INFORMATION AND DISCLOSURE STATEMENT

Pursuant To OTC Pink® Basic Disclosure Guidelines

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

Period Ending
December 31, 2015

North American Cannabis Holdings, Inc.

NORTH AMERICAN
CANNABIS
HOLDINGS

2523 Bomar Avenue
Dallas, Texas 75235

CUSIP: 65676T102
Trading Symbol: USMJ

FORWARD LOOKING STATEMENTS

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

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

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

FOOD AND DRUG ADMINISTRATION DISCLOSURE (FDA)

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

OTC Pink Basic Disclosure Guidelines

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

The Company's name was changed to North American Cannabis Holdings, Inc. as of May 27, 2015 (f/k/a) Algae International Group, Inc. April 1, 2013 (f/k/a) Savanna East Africa, Inc. June 11, 2010 (f/k/a) Nova Energy, Inc. May 30, 2005.

2) Address of the issuer's principal executive offices

Company Headquarters
2523 Bomar Avenue
Dallas, Texas 75235
Phone: 972.528.0162
Email: steve.rash@americanseedandoil.com
http://www.growusmj.com

3) Security Information

Trading Symbol: USMJ
Exact title and class of securities outstanding: COMMON & PREFERRED "D"
CUSIP: 65676T102
Par or Stated Value: $0.001 (BOTH)
Total shares authorized: 2,000,000,000/10,000,000 as of: 12/31/15
Total shares outstanding: 1,140,438,732/100,000 as of: 12/31/15

Transfer Agent
Action Stock Transfer Corporation
2469 East Fort Union Boulevard, Suite 214
Salt Lake City, Utah 84121
Phone: (801)274-1088
www.actionstocktransfer.com

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

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

List any restrictions on the transfer of security:

None

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

None

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

None

4) Issuance History

Shares issued for the Period ended December 31, 2015 – 705,435,131

5) Financial Statements

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

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

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

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

North American Cannabis, Inc. (OTC: USMJ), ("the company") focuses on the market for legal marijuana products. The company was incorporated in Nevada in 1999 as Mextrans Seafood Consulting, and has undergone several business strategy and name changes. Beginning in the fall of 2013, the company brought in a new management team which shifted the company's focus from biodiesel products produced from algae. In November 2013, the company entered the emerging legal cannabis market sector. The company initiated several different enterprise pilots in the legal cannabis market, and progressively narrowed its focus to cannabis consumer products.

The company's corporate structure consists of two divisions: American Seed & Oil Company; and AmeriCanna Café. Within the American Seed & Oil Company, the company focuses on two areas: first, cannabis infused consumer product pilots centered on the areas of healthcare and consumer wellness; and second, a cooperative for cannabis growers that focuses on sustainability. Within the consumer products area, the company will establish partnerships with independent innovators of cannabis consumer products, minimizing the company's investment in new product development. Within the growers' cooperative area, the company has established the "Cannabis Cultivators Operative" to bring products grown under high quality standards to consumers, and pool advertising and marketing resources.

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

April 7, 1999 – Nevada / May 22, 2015 - Wyoming

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

7380 Misc. Business Services

D. the issuer's fiscal year end date;

June 30th

E. principal products or services, and their markets;

Hemp and Cannabis related business(s).

7) Describe the Issuer's Facilities

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

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

The Company leases equipment for the processing of harvested materials.

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

8) Officers, Directors, and Control Persons

A. Steven Rash – President/CEO/Sole Director

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

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

   None

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

   None

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

   None

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

   None

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

Leonard (Ed) Bollen owns 100,000 Series "D" Voting Control Preferred Shares

9) Third Party Providers

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

Legal Counsel

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

10) Issuer Certification

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

The certifications shall follow the format below:

I, Steven B. Rash certify that:

1. I have reviewed this 12/31/2015 quarterly disclosure statement of North American Cannabis Holdings, 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.

02/22/16

/s/Steven B. Rash
CEO

NORTH AMERICAN CANNABIS HOLDINGS, INC.
BALANCE SHEET FOR THE SIX MONTHS ENDED 12/31/2015

ASSETS

CURRENT ASSETS:		
Cash	$	95,300
Inventories		25,000
Related party receivables		66,500
Total current assets		186,800
Long Term Note Receivable, including accrued interest		348,333
Furniture and Equipment, net		547,500
TOTAL ASSETS	$	1,082,633

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES:		
Accounts payable – accounting/legal	$	109,118
Accrued consulting fees/salaries		185,000
Total current liabilities		294,118
Interest – reserve		500,000
Advances payable		100,000
Convertible notes payable		1,058,047
Convertible notes payable – prior related parties		157,750
Convertible promissory note payable – prior related party, current		115,498
Convertible promissory note payable #1		238,529
Convertible promissory note payable #2		450,000
Convertible promissory note payable #3		150,000
Purchase Secured Promissory Note #2		250,000
Purchase Unsecured Promissory Note #3		250,000
Forebearance/Debt Settlement - Services		100,000
T**OTAL LIABILITIES**		3,663,942

STOCKHOLDERS DEFICIT:		
Series D preferred stock, authorized 100,000 shares, par value $0.001, 100,000 I/O		100
Common stock, authorized 2,000,000,000 shares, par value $0.001, 1,140,438,732 shares I/O		1,140,439
Additional paid-in capital		392,423
Accumulated deficit during development stage		(4,114,271)
Total stockholders' deficit		(2,581,309)
TOTAL LIABILITES AND STOCKHOLDERS' DEFICIT	$	1,082,633

NORTH AMERICAN CANNABIS HOLDINGS, INC.
STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED 12/31/2015

Revenue:		
Sales	$	137,200
Cost of sales		(66,309)
Gross Profit		70,891
Operating Expenses:		
General and administrative expenses		(104,700)
Total operating expenses		(104,700)
Loss from operations		(33,809)
Non-operating income (expense):		
Interest Income		7,125
One time charge – service agreements		(600,000)
Total non-operating income (expense)		(592,875)
Net Loss	$	(626,684)
Weighted average shares outstanding:		
Basic		1,140,438,732
Loss per share attributed to North American Cannabis Holdings, Inc. Common stockholders:		
Basic	$	(0.00054951)

NORTH AMERICAN CANNABIS HOLDINGS, INC.
STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED 12/31/2015

Revenue:		
Sales	$	231,700
Cost of sales		(109,802)
Gross Profit		121,898
Operating Expenses:		
General and administrative expenses		(226,200)
Total operating expenses		(226,200)
Loss from operations		(104,302)
Non-operating income (expense):		
Interest Income		14,250
One time charge – service agreements		(600,000)
Total non-operating income (expense)		(585,750)
Net Loss	$	(690,052)
Weighted average shares outstanding:		
Basic		1,140,438,732
Loss per share attributed to North American Cannabis Holdings, Inc. Common stockholders:		
Basic	$	(0.00060507)

NORTH AMERICAN CANNABIS HOLDINGS, INC.
STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED12/31/2015

CASH FLOWS OPERATING ACTIVITES:		
Net Loss	$	(690,052)
Adjustments to reconcile net loss:		
Interest Receivable		(14,250)
Change in current assets and liabilities:		
Cash		(29,700)
Accounts payable and accrued expenses		(110,000)
Net cash and equivalents used in operating activities		(844,002)
NET DECREASE IN CASH AND EQUIVALENTS	$	(844,002)

NOTE 1 - GENERAL ORGANIZATION AND BUSINESS

History of the Company

North American Cannabis Holdings, Inc. (f/k/a Algae International Group, Inc. f/k/a Savanna East Africa, Inc., f/k/a Nova Energy, Inc.) was incorporated in Nevada in 1995 and reincorporated in Wyoming in 2015, and is a publicly traded company presently listed on www.otcmarkets.com, symbol "USMJ".

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

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

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

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

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

On March 5, 2013, the Company entered into an agreement to acquire Algae International Group, Inc. in a reverse merger transaction. In accordance with the agreement the Company executed a 1 for 20,0000 reverse split. The Company also retired the Series 'A' Preferred Stock and issued Series 'D' Preferred Stock with the same provisions as the original Series 'A.' The Series 'D' was issued to the shareholders of Algae International Group. The transaction also included a change of the Company name from Savanna East Africa, Inc. to Algae International Group, Inc. The African subsidiary SEA Kenya and the Oil and Gas subsidiary, Nova Energy, remain intact subsequent to the execution of the acquisition agreement.

On October 10, 2013, Management resolved to exit the business of developing an operation to produce biodiesel from Algae. In conjunction with the exit, the subsidiary operation dedicated to the development of biodiesel from Algae was sold in exchange for a $285,000 note with a 10 year term, bearing 10% annual interest.

Current Business Operation

On January 20, 2014, Management launched a project to redirect the Company's business development efforts. Stemming from the collateral experience garnered from the Company's brief stint in the business of organic growing and cold pressing of oil from organic mass, management made the decision to leverage that experience within the more viable hemp and cannabis market. In conjunction with the launch of the new project, the Company entered into a number of business development agreements that cumulatively represent a material capital commitment. The Company engaged services to build a hemp and cannabis growing capacity, a hemp and cannabis testing facility and a hemp and cannabis related clothing business. Collectively, the agreements to initiate the aforementioned business development make up a year long, $600,000 capital project. The service providers have acknowledged the Company's current financial position and the inherent risk associated with the Company's ability to perform. In light of the risk, the potential project asset value has not been recorded on the balance sheet at this time. The expenses will be amortized over the life of the project. In January of 2015, the outstanding balance due was settled into a convertible note bearing 8% annual interest. In accordance with the agreements, the contracts were renewed for the 2015 calendar year.

On June 29, 2015 the Company acquired American Fitness Wholesalers Midwest, LLC d/b/a City Blends Rowlett. With this acquisition, the Company plans to introduce the AmeriCanna Café, a Cannabis infused Beverage Shop Chain. The Company acquired the business for total consideration of $550,000 in the form of three Purchase Promissory Notes of which a balance of $500,000 remains as of December 31, 2015.

On July 28, 2015, the Company entered into a Share Exchange Agreement with Puration, Inc. (PURA), whereas it agreed to exchange all of its wholly owned interests in certain Joint Ventures with World Hemp Oil & NaturesComfortMeds, as well as, certain pledged debts attached by a lien to such interests for two (2) Convertible Preferred Stock Series to be created and issued by Puration, Inc.. One Series shall represent fifty-one percent (51%) voting control of Puration, Inc. and the other shall be convertible into a number of common shares equal to number of North American Cannabis Holdings, Inc. common shares issued and outstanding at a date to be determined. The first Convertible Preferred Stock Series has been issued. The Convertible Preferred Stock Series to be converted into common stock equaling the number of North American Cannabis Holdings, Inc. shares issued and outstanding remains pending the finalization of further plans to distribute Puration, Inc. common stock to the Company shareholders.

Simultaneously with the issuance of the of the Puration, Inc. Convertible Preferred Stock bearing 51% voting control, the Company settled a $100,000 debt in exchange for the Series.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

For the quarter ended December 31, 2015, potentially dilutive shares, respectively, were excluded from the shares used to calculate basic earnings per share.

NOTE 3 – GOING CONCERN

The Company has suffered recurring losses from operations and has a working capital deficit and stockholders' deficit, and in all likelihood will be required to make significant future expenditures in connection with continuing business development efforts along with general administrative expenses. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company's activities have been primarily supported by loans from various parties. The Company has sustained losses in previous reporting periods, with a net loss of ($690,052) for the six months ended December 31, 2015. Management continues to seek funding from its shareholders and other qualified investors to pursue its business plan. The Company continues to seek funding for all of the projects and operational requirements for the continuing fiscal year.

NOTE 4 –LONG-TERM NOTE RECEIVABLE

On October 10, 2013, the Company's board of directors authorized the sale, transfer and conveyance of all its rights in the Company's Pacific Algae joint venture to AlgaePur, LLC in return for 10% note receivable in the amount of $285,000 that becomes due on October 10, 2023. The Company recognized a gain of $250,000 sale of these assets. The note receivable balance at December 31, 2015 includes accrued interest receivable of $63,333.

NOTE 5 –FURNITURE AND EQUIPMENT

Furniture and equipment consists of drilling equipment of $397,500 that has not been placed in service and $150,000 of furniture and equipment acquired with the American Fitness Wholesalers Midwest, LLC d/b/a City Blends Rowlett acquisition.

NOTE 6 – ADVANCES PAYABLES – PRIOR RELATED PARTIES

In conjunction with the Share Exchange Agreement the Company entered into on July 28, 2015 with Puration, Inc. (PURA) certain Debt/Forebearance obligations in the amount of ($525,849) has been assumed by Puration, Inc. (PURA). The amounts were

previously listed on financials as Advance payables – prior related parties (1) & (2) in the amount of ($30,000) & ($495,849) respectively.

NOTE 7 – CONVERTIBLE NOTES PAYABLE

Convertible Note #1

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

Convertible Note #2

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

Convertible Note #3

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

Convertible Note #4

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

NOTE 8 – CONVERTIBLE NOTES – PRIOR RELATED PARTIES

Related Party Convertible Note #1

The Company has written off certain past-due amounts of ($991,059) with its former President, Daymon Bodar which had been assigned to a non-affiliate shareholder whose Company has been dissolved and is no longer able to collect its debts.

Related Party Convertible Note #2

On March 31, 2010, June 30, 2010, September 30, 2010, December 31, 2010, March 31, 2011, June 30, 2011, September 30, 2011, December 31, 2011, March 31, 2012, March 31, 2013 and June 01, 2013 the Company converted a total of $265,000 in accrued consulting fees/salaries due to the Company's former Chief Operating Officer for convertible notes in the same principal amount, due on September 30, 2010, December 31, 2010, March 31, 2011, June 30, 2011, December 31, 2011, December 31, 2011, December 31, 2011, December 31, 2012, December 31, 2012, December 31, 2013 and December 31, 2013 respectively. The notes accrue interest at 8% per annum. Principal and accrued and unpaid interest on the notes are convertible into shares of common stock at a conversion price of 50% of the closing bid price of common stock on the date of the notice of conversion.

At December 31, 2015, the outstanding principal balance was $157,750.

NOTE 9 – CONVERTIBLE PROMISSORY NOTE PAYABLE, PRIOR RELATED PARTY, CURRENT

Related Party Note Payable #1

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

As of December 31, 2015 the outstanding balance was $115,498.

NOTE 10 – CONVERTIBLE PROMISSORY NOTES PAYABLE

Convertible Promissory Note Payable #1

On August 5, 2015, the Company exchanged a prior Debt Settlement/Promissory Note Payable for a newly issued 8% Convertible Promissory Note Due December 31, 2016 in the amount of $253,529. As of December 31, 2015, the outstanding principal balance was $238,529.

Convertible Promissory Note Payable #2 & 3

In January of 2014, the Company entered into Business Development Agreements totaling $600,000 with two service providers in which payment was due upon initiation of the contract. In December 2014, the Company and service providers entered into a forebearance agreement whereby the service providers agreed to receive stock or a security convertible into stock in lieu of a cash payment. The Company & service providers agreed to renew the contract for an additional year in January 2015. At the same time the Company & service providers settled the outstanding then balance due into two (2) 8% Convertible Promissory Notes Payable. On October 1, 2015 the Notes Due March 31, 2016 were issued. As of December 31, 2015 the outstanding principal balances were $450,000 & $150,000 respectively.

NOTE 11 –STOCKHOLDERS' DEFICIT

Common Stock

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

Series D Preferred Stock

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

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

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

NOTE 12 – SUBSEQUENT EVENTS

On February 02, 2016, the Company increased its authorized shares of common stock from 2,000,000,000 to 4,000,000,000.