ALASKA PACIFIC ENERGY CORP.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
CONSOLIDATED as of July 31, 2015
(UNAUDITED)

1. Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (USGAAP) and the rules and regulations of the United States Securities and Exchange Commission for unaudited financial information.

Alaska Pacific Energy Corp. (the "Company"), was incorporated under the laws of the State of Nevada on January 13, 2005 and is engaged in the acquisition, exploration and development of resource properties together with various consulting services relating to lease acquisitions.

On January 9, 2013 the Company changed its domicile from Nevada to Florida.

In February of 2014 Alaska Pacific Energy Corp. signed an acquisition agreement to acquire the 100% of the common shares of LiteFog Inc. LiteFog Inc. is an online program that was specifically designed for connecting employment-related services to businesses and individuals. Litefog.com provides innovative services that exceed employers' requirements for the jobs of today and the future. The press release can be read here at www.otciq.com/otciq/member/news?symbol=ASKE. The acquisition was paid in the form of 100 shares of convertible B Anti-Dilutive convertible preferred shares stock to the seller based upon to price per share of $2.50 (the stock) each share I convertible pursuant to restrictions of rule 144 of the securities and exchange act of 1933, into one hundred thousand (100,000) shares of common stock of the company.

The Company is an exploration stage mining company and as such does not manufacture or otherwise create any product or offer services. We are considered an exploration or exploratory stage company as we are involved in the examination and investigation of land that we believe may contain valuable minerals for the purpose of discovering the presence of ore, if any, and its extent. There is no assurance that a commercially viable mineral deposit exits on any of the mining properties we are examining, and a great deal of further investigation will be required before a final evaluation as to the economic and legal feasibility for our future exploration is determined. At this time, we have no known reserves of any type of mineral. From time to time Alaska Pacific Energy Corp. will acquire additional assets that management feels is in the best interest of the company and its shareholders to better diversify the company going forward.

2. Going Concern

The unaudited financial statements, included herein, have been prepared in accordance with USGAAP applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company has minimal revenue sources and is dependent on financing to sustain operations and pay for future commitments related to any mineral options and might not have sufficient working capital for the next twelve months. As shown in the accompanying unaudited financial statements, the Company incurred a net loss of $43,075 for the three months ended July 31, 2015 and has an accumulated deficit of $2,579,993 at July 31,2015. In addition, the Company's current liabilities exceeded its current assets by $537,151 at July 31, 2015. These factors create substantial doubt as to the ability of the Company to continue as a going concern. It should be noted that $30,000 of this net loss is the result of management accepting as a debt to the past CEO Dominick Falso for CEO services provided before he stepped down. Realization values may be substantially different from the carrying values as shown in these financial statements should the Company be unable to continue as a going concern. Management is in the process of identifying sources for additional financing to fund the ongoing development of the Company's business. As a result, the accompanying financial statements include adjustments related to the recoverability and classification of asset carrying amounts but do not include any adjustments related to the classification of liabilities that might result from the outcome of this uncertainty.

2. Going Concern – continued

The Company will require additional funding during the next twelve months to finance the growth of its current operations and achieve its strategic objectives. Management is actively pursuing additional sources of financing sufficient to generate enough cash flow to fund its operations through July31, 2016; however, management cannot grant any assurances that such financing will be secured.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with USGAAP 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and all highly liquid debt instruments purchased with a maturity of three months or less.

Exploration and Development Costs

Exploration costs are charged to operations as incurred When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan, which occurs upon completion of a positive economic analysis of the mineral deposit, the costs subsequently incurred to develop the mine on the property prior to the start of the mining operations are capitalized. Capitalized amounts may be written down if future undiscounted cash flows, including potential sales proceeds, related to mineral property are estimated to be less than the carrying value of the property.

Stock-Based Compensation

In December 2004, the Financial Accounting Standards Board (FASB) issued FASB ASC 718 (Prior authoritative literature: SFAS No. 123R, "Share Based Payment"). FASB ASC 718 establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. FASB ASC 718 focuses primarily on accounting for transaction cost relating to share-based payment transactions be recognized in the financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued.

The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of FASB ASC 505-50 (Prior authoritative literature: EITF 96-18, "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in conjunction with Selling, Goods, Services" and EITF 00-18, "Accounting recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees"). The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement.

3. Summary of Significant Accounting Policies – continued

Stock-based compensation related to non-employee is accounted for based on the fair value of the related stock or options or the fair value of the services, whichever is more readily determinable in accordance with FASB ASC 718.

The Company has elected the modified prospective transition method as permitted by the accounting pronouncement and accordingly prior periods have not been restated to reflect the impact of the accounting pronouncement. The modified prospective transition method requires that stock-based compensation expense be recorded for all new and unvested stock options, restricted stock, restricted stock units, and employee stock purchase plan shares that are ultimately expected to vest as the requisite service. Stock-based compensation expense for awards granted prior to January 1, 2006 is based on the grant date fair-value as determined under the pro forma provisions of previous accounting pronouncement. As the Company incorporated on January 13, 2005 and did not grant any stock options, no pro forma information is provided. Resource property acquisition costs are capitalized until the viability of the mineral interest is determined. Capitalized acquisition costs are expensed in the period in which it is determined that the mineral property has no future economic value.

Resource Properties

Capitalized amounts may be written down if future cash flows, including potential sales proceeds, related to the property are estimated to be less than the carrying value of the property. Management of the Company reviews the carrying value of each resource property interest periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Reductions in the carrying value of each property would be recorded to the extent the carrying value of the investment exceeds the estimated future net cash flows.

In the event that facts and circumstances indicate that the costs of long-lived assets, other than mining properties, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. Impairment of mining properties is evaluated subject to the full cost ceiling as described under Mining Properties.

At January 31, 2014, the Company realized an impairment loss of $12,801 related to the capitalized mining claim costs established as of January 31, 2012. As of July 31, 2015, mining claims amounted to $63,500. The same value of mining claims remained as of April 30, 2015.

Foreign Currency Translation

The Company's former subsidiary functional currency was Canadian dollars. Transactions in other currencies are recorded in Canadian dollars at the rates of exchange prevailing when the transactions occur. Monetary assets and liabilities denominated in other currencies are translated into Canadian dollars at rates of exchange in effect at the balance sheet dates. Exchange gains and losses are recorded in the statements of operations.

At the period end, the subsidiary's assets and liabilities are translated into the U.S. dollars at exchange rates at the balance sheet date, equity accounts are translated at historical exchange rates and revenues and expenses are translated by using the average exchange rates. Accumulated translation adjustments are reported as a separate component of other comprehensive income (loss) in the consolidated statements of stockholders' equity (deficit).

3. Summary of Significant Accounting Policies – continued

Income Taxes

The Company has adopted SC740, "Income Taxes", which requires the Company to recognized deferred tax liabilities and assets for the expected future tax consequence of events that have been recognized in the Company's financial statements or tax returns using the liability method. Under this method, deferred tax liabilities and assets are determined based on the temporary differences between the financial statements and tax bases of assets and liabilities using enacted tax rates in effect in the year in which the differences are expected to reverse.

Fair Value Measurements and Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

The Company's financial instruments include cash and cash equivalents, other receivables, accounts payable and accrued liabilities, due to related party, promissory note payable and accrued interest. Fair values were assumed to approximate carrying values for these financial instruments due to their short-term nature. Management is of the opinion that the Company is not exposed to significant interest, credit or currency risks arising from these financial instruments.

4. Notes Payable

On August 2, 2010, the Company entered into a convertible debenture with Asher Enterprises, Inc. in the amount of $53,000 bearing interest of 8% per annum and was due on April 1, 2011. The note is unsecured and is convertible into the shares of common stock of the Company during the term of the promissory note at the variable conversion price which equals to 58% multiplied by the market price. Market price means the average of the lowest three trading prices for the common stock during the ten trading day period ending one trading day prior to the date of conversion notice.

On December 2, 2010, the Company entered into a second convertible debenture with Asher Enterprises, Inc. in the amount of $25,000 bearing interest of 8% per annum and was due on August 1, 2011. The note is unsecured and is convertible into the shares of common stock of the Company during the term of the promissory note at the variable conversion price which equals to 58% multiplied by the market price. Market price means the average of the lowest three trading price for the common stock during the ten trading day period ending one trading day prior to the date of conversion notice.

The Company is currently in default of these notes and as of January 31, 2015, the current amount due is $78,000 in principal and $25,239 in accrued interest.

Since inception, the Company issued to its former president a total of $391,250 in notes payable for services rendered. The notes are unsecured, bear interest at various rates and are due on demand.

4. Notes Payable – continued

In January 2012, the president agreed to the assignment of $20,000 in principal together with accrued interest thereon to an unrelated third party, Sonny Boyd Williams, LLC, for a purchase price of Two Hundred Dollars ($200).

In September 2012, the president agreed to the assignment of $11,250 in principal together with accrued interest thereon to an unrelated third party, Sonny Boyd Williams, LLC, for a purchase price of One Hundred and Twelve Dollars and Fifty Cents ($112.50).

In September 2012, , the president agreed to the assignment of $49,000 in principal together with accrued interest thereon to an unrelated third party, Sonny Boyd Williams, LLC, for a purchase price of Three Hundred Dollars ($300).

In September 2012, , the president agreed to the assignment of $120,000 in principal together with accrued interest thereon to an unrelated third party, Sonny Boyd Williams, LLC, for a purchase price of Five Hundred Dollars ($500).

In April of 2013, the president agreed to the assignment of $60,000 in principal together with accrued interest thereon to an unrelated third party, Dale Johnson, for a purchase price of Five Hundred Dollars ($500).

In June 2014, Dale Johnson assigned $30,000 in principal together with accrued interest thereon to an unrelated third party, Michael Zoyes, for a purchase price of Seven Hundred and Fifty Dollars ($750).

As a result, the amount due the former president of the Company, not including the assignee listed above at July 31, 2015 is a principal balance of $131,250.00 and accrued interest of $27,963.00.

Also on February 22, 2010 the Company issued a note payable to a private investor in the amount of $5,000. The note is unsecured, bears interest at the rate of 6% per annum and is due on demand. Under the agreement, when demand for payment is presented to the Company, providing 15 clear days notice in writing are given to the Company, the lender has the option to convert this loan outstanding at a deemed price of $0.15 per share of the Company's common shares. The Company received $4,200 (CAD $4,340) from the lender pursuant to the promissory note. On April 22, 2011, the Company received an additional $800 from the lender pursuant to the promissory note.

As a result of the above, as of July 31, 2015, the principal amount due under this note is $5,000 and the accrued interest thereon is $871.00.

Additionally, as stated above, Sonny Boyd Williams LLC (SBW) acquired $200,250 of the debt due from the former president together with the accrued interest thereon. Further, in January, February, March, July and October 2013, SBW loaned the Company an additional $635, $607, $635, $1,497 and $1,100 respectively for general working capital purposes at the interest rate of 12% compounded dailey. As of January 31, 2015 the total principal amount due Sonny Boyd Williams LLC (SBW) was $150,197 with the accrued interest of $26,329.91.

In the first and the last quarters of 2013, SBW converted $7,500 and $21,065 respectively of the above debt, $7500 of which was applied to accrued interest, and $21,065 was applied to the reduction of principle into common stock of the Company. Furthermore, in the first quarter of 2014, SBW converted $14,660 to clear accrued interest in full and partially on the promissory notes from February 01, 2010 and June 01, 2010 respectively and in the 2nd quarter converted $33,535.

As a result of the above, the amount due SBW as of January 31, 2015 is $150,197 in principal and $37,151.00 in accrued interest. Subsequent transactions have not been considered as o July 31, 2015 however as per the Company's Disclosure Document, there have been only minimal transactions from any SBW debt between January 31, 2015 and July 31, 2015. Management intends to update these figures precisely in the 2015 Annual Report.

4. Notes Payable – continued

Also, in January 2013 the Company issued notes payable to private investors in the amount of $3,425. The notes are unsecured, bear interest at the rate of 12% per annum and are due on demand. At January 31, 2015, the principal balance due on these notes amounted to $3,425 and the accrued interest thereon was $1,096.00.

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4. Notes Payable – continued

In addition, during the year of 2013 the Company issued notes payable to another private investor in the amount of $850. The notes are unsecured, bear interest at the rate of 12% per annum and are due on demand. Moreover, this private investor loaned $6,193 for general working capital purposes at no interest. Additional $1,935 was received from the same investor during the first quarter of 2014 at no interest. At July 31, 2015, the principal balance due on these notes amounted to $8,978 and the accrued interest thereon was $909.34.

As a result of the above, the total notes payable and accrued interest reflected in the accompanying financial statements as of January 31, 2015 amounted to $485,280 and $150,000.40, respectively. Management believes these figures to be accurate, subject to verification subsequent to this posting.

The notes are unsecured, due on demand, bear interest at various rates from 8% to 18% per annum and are convertible into common stock of the Company.

5. Capital Stock

The Company has two classes of equity securities: preferred stock at a par value of $0.001 per share and common stock at par value $0.00001 per share.

Common Shares

One class of stock shall be common stock, par value $0.00001, of which the Corporation shall have the authority to issue Fifteen Billion (15,000,000,000) shares.

Preferred Shares

The second class of stock shall be preferred stock, of varying par values, of which the Corporation has the authority to issue 20,000,000 shares; One Million (1,000,000) of which have been designated as Series A Preferred Stock and Ten Million (10,000,000) have been designated as Series B Preferred Stock. No further issuances of any number of Series A Convertible Preferred Stock are allowed without the written consent of the majority of the then issued and outstanding Series A Convertible Preferred Stock. Moreover, Series A Preferred Stock may only be transferred by a Duly Executed Stock Power, signed by the transferring holder; that has a Medallion Guarantee lawfully affixed to it.

The Board of Directors of the Corporation may authorize the issuance from time to time of shares of its stock of any class, whether now or hereafter authorized, or securities convertible into shares of its stock of any class, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable, subject to such restrictions or limitation, if any, as may be set forth in the bylaws of the Corporation ; except that no further issuances of any number of Series A Convertible Preferred Stock shall be allowed without the written consent of the majority of the then issued and outstanding Series A Convertible Preferred Stock.

On December 7, 2012 the Company authorized and issued to a single individual 1,000,000 shares of Series A preferred stock. The Series A preferred stock has a 10,000 to 1 voting right per share on all matters submitted to shareholders for a vote. The individual holding the Series A preferred stock represents a control block.

As of July 31st, 2015 the Company has authorized 1,000,000 shares of Series B preferred stock.

As of July 31, 2015, there is 1 million Series A preferred shares issued and outstanding at a value of $1,000.

As of July 31, 2015, the Company was authorized to issue 15 billion shares of common stock at a par value of $0.0001 and the total issued and outstanding was 2,522,821,063 for a value of $25,228.21.

Issued and Outstanding

From May 1st through July 31st, 2015 the Company issued 0 shares of Restricted Common Stock and 200,000,000 shares of Free Trading Common Stock. in exchange for a reduction of $2,000 correspondingly in outstanding indebtedness.

6. Recent Accounting Pronouncements

The Company has reviewed the implemented and proposed accounting pronouncements issued by the various regulatory authorities as of July 1st, 2015 and has determined that the guidance provided therein is either not applicable to the Company nor will they have a significant impact on the financial statements presented herein.

7. Commitments

As of July 1st, 2015, and as a result of the change in control of the Company in December 2012, the Company has no further commitments or contingencies.

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Management's Discussion and Analysis and Plan of Operation

Forward Looking Statements

The foregoing statements and the following Management's Discussion and Analysis and Plan of Operation and comments included herein may contain "forward looking statements" within the meaning of Rule 175 under the Securities Act of 1933, as amended, and Rule 3b-6 under the Securities Act of 1934, as amended, or may be amended, including statements regarding, among other items, business strategies, continued growth in markets, projections, and anticipated trends in business and the industry in which it operates. The words "believe," "expect," "anticipate," "intends," "forecast," "project," and similar expressions identify forward-looking statements. These forward – looking statements are based largely on expectations and are subject to a number of risks and uncertainties, certain of which are beyond management's control. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward looking statements, including, among other things, reduced or lack of increase in demand for products, competitive pricing pressures, expense management conditions, the successful integration of future acquisitions into the Company's business plan and capital availability. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained herein will in fact transpire or prove to be accurate. We disclaim any intent or obligation to update "forward looking statements.

1. Revenues and Gross Margin

The Company had net revenue of $0.00 for the three months ended July 31, 2015.

2. Operating Expenses

Operating expenses for the 3 months ended July 31, 2015 were $33,518. The increase in these expenses relates primarily to Past CEO Mr. Falso charging his contracted salary to the Company for this period. This is the first time that Mr. Falso has charged his salary to the Company.

Interest

Interest expense for the 3 months ended July 31, 2015 amounted to approximately $16,856.

3. Net Profit/Loss

As a result of the above, the Company had a net loss of $43,075 for the 3 month ended July 31, 2015.

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4. Working Capital

Cash used in operations provided by financing activities for the three months ended July 31, 2015 was $0.

4. Working Capital - continued

For the three months ended July 31, 2015 there was no effect on cash from investment activities.

As a result of the above working capital as of July 31, 2015 amounted to a deficit of $537,158.

5. Subsequent Events

The Company effected a 1 to 2500 reverse split on 12/28/2015

6. By Laws as effective 03/11/2015

BY-LAWS

Alaska Pacific Energy Corp. (The Corporation)

ARTICLE I--Creation of BY-LAWS
The Corporation through its majority stockholder and Board of Directors hereby create and enact Binding By-Laws of the Corporation as follows on March 11, 2015.

ARTICLE II -- OFFICES

Section 1. The registered office of the corporation shall continue to be at:

5405 NW 102nd Ave Suite 209
Sunrise Fl. 33351

The registered agent in charge thereof shall continue to be: Joe Eccles.

Section 2. The corporation may also have offices at such other places as the Board of Directors may from time to time appoint or the business of the corporation may require.

ARTICLE II -- SEAL

Section 1. No Corporate Seal is required. If created, the corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, "State."

ARTICLE III –Classes and Designation of Stock

The Corporation is authorized to issue two classes of stock.

Common Shares
One class of stock shall be common stock, par value $0.00001, of which the Corporation shall have the authority to issue Fifteen Billion (15,000,000,000) shares.

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Preferred Shares

The second class of stock shall be preferred stock, of varying par values, of which the Corporation has the authority to issue 20,000,000 shares; One Million (1,000,000) of which have been designated as Series A Preferred Stock and Ten Million (10,000,000) have been designated as Series B Preferred Stock. No further issuances of any number of Series A Convertible Preferred Stock shall be allowed without the written consent of the majority of the then issued and outstanding Series A Convertible Preferred Stock. Moreover, Series A Preferred Stock may only be transferred by a Duly Executed Stock Power, signed by the transferring holder; that has a Medallion Guarantee lawfully affixed to it.

The Board of Directors of the Corporation may authorize the issuance from time to time of shares of its stock of any class, whether now or hereafter authorized, or securities convertible into shares of its stock of any class, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable, subject to such restrictions or limitation, if any, as may be set forth in the bylaws of the Corporation ; except that no further issuances of any number of Series A Convertible Preferred Stock shall be allowed without the written consent of the majority of the then issued and outstanding Series A Convertible Preferred Stock.

A. Rights and Privileges for Common Shares of Alaska Pacific Energy Corp.

(1) Designation and Rank. The "Common Stock" consists of 15,000,000,000 shares, par valued at $.00001 per share.

(2) Issuance. Shares of Common Stock may only be issued at the direction of a majority vote of the board of Directors, who shall also approve or determine the number of shares issued pursuant to: i) direction from the current holder(s) of Common Stock or ii) issuance(s) affected by virtue of a sale or other assignment of the Common Stock.

(3) Intentionally left blank.

(4) Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the assets of the Corporation available for distribution to its stockholders shall be distributed as follows:

(1) The holders of the Common shall be entitled to receive, after the holders of all classes of Preferred Stock and prior and in preference to any distribution of the assets or surplus funds of the Corporation to any other debt holders or creditors, an amount equal to the 10 day prior closing bid price per share with respect to each share of Common, with respect to the Liquidation date as set forth by the Company or court order.

(2) If upon occurrence of a Liquidation the assets and funds thus distributed among the holders of the Common shall be insufficient to permit the payment to such holders of the full preferential amount, then the entire assets and funds of the Corporation legally available for distribution shall be distributed among the holders of the Common ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

(3) After payment of the full amounts to the holders of Common as set forth above in paragraph (1), any remaining assets of the Corporation shall be distributed pro rata to the holders of the Preferred Stock and Common Stock (in the case of the Preferred Stock, on an "as converted" basis into Common Stock).

(b) For purposes of this Section, and unless a majority of the holders of the Common affirmatively vote or agree by written consent to the contrary, a Liquidation shall be deemed to include (i) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation) and (ii) a sale of all or substantially all of the assets of the Corporation, unless the Corporation's stockholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Corporation's acquisition or sale or otherwise) hold at least fifty percent (50%) of the voting power of the surviving or acquiring entity.

(c) If any of the assets of the Corporation are to be distributed other than in cash under this Section 3, then the board of directors of the Corporation shall promptly engage independent competent appraisers to determine the value of the assets to be distributed to the holders of Preferred Stock or Common Stock. The Corporation shall, upon receipt of such appraiser's valuation, give prompt written notice to each holder of shares of Preferred Stock or Common Stock of the appraiser's valuation.

(5) Voting Rights. The holders of the Common Stock are entitled to notice of any stockholders' meeting and to vote as a single class upon any matter submitted to the stockholders for a vote. If at least one (1) share of Common Stock is issued and outstanding each issued share of Common will have one (1) vote.

(6) Reissuance. No share or shares of Common acquired by the Corporation by reason of conversion or otherwise shall be reissued as Common, and all such shares thereafter shall be returned to the status of undesignated and unissued shares of Common Stock of the Corporation.

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B. Rights and Privileges for Series A Convertible Preferred Shares of Alaska Pacific Energy Corp.

(1) Designation and Rank. The series "Series A Convertible Preferred Stock" consists of One Million (1,000,000) shares, par valued at $.00001 per share. The Series A Convertible Preferred shall be senior to the common stock.
(2) Issuance. Shares of Series A Convertible Preferred Stock may only be issued at the direction of a majority vote of the board of Directors, who shall also approve or determine the number of shares issued pursuant to: i) direction from the current holder(s) of Series A Convertible Preferred Stock or ii) issuance(s) affected by virtue of a sale or other assignment of the Series A Convertible Preferred Stock; subject to Paragraph Six (6) below. No further issuances of any number of Series A Convertible Preferred Stock shall be allowed without the written consent of the majority of the then issued and outstanding Series A Convertible Preferred Stock.
(3) Conversion into Common Stock.
(a) Right to Convert.

Each share of Series A Convertible Preferred Stock that is issued and outstanding can be converted into one (1) share of common stock of the corporation pursuant to the restrictions of law.
(b) Intentionally left blank.

(c) Mechanics of Conversion. Before any holder shall be entitled to convert, the holder shall surrender the certificate or certificates representing Series A Convertible Preferred Stock to be converted, duly endorsed or accompanied by proper instruments of transfer, at the office of the Corporation or its transfer agent, and shall give written notice to the Corporation at such office that the holder elects to convert the same. The Corporation shall, as soon as practicable after delivery of such certificates, or such agreement and indemnification in the case of a lost, stolen or destroyed certificate, issue and deliver to such holder of Series A Convertible Preferred a certificate or certificates for the number of shares of Common Stock to which such holder is entitled as aforesaid.
(d) Adjustments to Conversion Ratio. - Merger or Reorganization. In case of any consolidation or merger of the Corporation as a result of which holders of Common Stock become entitled to receive other stock or securities or property, or in case of any conveyance of all or substantially all of the assets of the Corporation to another corporation, the Corporation shall mail to each holder of Series A Convertible Preferred at least thirty (30) days prior to the consummation of such event a notice thereof, and each such holder shall have the option to either (i) convert such holder's shares of Series A Convertible Preferred into shares of Common Stock pursuant to this Section and thereafter receive the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such Series A Convertible Preferred would have been entitled upon such consolidation, merger or conveyance, or (ii) exercise such holder's rights. The Conversion Ratio shall not be affected by a stock dividend or subdivision (stock split) on the Common Stock of the Corporation, or a stock combination (reverse stock split) or stock consolidation by reseriesification of the Common Stock.
(e) No Impairment. The Corporation will not, by amendment of its Articles of Incorporation, this Certificate of Designation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Convertible Preferred against impairment.
(f) Common Stock Reserved. The Corporation shall reserve and keep available out of its authorized but unissued Common Stock a number of shares of Common Stock, that in their best estimate, as shall from time to time be sufficient to effect conversion of the Series A Convertible Preferred, and the Corporation shall increase its authorized Common Stock within 400 days of the date in which its reserves become insufficient for conversion.
(4) Liquidation Preference.
(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the assets of the Corporation available for distribution to its stockholders shall be distributed as follows:
(1) The holders of the Series A Convertible Preferred shall be entitled to receive, prior to the holders of Common Stock and prior and in preference to any distribution of the assets or surplus funds of the Corporation to the holders of any other shares of stock of the corporation by reason of their ownership of such stock, an amount equal to $1.00 per share with respect to each share of Series A Convertible Preferred.
(2) If upon occurrence of a Liquidation the assets and funds thus distributed among the holders of the Series A Convertible Preferred shall be insufficient to permit the payment to such holders of the full preferential amount, then the entire assets and funds of the Corporation legally available for distribution shall be distributed among the holders of the Series A Convertible Preferred ratably in proportion to the full amounts to which they would otherwise be respectively entitled.
(3) After payment of the full amounts to the holders of Series A Convertible Preferred as set forth above in paragraph (1), any remaining assets of the Corporation shall be distributed pro rata to the holders of the Preferred Stock and Common Stock (in the case of the Preferred Stock, on an "as converted" basis into Common Stock).

(b) For purposes of this Section 3, and unless a majority of the holders of the Series A Convertible Preferred affirmatively vote or agree by written consent to the contrary, a Liquidation shall be deemed to include (i) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation) and (ii) a sale of all or substantially all of the assets of the Corporation, unless the Corporation's stockholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Corporation's acquisition or sale or otherwise) hold at least fifty percent (50%) of the voting power of the surviving or acquiring entity.
(c) If any of the assets of the Corporation are to be distributed other than in cash under this Section 3, then the board of directors of the Corporation shall promptly engage independent competent appraisers to determine the value of the assets to be distributed to the holders of Preferred Stock or Common Stock. The Corporation shall, upon receipt of such appraiser's valuation, give prompt written notice to each holder of shares of Preferred Stock or Common Stock of the appraiser's valuation.
(5) Voting Rights. The holders of the Series A Convertible Preferred Stock are entitled to notice of any stockholders' meeting and to vote as a single class upon any matter submitted to the stockholders for a vote as follows:
a) Right to Vote; Voting Ratio. Each Share of Series A Convertible Preferred Stock shall entitle the holder thereof to participate in shareholder meetings; to cast ten thousand (10,000) votes per share with respect to any matter whatsoever, specifically including but limited to any matter that any other class of stock is entitled to vote on.
(6) Reissuance. No share or shares of Series A Convertible Preferred acquired by the Corporation by reason of conversion or otherwise shall be reissued as Series A Convertible Preferred, and all such shares thereafter shall be returned to the status of undesignated and unissued shares of Series A Preferred Stock of the Corporation. Moreover, no further issuances of any number of Series A Convertible Preferred Stock shall be allowed without the written consent of the majority of the then issued and outstanding Series A Convertible Preferred Stock. Series A Preferred Stock may only be transferred by a Duly Executed Stock Power signed by the transferring Holder, that has a Medallion Guarantee lawfully affixed to it.

C. Rights and Privileges for Series B Convertible Preferred Shares of Alaska Pacific Energy Corp.

(1) Designation and Rank. The series "Series B Convertible Preferred Stock" consists of 10,000,000 shares, par valued at $.00001 per share with a price of $2.50 per share. The Series B Convertible Preferred shall be senior to the common stock.
(2) Issuance. Shares of Series B Convertible Preferred Stock may only be issued at the direction of a majority vote of the board of Directors, who shall also approve or determine the number of shares issued pursuant to: i) direction from the current holder(s) of Series B Convertible Preferred Stock or ii) issuance(s) affected by virtue of a sale or other assignment of the Series B Convertible Preferred Stock.
(3) Conversion into Common Stock.
(a) Right to Convert/Conversion Ratio. If at least one (1) share of Series B Convertible Preferred Stock is issued and outstanding, then each issued shares of Series B Convertible Preferred Stock at any given time, regardless of their number, shall be convertible into the shares of Common Stock of the Corporation. Said conversion will occur at a ratio of two hundred and fifty thousand (250,000) shares of common stock being issued for every one (1) share of Series B Convertible Preferred Stock. Hence, each individual share of Series B Convertible Preferred Stock shall be convertible into two hundred and fifty thousand (250,000) of shares of Common Stock.
(c) Mechanics of Conversion. Before any holder shall be entitled to convert, the holder shall surrender the certificate or certificates representing Series B Convertible Preferred Stock to be converted, duly endorsed or accompanied by proper instruments of transfer, at the office of the Corporation or its transfer agent, and shall give written notice to the Corporation at such office that the holder elects to convert the same. The Corporation shall, as soon as practicable after delivery of such certificates, or such agreement and indemnification in the case of a lost, stolen or destroyed certificate, issue and deliver to such holder of Series B Convertible Preferred a certificate or certificates for the number of shares of Common Stock to which such holder is entitled as aforesaid.

(d) Adjustments to Conversion Ratio. - Merger or Reorganization. In case of any consolidation or merger of the Corporation as a result of which holders of Common Stock become entitled to receive other stock or securities or property, or in case of any conveyance of all or substantially all of the assets of the Corporation to another corporation, the Corporation shall mail to each holder of Series B Convertible Preferred at least thirty (30) days prior to the consummation of such event a notice thereof, and each such holder shall have the option to either (i) convert such holder's shares of Series B Convertible Preferred into shares of Common Stock pursuant to this Section and thereafter receive.

The number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such Series B Convertible Preferred would have been entitled upon such consolidation, merger or conveyance, or (ii) exercise such holder's rights. The Conversion Ratio shall not be affected by a stock dividend or subdivision (stock split) on the Common Stock of the Corporation, or a stock combination (reverse stock split) or stock consolidation by reseriesification of the Common Stock.

(e) No Impairment. The Corporation will not, by amendment of its Articles of Incorporation, this Certificate of Designation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series B Convertible Preferred against impairment.

(f) Common Stock Reserved. The Corporation shall reserve and keep available out of its authorized but unissued Common Stock a number of shares of Common Stock, that in their best estimate, as shall from time to time be sufficient to effect conversion of the Series B Convertible Preferred, and the Corporation shall increase its authorized Common Stock within 400 days of the date in which its reserves become insufficient for conversion.

(4) Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the assets of the Corporation available for distribution to its stockholders shall be distributed as follows:

(1) The holders of the Series B Convertible Preferred shall be entitled to receive, prior to the holders of Common Stock and prior and in preference to any distribution of the assets or surplus funds of the Corporation to the holders of any other shares of stock of the corporation by reason of their ownership of such stock, an amount equal to $1.00 per share with respect to each share of Series B Convertible Preferred.

(2) If upon occurrence of a Liquidation the assets and funds thus distributed among the holders of the Series B Convertible Preferred shall be insufficient to permit the payment to such holders of the full preferential amount, then the entire assets and funds of the Corporation legally available for distribution shall be distributed among the holders of the Series B Convertible Preferred ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

(3) After payment of the full amounts to the holders of Series B Convertible Preferred as set forth above in paragraph (1), any remaining assets of the Corporation shall be distributed pro rata to the holders of the Preferred Stock and Common Stock (in the case of the Preferred Stock, on an "as converted" basis into Common Stock).

(b) For purposes of this Section 3, and unless a majority of the holders of the Series B Convertible Preferred affirmatively vote or agree by written consent to the contrary, a Liquidation shall be deemed to include (i) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation) and (ii) a sale of all or substantially all of the assets of the Corporation, unless the Corporation's stockholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Corporation's acquisition or sale or otherwise) hold at least fifty percent (50%) of the voting power of the surviving or acquiring entity.

(c) If any of the assets of the Corporation are to be distributed other than in cash under this Section 3, then the board of directors of the Corporation shall promptly engage independent competent appraisers to determine the value of the assets to be distributed to the holders of Preferred Stock or Common Stock. The Corporation shall, upon receipt of such appraiser's valuation, give prompt written notice to each holder of shares of Preferred Stock or Common Stock of the appraiser's valuation.

(5) Voting Rights. The holders of the Series B Convertible Preferred Stock are entitled to notice of any stockholders' meeting and to vote as a single class upon any matter submitted to the stockholders for a vote. If at least one (1) share of Series B Convertible Preferred Stock is issued and outstanding each issued share of Series B Convertible Preferred will have ten (10) votes.

(6) Reissuance. No share or shares of Series B Convertible Preferred acquired by the Corporation by reason of conversion or otherwise shall be reissued as Series B Convertible Preferred, and all such shares thereafter shall be returned to the status of undesignated and unissued shares of Series B Convertible Preferred Stock of the Corporation.

D. Price of Shares.

The price of each share of any series of Preferred Stock may be changed either through a majority vote of the Board of Directors through a resolution at a meeting of the Board, or through a resolution passed at an Action Without Meeting of the unanimous Board, until such time as a listed secondary and/or listed public market develops for the shares.

E. LOCK-UP RESTRICTIONS ON CONVERSION. Shares of any Series of 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.

ARTICLE IV -- STOCKHOLDERS' MEETINGS

Section 1 Meetings of stockholders shall be held at the registered office of the corporation in this state or at such place, either within or without this state, as may be selected from time to time by the Board of Directors. If a voting majority indicates intent to attend, no other stock holders need to be notified.

Section 2. Annual Meetings: Annual Meetings of the Stockholders are not required but may be called from time to time by the Board of Directors or the Majority Stockholder. If a voting majority indicates intent to attend, no other stock holders need to be notified.

Section 3. Election of Directors: Elections of the directors of the corporation shall be by written ballot followed by a Stock Holders' resolution.

Section 4. Special Meetings: Special meetings of the stockholders may be called at any time by the Chairman, or the Board of Directors, or stockholders entitled to cast at least one-fifth of the votes which all stockholders are entitled to cast at the particular meeting. At any time, upon written request of any person or persons who have duly called a special meeting, it shall be the duty of the Secretary to fix the date of the meeting, to be held not more than sixty days after receipt of the request, and to give due notice thereof. If the Secretary shall neglect or refuse to fix the date of the meeting and give notice thereof, the person or persons calling the meeting may do so.

Business transacted at all special meetings shall be confined to the objects stated in the call and matters germane thereto, unless all stockholders entitled to vote are present and consent. If a voting majority indicates intent to attend, no other stock holders need to be notified or in attendance.

Written notice of a special meeting of stockholders stating the time and place and object thereof, shall be given to each stockholder entitled to vote thereat at least 30 days before such meeting, unless a greater period of notice is required by statute in a particular case. If a voting majority indicates intent to attend, no other stock holders need to be notified.

Section 5. Quorum: A majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders. If less than a majority of the outstanding shares entitled to vote is represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice.

Section 6. Proxies: Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally. All proxies shall be filed with the Secretary of the meeting before being voted upon.

Section 7. Notice of Meetings: Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, written notice of any meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. If a voting majority indicates intent to attend, no other stock holders need to be notified.

Section 8. Consent in Lieu of Meetings: Any action required to be taken at any annual or special meeting of stockholders or a corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Section 9 List of Stockholders: The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. No share of stock upon which any installment is due and unpaid shall be voted at any meeting. The list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The requirement of the assemblage of herein said list of stockholders may be waived by a majority vote of the Board of Directors.

ARTICLE V -- DIRECTORS

Section 1. The business and affairs of this corporation shall be managed by its Board of Directors, at least one in number. The directors need not be residents of this state or stockholders in the corporation. They shall be elected by the stockholders at the annual meeting of stockholders of the corporation, and each director shall be elected on a perpetual basis until his successor shall be elected and shall qualify or until his earlier resignation or removal.

Section 2. Regular Meetings: Regular meetings of the Board shall be held without notice, at least quarterly, at the registered office of the corporation, or at such other time and place as shall be determined by the Board.

Section 3. Special Meetings: Special Meetings of the Board may be called by the Chairman or Sole Director on 2 days notice to each director, either personally or by mail, fax or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of a majority of the directors in office.

Section 4. Quorum: A majority of the total number of directors shall constitute a quorum for the transaction of business.

Section 5. Consent in Lieu of Meeting: Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if a majority of all members of the Board of committee, as the case may be, consent thereto in writing, and the writing or writings are filed and kept with the Corporate Books. The Board of Directors may hold its meetings, and have an office or offices, outside of this state.

Section 6. Conference Telephone: One or more directors may participate in a meeting of the Board or a committee of the Board or of the stockholders, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other; participation in this manner shall constitute presence in person at such meeting.

Section 7. Compensation Directors as such, shall not receive any stated salary for their services, but by resolution of the Board, a fixed sum and expenses of attendance at each regular or special meeting of the Board PROVIDED, that nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefore. Directors may be compensated by issuance of Common Stock as agreed upon by a majority of the Stock Holders.

Section 8. Removal: Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors or at any other meeting at which stockholders may vote.

ARTICLE VI -- OFFICERS

Section 1. The executive officers of the corporation shall be chosen by the directors and shall be a CEO, President, Secretary and Chief Financial Officer. The Board of Directors may also choose a one or more Vice Presidents and such other officers as it shall deem necessary. Any number of offices may be held by the same person. There is only One Officer required to hold office. If there is only one Officer, said Officer may conduct the business of any office.

Section 2. Salaries: Salaries of all officers and agents of the corporation shall be fixed by the Board of Directors and shall be paid by cash or stock or accrued.

Section 3. Term of Office: The officers of the corporation shall hold office perpetually and until their successors are chosen and have qualified. Any officer or agent elected or appointed by the Board may be removed by the Board of Directors or the Majority of Stockholders, whenever in their judgment the best interest of the corporation will be served thereby.

Section 4. Chairman: The Chairman shall preside at all meetings of the stockholders and directors; he shall see that all orders and resolutions of the Board are carried into effect, subject, however, to the right of the directors to delegate any specific powers, except such as may be by statute exclusively conferred on the Chairman, to any other officer or officers of the corporation. He shall execute bonds, mortgages and other contracts requiring a seal, with or without the seal of the corporation. The Chairman or his designee may execute bonds, mortgages, debt conversions on an instant basis. The Chairman or his designee may execute debt conversions on an irrevocable basis so as to eliminate the need for the Company to approve or ratify any such future debt conversion. He shall be EX- OFFICIO a member of all committees. In the Absence of a Chairman, if there is a Sole Director, the Sole Director has the powers and authorities herein given to the Chairman or his designee and may execute instrument and documents accordingly; in the absence of a Sole Director, the Majority of the Directors or a Majority Stock Holder has the Chairman or his designee has the powers and authorities herein given to the Chairman or his designee and may execute instrument and documents accordingly.

Section 5. President: The President shall attend all sessions of the Board. Absent a titled CEO,the President shall be the chief executive officer of the corporation; he shall have general and active management of the business of the corporation, subject, however, to the right of the directors to delegate any specific powers, except such as may be by statute exclusively conferred on the President, to any other officer or officers of the corporation. He shall have the general power and duties of supervision and management usually vested in the office of President of a corporation.

Section 6. Secretary: The Secretary shall attend all sessions of the Board and all meetings at the stockholders and act as clerk thereof, and record all the votes of the corporation and the minutes of all its transactions in a book to be kept for that purpose, and shall perform like duties for all committees of the Board of Directors when required. He shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, and under whose supervision he shall be. He shall keep in safe custody the corporate seal of the corporation, and when authorized by the Board, affix the same to any instrument requiring it. Absent a Secretary, the CEO shall perform the duties of the Secretary.

Section 6. Chief Financial Officer: The Chief Financial Officer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall keep the moneys of the corporation in separate account to the credit of the corporation. He shall disburse the funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Chief Financial Officer and of the financial condition of the corporation. Absent a titled CFO, the CEO shall perform the duties of the Chief Financial Officer.

ARTICLE VII -- VACANCIES

Section 1. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise, shall be filled by the CEO. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although not less than a quorum, or by a sole remaining director. If at any time, by reason of death or resignation or other cause, the corporation should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of stockholder, may call a special meeting of stockholders in accordance with the provisions of these By- Laws.

Section 2. Resignations Effective at Future Date: When one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective. Said filling of vacancies must be approved by the Majority Shareholder.

ARTICLE VIII -- CORPORATE RECORDS

Section 1. Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the corporation's stock ledger, a list of its stockholders, and its other books and records, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder.

The demand under oath shall be directed to the corporation at its registered office in this state or at its principal place of business.

ARTICLE IX -- STOCK CERTIFICATES, DIVIDENDS, ETC.

Section 1. The stock certificates of Common Shares of the corporation shall be numbered and registered in the share ledger and transfer books of the corporation as they are issued. They shall bear the corporate seal and shall be signed by the President. Said Common Stock certificates will be issued by the Corporation's Transfer Agent. There is no requirement for any class of Preferred Stock to be represented by Certificate. Any issuance of any Preferred Stock may be indicated and authorized by a Resolution of the Board of Directors except that in accordance with the Articles of the Corporation, No share or shares of Series A Convertible Preferred acquired by the Corporation by reason of conversion or otherwise shall be reissued as Series A Convertible Preferred, and all such shares thereafter shall be returned to the status of undesignated and unissued shares of Series A Preferred Stock of the Corporation. Moreover, no further issuances of any number of Series A Convertible Preferred Stock shall be allowed without the written consent of the majority of the then issued and outstanding Series A Convertible Preferred Stock. Moreover, Series A Preferred Stock may only be transferred by a Duly Executed Stock Power that has a Medallion Guarantee lawfully affixed to it.

Section 2. Transfers: Transfers of shares shall be made on the books of the corporation upon surrender of the certificates or resolutions therefor, endorsed by the person named in the certificate or by attorney, lawfully constituted in writing. No transfer shall be made which is inconsistent with law.

Section 3. Lost Certificate: The corporation may issue a new certificate of stock in the place of any certificate theretofore signed by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, 'theft or destruction of any such certificate or the issuance of such new certificate.

Section 4. Record Date: In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or the express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

If no record date is fixed:

(a) The record date for determining stockholders entitled to notice of or to vote at a meeting of stock- holders shall be at the close of business on the day next preceding the day on which notice is given,--or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(b) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed.

(c) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

(d) A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 5. Dividends: The Board of Directors may declare and pay dividends upon the outstanding shares of the corporation from time to time and to such extent as they deem advisable, in the manner and upon the terms and conditions provided by the statute and the Certificate of Incorporation.

Section 6. Reserves: Before payment of any dividend there may be set aside out of the net profits of the corporation such sum or sums as the directors, from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interests of the corporation, and the directors may abolish any such reserve in the manner in which it was created.

ARTICLE X -- MISCELLANEOUS PROVISIONS

Section 1. Checks: All checks or demands for money and notes of the corporation shall be signed by such officer or officers as the Board of Directors may from time to time designate.

Section 2. Fiscal Year: The fiscal year shall begin on the first day of January.

Section 3. Notice: Whenever written notice is required to be given to any person, it may be given to such person, either personally or by sending a copy thereof through the mail, by fax, or by telegram, charges prepaid, to his address appearing on the books of the corporation, or supplied by him to the corporation for the purpose of notice. If the notice is sent by mail, fax or by telegraph, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail, faxed or with a telegraph office for transmission to such person. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting of stockholders, the general nature of the business to be transacted.

Section 4. Waiver of Notice: Whenever any written notice is required by statute, or by the Certificate or the By-Laws of this corporation a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting of stockholders, neither the business to be transacted at nor the purpose of the meeting need be specified in the waiver of notice of such meeting. Attendance of a person either in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 5. Disallowed Compensation: Any payments made to an officer or employee of the corporation such as a salary, commission, bonus, interest, rent, travel or entertainment expense incurred by him, which shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service, shall be reimbursed by such officer or employee to the corporation to the full extent of such disallowance. It shall be the duty of the directors, as a Board, to enforce payment of each such amount disallowed. In lieu of payment by the officer or employee, subject to the determination of the directors, proportionate amounts may be withheld from his future compensation payments until the amount owed to the corporation has been recovered.

Section 6. Resignations: Any director or other officer may resign at anytime, such resignation to be in writing, and to take effect from the time of its receipt by the corporation, unless some time be fixed in the resignation and then from that date. The acceptance of a resignation shall not be required to make it effective.

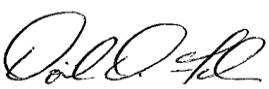
ARTICLE XI -- ANNUAL STATEMENT

Section 1. The President and Board of Directors shall present at each annual meeting a full and complete statement of the business and affairs of the corporation for the preceding year. Such statement shall be prepared and presented in whatever manner the Board of Directors shall deem advisable and need not be verified by a certified public accountant.

ARTICLE XII – AMENDMENTS/PRIORITIES

Section 1. These By-Laws may be amended or repealed by the vote of stockholders entitled to cast at least a majority of the votes which all stockholders are entitled to cast thereon, at any regular or special meeting of the stockholders, duly convened after notice to the stockholders of that purpose. These By-Laws Supersede any articles or amendments enacted prior to the enactment of the BY-LAWS.

Accepted by Board of Directors



Dominick Falso-Sole Director

Accepted by Majority Shareholder



Cortney Talley