash, Beginning of Period	-	56
Cash, End of Period	\$ -	\$ -
Supplemental Information:		
Interest Paid	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -
Non-Cash Activities:		
Depreciation	\$ -	\$ 76
Common Stock issued for services		\$ 1,600

The accompanying notes are an integral part of these statements

PetroSun, Inc.
NOTES TO CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
(December 31, 2015 and December 31, 2014 as Restated)

NOTE 1. GENERAL ORGANIZATION AND BUSINESS

PetroSun, Inc. (PetroSun or the Company), was organized in the state of Nevada on June 20, 2001 as JBO, Inc. On December 1, 2001, JBO, Inc. merged with LeBlanc Petroleum, Incorporated, a private Arizona corporation and changed its name to LeBlanc Petroleum, Incorporated and then on August 31, 2005 changed its name to PetroSun Drilling, Inc and finally on August 8, 2006 changed its name to PetroSun, Inc.. The merger was a recapitalization and accounted for as a stock exchange reverse acquisition. PetroSun, Inc. is the surviving legal entity with LeBlanc Petroleum Incorporated, the Arizona corporation, the historical accounting company.

As a result of events beginning September 11, 2001 the company decided during 2002 to discontinue operations and remained dormant until July of 2005 when it began efforts to reestablish itself.

NOTE 2. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The balance sheet presentation herein includes all assets and liabilities at historical cost. The Company has issued stock for the acquisition of rights related to proven and unproven properties and has capitalized those costs at the fair market value of the stock issued at the date of acquisition. Costs of exploration are expensed when incurred. The Company has on occasion issued shares of its common stock in exchange for certain services from the Company's Officers & Directors, business consultants and vendors. The stock has been issued at the fair-valued-based method. The cost of these services has been expensed in the period when the services were performed. No costs of services that were paid with stock have been capitalized.

Accounting Basis

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Fiscal Year

The Company operates on a December 31 fiscal year end.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents include all highly liquid investments with maturity of three months or less.

Revenue Recognition

Revenues from services are recognized when there is persuasive evidence of an arrangement, the fee is fixed or determinable, services have been rendered, payment has been contractually earned and it is reasonably assured that the related receivable or unbilled revenue is collectable.

Advertising

Advertising and marketing costs are expensed as incurred. Marketing expense total zero for the years ended December 31, 2015 and December 31, 2014.

Use of Estimates

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

Fair Value of Financial Instruments

Accounting Standards Codification (“ASC”) 820, Fair Value Measurements and Disclosures, requires disclosing fair value to the extent practicable for financial instruments that are recognized or unrecognized in the balance sheet. Fair value of financial instruments is the amount at which the instruments could be exchanged in a current transaction between willing parties. The Company considers the carrying amounts of cash, certificates of deposit, accounts receivable, accounts payable, notes payable, related party and other payables, customer deposits, and short term loans approximate their fair values because of the short period of time between the origination of such instruments and their expected realization. The Company considers the carrying amount of notes payable to approximate their fair values based on the interest rates of the instruments and the current market rate of interest.

Dividends

The Company has not yet adopted any policy regarding payment of dividends. No dividends have been paid during the periods reported.

Equipment

Drilling Equipment is depreciated using the straight-line method over its estimated useful lives of 7 years according to industry standards applicable in the oil and gas industry, other equipment is depreciated on a straight-line method over 3 years. All equipment was fully depreciated by December 31, 2014.

Earnings (Loss) per Share

The basic earnings (loss) per share is calculated by dividing the Company's net income available to common shareholders by the weighted average number of common shares during the year. The diluted earnings (loss) per share is calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted as of the first of the year for any potentially dilutive debt or equity.

PetroSun has no potentially dilutive securities outstanding at the end of the statement periods. Therefore, the basic and diluted earnings (loss) per share are presented on the face of the statement of operations as the same number.

The Company has not issued any options, warrants or similar securities since inception.

Stock Based Compensation

The Company has on occasion issued equity and equity linked instruments to non-employees in lieu of cash to various vendors for the receipt of goods and services and, in certain circumstances the settlement of short-term loan arrangements. The applicable GAAP establishes that share-based payment transactions with nonemployees shall be measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable.

Income Taxes

The provision for income taxes is the total of the current taxes payable and the net of the change in the deferred income taxes. Provision is made for the deferred income taxes where differences exist between the period in which transactions affect current taxable income and the period in which they enter into the determination of net income in the financial statements.

Risk

The Company is subject to several categories of risk associated with its activities. Mineral exploration and production is a speculative business, and involves a high degree of risk. Among the factors that have a direct bearing on the Company's prospects are uncertainties inherent in estimating mineral deposits, future mining production, and cash flows, particularly with respect to properties that have not been fully proven with economic mineral reserves; access to additional capital; changes in the price of the underlying commodity; availability and cost of services and equipment; and the presence of competitors with greater financial resources and capacity.

Oil Property Costs

Oil property exploration costs are expensed as incurred. Oil property acquisition costs are initially capitalized when incurred. The Company assesses the carrying costs for impairment at each fiscal quarter end. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs then incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitments to plan of action based on the then known facts.

Asset Retirement Obligation

The Company records asset retirement obligations as a liability in the period in which a legal obligation associated with the retirement of tangible long-lived assets result from the acquisition, construction, development and/or normal use of the assets. At September 30, 2015, the Company had not undertaken any drilling activity on its properties and had not incurred significant reclamation obligations. Consequently no asset retirement obligation was accrued in the September 30, 2015 and the December 31, 2014 financial statements.

Impairment of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about future operating performance, and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made. During the period ended December 31, 2015 and the year ended December 31, 2014 impairment was zero and \$6,481,500 respectively.

Recent Accounting Guidance

The Company has evaluated the recent accounting pronouncements through ASU 2015-16 and has applied implementation of ASU 2014-10 by eliminating reference to itself as a development stage entity and inception-to-date reporting. The Company believes that none of the other pronouncements will have a material effect on the company's financial statements.

NOTE 3. GOING CONCERN

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. PetroSun is just beginning the establishment of its sources of revenue. Since its reestablishment in July 2005 the Company has produced limited income and insufficient capital resulting in the impairment of most of its assets and the expiration of all of its mineral leases. This raises substantial doubt about the Company's ability to continue as a going concern. Without realization of additional capital, it would be unlikely for the Company to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty.

Management plans to continue to seek funding from its shareholders and other qualified investors to pursue its business plan. As of the date of these statements the Company has acquired a 50% interest in an oilfield-well service company and has acquired supplies and equipment to establish its own oilfield pipe and supply company with equipment in two locations.

The Company continues to seek opportunities to expand its interest in oil and gas properties, and exploration and production tools and technologies.

NOTE 4. RELATED PARTY TRANSACTIONS

The directors and officers of the Company have other interests in the oil and gas business, which may present conflicts of interest with respect to the activities of the Company. The Chairman/CEO of the Company is involved on a part time basis for his own account as an independent oil and gas producer.

As of August 15, 2014 the Company shares office space with the Chairman/CEO located at 2999 North 44th Street, Suite 620, Phoenix, AZ 85018. At such time that revenues permit, the Company intends to obtain separate office space in the Phoenix, Arizona metropolitan area.

The company has short term, zero interest demand notes payable with a related party who is the CEO of the Company. These borrowings have been principally used to finance the operations of the company. The outstanding balance at December 31, 2015 of related party borrowings is \$209,121.

The Company's employment contract with the CEO provides for accrual of the salary until sufficient cash flow allows payment. Beginning with December 2001 the Company has accrued \$15,000 per month through December 31, 2008 and \$20,000 per month through December 31, 2013 for a total of \$2,475,000. During the fourth quarter of 2014 the CEO agreed to forgive the outstanding accrued salary of \$2,475,000, to forgo his salary during 2014 and will negotiate a new employment contract during 2016. No accruals have been made during 2015.

NOTE 5. FIXED ASSETS

The Company acquired several intangible assets for cash, stock or a combination of both. The Company has valued these assets at the fair value of the common stock issued at the time of the acquisition and evaluates these assets for impairment on an annual basis. A summary of these acquisitions and adjustments for impairment follows:

1. On May 1, 2006 the Company issued 4,000,000 common shares valued at \$1.50 per share or \$6,000,000 to acquire an eighty percent interest in Bobcat Pipe & Supply, Inc. an oil field pipe and supply company.

During the fourth quarter of 2011, the Company agreed to eliminate its 80% interest in its former affiliate Bobcat Pipe and Supply, Inc. for a 50% interest in a new entity which received a transfer of certain assets from Bobcat. The Company determined that it is appropriate to impair 37.5% or \$2,250,000 of its original equity interest in Bobcat as a result.

2. On May 12, 2006 the Company issued 3,200,000 common shares valued at \$1.70 per share or \$5,440,000 to acquire an eighty percent interest in Bengal Drilling, Inc. an oil well drilling contractor.

During the fourth quarter of 2011, the Company agreed to eliminate its 80% interest in its former affiliate Bengal Drilling, Inc. for a 50% interest in a new entity which received a transfer of certain assets from Bengal. The Company determined that it is appropriate to impair 37.5% or \$2,040,000 of its original equity interest in Bengal as a result.

3. On June 28, 2006 the Company issued 4,800,000 common shares valued at \$1.25 per share or \$6,000,000 to acquire algae biofuel technology. During the fourth quarter of 2014 the Company impaired the entire \$6,000,000 for this asset with the termination of the program.
4. On July 17, 2006 the Company issued 250,000 common shares valued at \$1.50 per share or \$375,000 to acquire ETC Energy, LLC, an oil and gas operating company with leasehold interests in the Pinta Dome Field of Apache County, Arizona. With the expiration of the leases during the fourth quarter of 2014 the Company impaired the entire \$375,000.
5. On January 8, 2007 the Company issued 150,000 Common shares valued at \$0.71 per share or \$106,500 to acquire a 100% interest in 1031 Energy, LLC of Denver Colorado which is in the business of placing 1031 tax deferred real estate investors into proven oil and gas properties. During the fourth quarter of 2014 the Company impaired the entire \$106,500 with the dissolution of 1031 Energy, LLC.

The Company has determined that it is inappropriate to provide for additional impairment other than that listed above because the recorded value is lower than or equal to comparable assets held by other companies in the industry.

NOTE 6. NOTES PAYABLE AND CAPITAL LEASE OBLIGATIONS

As of December 31, 2015, the Company has no capital lease obligations. The Company has received operational loans from a related party with a zero interest rate. Notes payable consists of a \$95,300 note that is currently in negotiations for settlement accordingly the Company has discontinued the accrual of interest.

A summary of operational loans and notes payable for the reported periods follows:

	December 31, 2015	December 31, 2014
Operational loans from Related Parties, zero interest	<u>\$ 209,121</u>	<u>\$ 209,121</u>
Convertible Debenture, 4.75% interest, matured 23-Oct-2010	95,300	95,300
Accrued Interest	<u>10,611</u>	<u>10,611</u>
Total Notes Payable	<u>\$ 105,911</u>	<u>\$ 105,911</u>

NOTE 7. STOCKHOLDERS' EQUITY

Common Stock

The Company is authorization to 250,000,000 shares of common stock at a par value of \$0.001 and at December 31, 2013 has 240,398,750 common shares issued and outstanding. During the year ended December 31, 2014 the Company issued 200,000 common shares at \$0.008 per share for consulting services. No additional shares have been issued since.

NOTE 8. PROVISION FOR INCOME TAXES

The Company provides for income taxes under ASC 740 "Income Taxes" which requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect currently.

The standard requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In the Company's opinion, it is uncertain whether they will generate sufficient taxable income in the future to fully utilize the net deferred tax asset. Accordingly, a valuation allowance equal to the deferred tax asset has been recorded. The total deferred tax asset is \$2,125,076 which is calculated by multiplying a 22% estimated tax rate by the cumulative NOL of \$9,661,036. The total valuation allowance is a comparable \$2,125,428.

Details for the period ended December 31, 2015 and the year ended December 31, 2014 follow:

	December 31, 2015	December 31, 2014
Deferred Tax Asset	\$ 825	\$ 1,996
Valuation Allowance	(825)	(1,996)
Current Taxes Payable	-	-
Income Tax Expense	<u>\$ -</u>	<u>\$ -</u>

Below is a chart showing the estimated federal net operating losses and the years in which they expire.

<u>Year</u>	<u>Amount</u>	<u>Expiration</u>
2001	136,240	2021
2002	43,042	2022
2003	184,571	2023
2004	301,347	2024
2005	158,505	2025
2006	1,341,823	2026
2007	1,380,291	2027
2008	3,954,573	2028
2009	585,697	2029
2010	303,281	2030
2011	332,325	2031
2012	285,524	2032
2013	640,995	2033
2014	9,072	2034
2015	3,750	2035
Total	<u>\$ 9,661,036</u>	

NOTE 9. WRITE-OFF OF CERTAIN LIABILITIES

On August 22, 2006, the Company entered in to an agreement with The Independence Bowl Foundation, Inc. to be a co-sponsor of the Independence Bowl. Total sponsorship billings through July 1, 2008 were for \$1,975,000 with total payments made of \$700,000 for the same period leaving a balance of \$1,275,000. The Independence Bowl Foundation was awarded an amended judgment in the amount of \$1,275,000 on June 9, 2009. On February 1, 2011 the Independence Bowl agreed to a Settlement in the amount of \$625,000 with the first payment of \$40,000 made by the Company with the execution of the agreement and monthly payment of \$20,000 to commence on March 15, 2011. The Company made the \$40,000 initial payment but was unable to make any additional payments.

During October 2014 the Company was able to successfully negotiate the satisfaction of its outstanding obligation with the Independence Bowl Foundation, Inc. and on November 7, 2014, the First Judicial District Court, Caddo Parish, Louisiana issued a Satisfaction of Judgment wherein the claimant (The Independence Bowl Foundation, Inc.) agreed to release, acquit and discharge the Company from its obligation to the claimant.

In two separate actions on October 27, 2014, case numbers CV2009-019152 and CV2011-012723, the Maricopa County Superior Court also recorded full satisfaction of the original and amended judgment and the complete release of judgment lien originally in favor of The Independence Bowl Foundation, Inc. Accordingly, during the fourth quarter of 2014 the Company has written-off the previously reported \$1,235,000 accounts payable.

PetroSun, Inc.
Notes to Consolidated Financial Statements Continued

The Company's employment contract with the CEO provides for accrual of the salary until sufficient cash flow allows payment. Beginning with December 2001 the Company has accrued \$15,000 per month through December 31, 2008 and \$20,000 per month through December 31, 2013 for a total of \$2,475,000. The CEO agreed to forgo his salary for the fiscal year 2014 and 2015 and to negotiate a new employment contract on during 2016. On December 6, 2014 the CEO agreed to forgive the Company of the entire \$2,475,000 accrued salary in order to enhance the future growth of the Company. Accordingly, during the fourth quarter of 2014 the Company has written-off the \$2,475,000 accrued salary.

The Company has accrued certain accounts payable over the years for which no demand for payment has been made for over five years. Accordingly the Company has chosen to write-of those obligations in accordance with accepted accounting practices.

A summary of the liabilities written-off to paid-in-capital follows:

	Amount
Release of Judgment	\$ 1,235,000
Accrued Salary	2,475,000
Expired Debt (Over 5 years old)	386,268
Total debt forgiveness	<u>\$ 4,096,268</u>

NOTE 10. RESTATEMENT OF 2014 FINANCIAL STATEMENTS

During the fourth quarter of 2015 the Company discovered that it had not reported the issue of 200,000 common shares for consulting valued at \$1,600 on October 1, 2014. Accordingly the Company has restated the December 31, 2014 financial statements to account for this correction.

A summary of the restated December 31, 2014 statement of operations and balance sheet follows:

	As Reported December 31, 2014	Restated December 31, 2014	Effect of Restatement
Statement of Operations			
Income	\$ -	\$ -	\$ -
Operating Expenses			
General and administrative	872	872	-
Professional fees	6,600	8,200	1,600
Development costs	-	-	-
Total Expenses	<u>7,472</u>	<u>9,072</u>	<u>1,600</u>
Net Loss from Operations	<u>(7,472)</u>	<u>(9,072)</u>	<u>(1,600)</u>

PetroSun, Inc.
Notes to Consolidated Financial Statements Continued

	As Reported December 31, 2014	Restated December 31, 2014	Effect of Restatement
Balance Sheet			
Current Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investment in Affiliates	7,150,000	7,150,000	
Total Assets	<u>\$ 7,150,000</u>	<u>\$ 7,150,000</u>	<u>\$ -</u>
Current Liabilities			
Accounts payable and accrued expenses	\$ 13,906	\$ 13,906	-
Accrued salary	126,090	126,090	
Notes Payable	105,911	105,911	
Operational advances - related party	209,121	209,121	
Total Current Liabilities	<u>455,028</u>	<u>455,028</u>	<u>-</u>
Stockholders' Equity			
Common Stock	240,399	240,599	(200)
Paid in Capital	20,742,459	20,743,859	(1,400)
Accumulated deficit during development stage	<u>(14,287,886)</u>	<u>(14,289,486)</u>	<u>(1,600)</u>
Total stockholders' deficit	<u>6,694,972</u>	<u>6,694,972</u>	<u>-</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 7,150,000</u>	<u>\$ 7,150,000</u>	<u>\$ -</u>