FINANCIAL STATEMENTS AND NOTES

Summary of Operations	(Unaudited) For Year Ended Dec. 31, 2015	(Audited) For Year Ended December 31, 2014
Total revenues	752,364	688,563
Net Loss	(666,127)	(879,363)
Net loss per common share (basic and diluted)	(-0.0025)	-0.0046
Weighted average common shares outstanding, basic and diluted	268,133,016	212,921,758

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Balance Sheet	(Unaudited) As of December 31, 2015	(Audited) As of December 31, 2014
Cash and cash equivalents	280,438	98,663
Total assets	453,081	480,363
Total liabilities	2,911,455	2,710,052
Total Stockholders' Equity/Deficiency	(2,458,375)	(2,229,689)
Total Liabilities and Stockholders'	453,081	480,363

	Unaudited For Year Ended December 31, 2015	Audited For Year Ended December 31, 2014
Revenue	752,363	688,563
Cost of Goods Sold	(142,325)	(50,591)
Gross Profit	610,038	637,972
Selling Expenses	(490,626)	(307,017)
General and administrative	(396,727)	(547,816)
Operation Expenses	(166,852)	(176,535)
Research and development	(221,101)	(145,100)
Stock Option Expenses	(4,316)	(199,437)

Total operating expenses	(1,279,622)	(1,375,905)
Operating Loss	(658,776)	(737,933)
Interest expenses	(10,808)	(126,918)
Other Income	10,202	53,411
Other Expense	(6,745)	(67,923)
Loss before minority interest and income taxes	(666,127)	(879,363)
Income taxes	-	
Minority interest		
Net Loss	(666,127)	(879,363)
Earnings per share – Basic and Diluted	(0.0025)	(0.0046)
Weighted average shares outstanding – Basic and Diluted	268,133,016	212,921,758

	(Unaudited) As of December 31, 2015	**(Audited) As of December 31, 2014**
ASSETS		
Cash	**$280,439**	**$237,063**
Accounts Receivable	**95,166**	**127,820**
Note Receivable	**69,406**	**69,406**
Other Current Assets	**5,432**	**5,432**
Total Current Assets	**450,443**	**370,315**
Fixed Assets	**109,010**	**109.010**
Accumulated Depreciation	**(109,010)**	**(109,010)**
Net Fixed Assets	**0**	**0**
Other Assets	**2,638**	**2,638**
TOTAL ASSETS	**$453,081**	**$372,953**
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable	**$245,068**	**325,874**
Accruals	**497,504**	**474,534**
Note Payable - Current	**8,800**	**1,930,847**

Deferred Revenue	**135,741**	**4,158**
Other Current Liabilities	**69,521**	**60,358**
Total Current Liabilities	**956,634**	**2,795,771**
Long Term Liabilities		
Notes Payable-non current		
Deferred Compensation	**1,700,232**	**1,596,896**
Other Long Term Liabilities	**254,590**	**516,299**
Total Liabilities	**2,911,456**	**4,908,966**
Stockholder's Equity		
Common Stock & Paid in Capital	**11,422,659**	**8,560,277**
Accumulated Deficit	**(13,881,033)**	**(13,096,291)**
Net Stockholder's Equity	**(2,458,375)**	**(4,536,014)**
Total LIABILITES & EQUITY	**$453,081**	**$372,953**

	(Unaudited) January 1, to December 31 2015	(Audited) January 1, to December 31 2014
OPERATING ACTIVITES		
Net Income	**$(666,127)**	**($879,363)**
Adjustments to reconcile Net Loss		
to net cash provided by operations		
Issuance of Common Stock for Services **Issuance of Common stock for Debt**	**25,000** **94,628**	**70,000**
Stock Option Expense	**4,316**	**199,438**
Accounts Receivable	**209,058**	**(222,609)**
Deferred Compensation	**164,223**	**108,863**
Accounts Payable	**(31,844)**	**167,597**
Accrued Payable	**(209)**	**435,874**
Royalty Liability	**0**	**(82,612)**
Deferred Revenue	**18,176**	**51,615**
Other Current Liabilities	**11,555**	**(44,812)**

Net cash provided by Operating Activities	**(171,224)**		**(196,009)**
INVESTING ACTIVITIES	-		-
Note Receivable	**0**		**(69,406)**
Net Cash Provided by Investing Activities	**0**		
FINANCING ACTIVITES	-		-
Issuance of Common stock for Cash	**375,000**		**344,500**
Proceeds from short term debt	**0**		**0**
Payment on short-term debt	**(22,000)**		**0**
Net cash provided by Financing Activities	**353,000**		**344,500**
Net Cash Increase for period	**181,776**		**79,085**
Cash at beginning of Period	**$ 98,663**		**$19,578**
Cash at end of Period	**$ 280,439**		**$98,663**
Interest Paid	**10,808**		**4,635**
Taxes Paid	**2,397**		**5,500**
Supplemental disclosure of noncash investing and financing activities			
Issuance of common stock for debt/ accounts payable		**94628**	**1,191,404**
Issuance of common stock for accrued compensation			**69,406**
Issuance of common stock for accounts payable			**188,606**
Issuance of stock options for accrued interest conversion	**25,000**		
Issuance of stock for services			**637,084**

	Unaudited As of December 31, 2015	Audited As of December 31, 2014
Beginning Balance	**(2,229,692)**	**($4,050,764)**
Net Income		
from January 1 through December 31	**(666,127)**	**($879,363)**
Common Stock - Addition	**494,628**	**1,863,916**
Other Adjustment	**(57,184)**	**836,522**
Ending Balance	**($2458,375)**	**($2,229,689)**

December 31, 2015
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

(A) Organization

SONASOFT CORPORATION, Inc. (The "Company") was incorporated under the laws of the State of California on December 18, 2002. The Company develops software that automates the disk-to-disk backup and recovery process for Microsoft Exchange, SQL and Windows Servers with integrated data protection, IM and e-mail archiving and disaster recovery solutions.

The Audited financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles for annual and interim financial information. Accordingly, they include all the information and footnotes required by accounting principles generally accepted in the United State of America for annual financial statements. However, the information included in these interim financial statements reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for the fair presentation of the financial position and the results of operations.

(B) Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(C) Cash and Cash Equivalents

For purposes of the cash flow statements, the Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. The Company at times has cash in banks in excess of FDIC insurance limits and places its temporary cash investments with high credit quality financial institutions. As December 31, 2015, the Company had approximately $280,439 in cash balances at financial institutions which are within the FDIC insured limits.

(D) Loss per Share

Basic and diluted net loss per common share is computed based upon the weighted average common shares outstanding as defined by Accounting Standards codification ASC 260 , “Earnings per Share.” As of December 31, 2015 there were 276,275,566 common shares outstanding (excluding the options not yet exercised). Common stock equivalents have been excluded from the diluted net loss per share as the amounts are anti diluted.

(E) Research and Development Costs

The Company expenses all research and development costs as incurred for which there is no alternative future use. These costs also include expensing of employee compensation and employee stock based compensation.

(F) Income Taxes

The Company accounts for income taxes under Accounting Standards Codification (ASC 740). Under ASC 740 deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company has incurred losses over period of time, so there is no income tax payable except the minimum state tax payment

(G) Revenue Recognition

Revenue is recognized when earned in accordance with applicable accounting standard ASC 985-605. Revenue from software arrangements with end users is recognized upon final delivery of the software; provided the collection is probable and no significant obligations remain. Revenue is recognized following ASC 985-605, all the elements of bundle software sold (including installation and maintenance) will be allocated based on the residual method. Bundled software packages include the actual software, software installation, and maintenance contracts. The customer is able to purchase maintenance contracts based on a one-year, two-year, or three-year terms. Maintenance contracts are sold as a service, therefore, we calculate the VSOE for maintenance contracts to be a fixed percentage of the list price based on the term of the maintenance contract purchased. The maintenance contract revenue is recognized over the term of the maintenance contract. Amount billed in excess of revenue earned on the maintenance contract will be classified as deferred revenue. The software installation price is a fixed amount based on the number of mailboxes sold, and the residual amount after deducting installation charges and the maintenance contract will be allocated to the software product sale.

Allocation of revenue among various elements:

We sell software as a bundle product including installation, maintenance and product license. We allocate the revenue as follows:

- Installation revenue is a fixed amount based on the number of mailboxes sold.
- Fixed Price Maintenance Contract is a set amount calculated as 20% of list price for a one-year contract.
- Fixed Price Maintenance Contract is a set amount calculated as 17.5% of list price for a two-year contract.
- Fixed Price Maintenance Contract is a set amount calculated as 15% of list price for a three-year contract.
- Software revenue is calculated as the residual amount after deducting the installation and maintenance contract revenue

The one-year fixed price maintenance contracts revenue is recognized over 12 month period from the starting month to 12-month period. The two-year maintenance contracts revenue will be recognized on monthly basis and spread over a period of 24 months. The three-year maintenance contract revenue will be recognized over a period of 36 months.

As of December 31, 2015 the Company has included deferred revenue of $135,741 in other current liabilities.

As of December 31, 2015, the Company has included deferred revenue of $23,893 in other long-term liabilities.

As of December 31, 2014, the Company has included $8,085 of deferred revenue in other current liabilities, re

As of December 31,2014 , the Company has included $133,373 of deferred revenue in other long term liabilities.

(H) Property & Equipment

We record our property and equipment at cost and depreciate these assets on a straight-line basis to their estimated residual values over their estimated useful lives of 3 to 7 years.

(I) Stock-Based Compensation

The Company accounts for its stock-based compensation under the provisions ASC 718 " Accounting for stock based compensation" the Company is permitted to record expenses for stock options and other employee compensation plans based on their fair value at the date of grant. Any such compensation cost is charged to expense on a straight-line basis over the periods the options vest. If the options had cashless exercise provisions, the Company utilized variable accounting.

Common stock, stock options and common stock warrants issued to other than employees or directors are recorded on the basis of their fair value, as required by ASC 718 , which is measured as of the date required by ASC 505, *"Accounting for Stock based Compensation*" In accordance with ASC 505, the stock options or common stock warrants are valued using the Black-Scholes model on the basis of the market price of the underlying common stock on the "valuation date," which for options and warrants related to contracts that have substantial disincentives to non-performance is the date of the contract, and for all other contracts is the vesting date. Expense related to the options and warrants is recognized on a straight-line basis over the shorter of the period over which services are to be received or the vesting period. Where expense must be recognized prior to a valuation date, the expense is computed under the Black-Scholes model on the basis of the market price of the underlying common stock at the end of the period, and any subsequent changes in the market price of the underlying common stock up through the valuation date is reflected in the expense recorded in the subsequent period in which that change occurs.

(J) Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments including accounts receivable, accounts payable and accrued expenses approximate their fair value due to the relatively short period to maturity for these instruments.

(K) Business Segments

The Company operates in one segment and therefore segment information is not presented.

(L) Advertising Costs

Advertising costs are expensed as incurred and include the costs of public relations activities. These costs are included in selling, general and administrative expenses and totaled $3,562 for the year ended December 31, 2015.

(M) Identifiable Intangible Assets

As of December 31, 2015, $2,638 of costs related to filing patent applications has been capitalized. When patents are approved, the costs are amortized over the life of the patent. All costs for patents not approved will be expensed at that time of denial

(N) Long-Lived Assets

Long-lived assets and certain identifiable intangible assets related to those assets are periodically reviewed for impairment whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recoverable. If the non-discounted future cash flows of the enterprise are less than their carrying amount, their carrying amounts are reduced to fair value and an impairment loss is recognized. There was no impairment recorded in 2010 and 2011.

NOTE 2 GOING CONCERN

As reflected in the accompanying financial statements, the Company has net accumulated loss of ($13,214,906) and net loss for nine months thru December 31, 2015 is ($666,127), and as of December 31, 2015 a working capital deficiency of ($506,191), the long term liabilities of $1,954,822 includes $1,700,232 owed to key stockholders and a stockholder's deficiency of ($2,458,375) at December 31, 2015. This raises substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management believes that actions presently being taken to obtain additional funding and to implement its strategic sales plan provide the opportunity for the Company to continue as a going concern.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2015 consisted of the following:

	As of December 31 31 , 2015
Trade and other receivables	$ 282,207
Less: Allowance for doubtful accounts	$ (39,654)
	$ 242,533

The bad debt expense for the six months ended December 31, 2015 was $0.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2015 consisted of the following:

	2014
Office equipment	$ 20,721
Office furniture	1,821
Leasehold improvements	7,588
Computer equipment	78,881
Less: Accumulated depreciation	109,010
	$ 0

Depreciation expense for the quarter ended December 31, 2015, was $0.

SONASOFT CORP.
December 31, 2015
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 STOCKHOLDERS' EQUITY

(A) Common Stock Issued for Cash

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During the year ending December 31 2014 the Company issued 15,500,000 shares to existing and new shareholders.
During the year ending December 31, 2014, the Company issued Rule 144 shares of common stock for cash to the following shareholders:

Dr Romesh Japra, Director and stock holder$100,000

Romi Randhawa Director and Stockholder $100,000

During the year ending December 31, 2014, the Company issue Reg A shares for cash to the following new stock holders:

Madison Park Fund Investment LLC $75,000

Blackbridge Capital LLC $50,000

During the year ending December 31, 2015, the Company issued 12,000,000 Reg A shares to various existing and new stockholders. In the same year 2015, the Company also issued 3,000,000 Rule 144 shares to existing and new shareholders.

(B) Common Stock Issued for Services

During the year ending December 31, 2014, ,the Company issued 2,500,000 Rule 144 shares of common stock to legal counsel for services.

During the year 2015, the Company issued 57,841,267 Rule 144 shares of common stock to settle the debt from Note holder,(47,656,167 shares), past due rent (3,785,100 shares) and royalty (5,000,000) owed to EMI Property and Integra Micro respectively. The remaining balance of 1,400,000 shares were issued to settle amount owed to employees and unsecured creditor.

During the year, 2015, the Company issued 13,881,250 Rule 144 shares of common stock to key employees who have converted the vested stock options in stock and issued promissory notes to payoff the amount owed to the Company. The Company also issued 2,800,000 Rule 144 shares to various consultants who exercised the options vested during 2015.

NOTE 6 STOCK OPTION PLAN

Effective January 1, 2006, transactions under the Company's 2003 Plan (as defined below) were accounted for in accordance with the recognition and measurement provisions of ASC 718 "Share-Based Payment" , and related interpretations of ASC 718 requires compensation costs related to share-based payment transactions, including employee stock options, to be recognized in the financial statements. In addition, the Company adheres to the

guidance set forth within SEC Staff Accounting Bulletin No. 107, which provides the views of the staff of the SEC regarding the interaction between ASC 718 and certain SEC rules and regulations and provides interpretations with respect to the valuation of share-based payments for public companies.

In adopting ASC718 ,the Company applied the modified prospective approach to transition. Under the modified prospective approach, the provisions of ASC 718 are applied to new awards and to awards modified, repurchased, or cancelled after the effective date. Additionally, compensation costs for the portion of awards for which the requisite service has not been rendered that are outstanding as of the effective date are recognized as the requisite services are rendered on or after such date. The compensation costs for that portion of awards are based on the grant-date fair value of those awards as calculated for either recognition of pro-forma disclosures

Stock option compensation expense for calendar year ending December 31, 2013 is the estimated fair value of options granted, amortized on a straight line basis over the requisite service period for the entire portion of the award.

Black-Scholes Valuation

The fair value of options at the date of grant is estimated using the Black Scholes option pricing model. The assumptions made in calculating the fair values of options are as follows:

	For the quarter ended March 31, 2013
Expected term (in years)	3
Expected volatility	25% to 78%
Rick-free interest rate	1.79% to 3.05%

There were Nil stock option awards granted during the quarter ended December 31, 2015.

Plan Information

In February 2003, the 2003 Incentive and Non-Statutory Stock Option Plan was approved and adopted by the Board of Directors. The 2003 Plan became effective upon the approval of the holders of the Company's stock at the Company's annual stockholders meeting held on June 4, 2003. Under the 2003 Plan, the Company may grant stock options to its employees, officers, and other key persons employed or retained by the Company and any non-employee director, consultant, vendor or other individual having a business relationship with the Company. Options are granted at various times and usually vest over a thirty-six (36) month period. As of December 31, 2015 the Company had total options pursuant to the 2003 Plan of 27,600,000

SONASOFT CORP.
December 31, 2015
NOTES TO FINANCIAL STATEMENTS
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Exercise Price	Number Outstanding December 31, 2015	Weighted Average remaining Contractual Life	Weighted Average exercise Price	Number Exercisable at December 31, 2015	Weighted Average Exercise Price
.00-.025	23,600,000	100	0.025	23,600,000	0.025
.0.025	1,000,000	.75	0.025	1,750,000	0.025
.0-.025	2,500,000	0.125	0.025	375,000	0.025
	27,600,000			25,662,500	

NOTE 7 COMMITMENTS AND CONTINGENCIES

(A) Employment Agreement

The company has entered into an employment agreement with its Chief Executive Officer through the year 2014 at an annual minimum salary of $150,000 per year, with additional fringe benefits as determined by the Board of Directors. In the event of termination of the agreement by the company, the company is required to pay a severance payment equivalent to 60 months of salary at the rate, and with the benefits, in effect at the date of termination.

The company has also entered into similar agreements each extending through the year 2014 with two other employees/managers at an average annual salary of $150,000. In the event of termination of the agreement by the company, the company is required to pay a severance payment equivalent to 12 months of salary at the rate, and with the benefits, in effect at the date of termination.

(B) Product Development/Royalty Agreement

In November 2007, the Company entered into a product development agreement with a software development company (developer). Under the terms of the agreement, the developer will be entitled to a royalty based on 10% of net sales of the product developed until such time as two hundred percent (200%) of the actual project cost has been cumulatively received by the developer. After such time, the developer would receive 5% of net sales of the product developed until such time as an additional three hundred percent (300%) of the actual project cost has been cumulatively received by the developer, resulting in a total payment to the developer of five hundred percent (500%) of the actual project cost. At a point in time in the future that five hundred percent (500%) of the actual project cost has been received by the developer, no further royalties shall be owed. The total royalty computed and determined to be $1.5m in 2007 agreement with developer based on development cost of $297,000. The total cost includes design, development, test and provide finished email archiving solution. The amount due and payable to developer as of December 31, 2014 was converted into Equity and Sonasoft issued 5,000,000 shares to settle the debt amount of $188,606 owed to IntegraMicro.

(C) Royalty Agreement

During the year 2003 the company entered into royalty agreements with investors. The maximum liability under the agreement will be $1,500,000. The maximum amount due to investors in each year will be 5% of revenue up to a total of $1,500,000. Such premium is payable only if management of the Company reasonably determines that the company is profitable. Accordingly, in accordance with the signed royalty agreements, the Company is accruing the royalty premium at 5% of revenue. The royalty balance as of December 31, 2012 is $230,766 and as of December 31, 2015 is $233,049.

SONASOFT CORP.
December 31, 2015
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

(D) Lease Agreement

The company has entered into a lease agreement for an office building, the lease period ending on feb 28, 2013e. The company is currently on a month to month basis. The base rent including operating expenses for this property is $3,100 per month..

(E) Employment Related Lawsuit

In 2006, an ex-employee filed a lawsuit against the Company for wrongful termination. The Company has accrued a tentative settlement with the ex-employee for the payment of $227,000 in cash and an additional 95,000 shares of the Company stock as of December 31, 2007. As of December 31, 2012 Company had made payments towards the settlement, the legal case is still pending and contested in Santa Clara County Court. The Company made the final payment of $85,526 on February 29, 2013.

NOTE 9 NOTE PAYABLE – RELATED PARTIES

A) Note Amount $500,000 payable to Dr Romesh Japra, issued on December 19, 2008, interest rate 10% p.a. The principal and outstanding interest due should be paid in 36 months, maturity date of December 18, 2011. The note holder is also entitled to warrants of 2,272,727 shares of common stock of Sonasoft with a term of 36 months exercisable by holder upon payment of $.22 cents per share of stock actually purchased. The note holder did not exercise the warrants granted. The balance outstanding including principal and interest as of December 31, 2014 is $737,500 and as of December 31, 2015 is $0

B) Note Amount $33,000 payable to Michelle Rose, issued on November 1, 2009, carrying interest rate 10% p.a. The principal and outstanding interest due should be paid in 36 months, maturity date of October 31, 2012. The note holder is also entitled to warrants of 165,000 shares of common stock of Sonasoft with a term of 36 months exercisable by holder upon payment of $.22 cents per share of stock actually purchased. The note holder did not exercise the warrants granted. The balance outstanding including principal and interest as of December 31, 2014 is 46,225 and as of December 31, 2015 is $0

C) Note Amount $100,000 payable to Joseph and Anne Rapp, issued on November 1, 2009, carrying interest rate 10% p.a. The principal and outstanding interest due should be paid in 36 months, maturity date of October 31, 2012. The note holder is also entitled to warrants of 500,000 shares of common stock of Sonasoft with a term of 36 months exercisable by holder upon payment of $.20 cents per share of stock actually purchased. The note holder did not exercise the warrants granted. The balance outstanding including principal and interest as of December 31, 2014 is 139,167, as of December 31,2015 is $0.

D) Note Amount $22,000 payable to Ken Fishmen, issued on November 1, 2009, carrying interest rate 10% p.a. The principal and outstanding interest due should be paid in 36 months, maturity date of October 31, 2012. The note holder is also entitled to warrants of 110,000 shares of common stock of Sonasoft with a term of 36 months exercisable by holder upon payment of $.20 cents per share of stock actually purchased. The note holder did not exercise the warrants granted. The balance outstanding including principal and interest as of December 31, 2014 is $30,817, as of December 31, 2015 is $0

E) Note Amount $400,000 payable to Dr Romesh Japra, issued on November 1, 2009, carrying interest rate 10% p.a. The principal and outstanding interest due should be paid in 36 months, maturity date of October 31, 2012. The note holder is also entitled to warrants of 2,000,000 shares of common stock of Sonasoft with a term of 36 months exercisable by holder upon payment of $.20 cents per share of stock actually purchased. The note holder did not exercise the warrants granted. The balance outstanding including principal and interest as of December 31, 2014 is $556,667, as of December 31, 2015 is $0.

F) Note Amount $50,000 payable to Muriel K MacKallor issued on Jan 15, 2013, carrying interest rate of 15% p.a. The principal and outstanding interest due should be paid in three installments, April, July and October 2013. The balance outstanding including principal and interest as of March 31, 2013 is $51,541. The first installment of principal and interest due was paid in April 2013. The balance outstanding including principal and interest as of December 31, 2014 is $ 43,860, as of December 31, 2015 is $21,350.

NOTE 9 SUBSEQUENT EVENT;

During Q1, 2016, the Company issued 6,740,000 Rule 144 shares in lieu of cash to the existing shareholders. Dr Romesh Japra. Chairman and Director participated in funding and bought 2,600,000 for $65,000 (shares issued @ $.025 per share).

During Q2, 2016, The Company will issue 800,000 Rule 144 shares in lieu of cash to the existing shareholders, shares will be issued @$.025per share.

During Q1, 2016, the Company has paid off $8,800, the balance owed to Noteholder Muriel MacKallor.

During Q2, 2016, the Company will also issue 462,660 Rule 144shares @$0.025 per share to payoff outstanding interest payable to Noteholder Muriel MacKallor.

Lease Agreement : The Company executed a lease agreement to rent office space with starting date August 1, 2016 thru July 31, 2019 at monthly rental amount of $3300 per month. The facility rent will increase to $3500 per month from August 1, 2017 and $3,700 per month from August 1, 2018. The Company has also have option to renew the lease for five years after the expiry of current lease term.