

**NEW AMERICA ENERGY CORP. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**

|                                                                                                                              | <u>February 29,</u><br><u>2016</u> | <u>August 31,</u><br><u>2015</u> |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------|
| <b><u>ASSETS</u></b>                                                                                                         |                                    |                                  |
| Current Assets:                                                                                                              |                                    |                                  |
| Cash                                                                                                                         | \$ 2,651                           | \$ 1,115                         |
| Loans receivable                                                                                                             | 2,080                              | 2,898                            |
| Total current assets                                                                                                         | <u>4,731</u>                       | <u>4,013</u>                     |
| <br>Furniture and fixtures, net                                                                                              | <br>4,770                          | <br>5,447                        |
| <br><b>TOTAL ASSETS</b>                                                                                                      | <br><u><u>\$ 9,501</u></u>         | <br><u><u>\$ 9,460</u></u>       |
| <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>                                                                           |                                    |                                  |
| Current Liabilities:                                                                                                         |                                    |                                  |
| Accounts payable                                                                                                             | \$ 122,893                         | \$ 115,318                       |
| Accrued interest                                                                                                             | 102,007                            | 79,380                           |
| Accounts payable - related parties                                                                                           | 20,681                             | 20,681                           |
| Short term loan                                                                                                              | 95,370                             | 95,370                           |
| Convertible notes, net of discount of \$43,702 and \$58,694                                                                  | 453,747                            | 418,655                          |
| Derivative liability                                                                                                         | 387,804                            | 438,374                          |
| Total current liabilities                                                                                                    | <u>1,182,502</u>                   | <u>1,167,778</u>                 |
| <br><b>STOCKHOLDERS' EQUITY:</b>                                                                                             |                                    |                                  |
| Common stock, \$0.001 par value, 800,000,000 shares authorized,<br>742,517,052 and 500,850,385 shares issued and outstanding | <br>742,517                        | <br>500,850                      |
| Additional paid-in capital                                                                                                   | 939,078                            | 1,158,845                        |
| Accumulated deficit                                                                                                          | (2,854,596)                        | (2,818,013)                      |
| Total stockholders' equity                                                                                                   | <u>(1,173,001)</u>                 | <u>(1,158,318)</u>               |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                            | <u><u>\$ 9,501</u></u>             | <u><u>\$ 9,460</u></u>           |

**NEW AMERICA ENERGY CORP. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

|                                                                                | <b>Six Months Ended</b>      |                              |
|--------------------------------------------------------------------------------|------------------------------|------------------------------|
|                                                                                | <b>February 29,<br/>2016</b> | <b>February 28,<br/>2015</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                   |                              |                              |
| Net loss                                                                       | \$ (36,583)                  | \$ (198,990)                 |
| Adjustments to reconcile net loss to<br>net cash used in operating activities: |                              |                              |
| Depreciation                                                                   | 677                          | 610                          |
| Amortization of debt discounts                                                 | 56,992                       | 81,673                       |
| Change in derivative liability                                                 | (115,002)                    | (46,686)                     |
| Financing costs                                                                | 30,832                       | 73,350                       |
| Change in current assets and liabilities:                                      |                              |                              |
| Accounts payable                                                               | 7,575                        | -                            |
| Accrued interest                                                               | 22,627                       | 17,890                       |
| Net cash used in operating activities                                          | <u>(32,882)</u>              | <u>(72,153)</u>              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                   |                              |                              |
| Purchase of furniture and equipment                                            | -                            | (3,678)                      |
| Issuance of loans receivable                                                   | -                            | (500)                        |
| Prepayment of loans receivable                                                 | 818                          | -                            |
| Net cash provided by (used by) investing activities                            | <u>818</u>                   | <u>(4,178)</u>               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                   |                              |                              |
| Proceeds from issuance of convertible notes                                    | 33,600                       | 80,000                       |
| Net cash provided by financing activities                                      | <u>33,600</u>                | <u>80,000</u>                |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                    | <b>1,536</b>                 | <b>3,669</b>                 |
| <b>CASH, BEGINNING BALANCE</b>                                                 | <u>1,115</u>                 | <u>5,588</u>                 |
| <b>CASH, ENDING BALANCE</b>                                                    | <b>\$ <u>2,651</u></b>       | <b>\$ <u>9,257</u></b>       |
| <b>Supplemental cash flow information</b>                                      |                              |                              |
| Interest                                                                       | \$ -                         | \$ -                         |
| Income taxes                                                                   | \$ -                         | \$ -                         |
| <b>Supplemental disclosure of non-cash financing activities</b>                |                              |                              |
| Common stock issued for conversion of debt                                     | <u>\$ 21,900</u>             | <u>\$ -</u>                  |

**NEW AMERICA ENERGY CORP. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

|                                        | Three Months Ended   |                      | Six Months Ended     |                      |
|----------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                        | February 29,<br>2016 | February 28,<br>2015 | February 29,<br>2016 | February 28,<br>2015 |
| REVENUES                               | \$ 15                | \$ -                 | \$ 295               | \$ -                 |
| OPERATING EXPENSES                     |                      |                      |                      |                      |
| General and administrative             | 17,360               | 32,861               | 41,429               | 72,763               |
| Total operating expenses               | 17,360               | 32,861               | 41,429               | 72,763               |
| Loss from operations                   | (17,345)             | (32,861)             | (41,134)             | (72,763)             |
| OTHER INCOME (EXPENSE)                 |                      |                      |                      |                      |
| Interest and financing costs           | (25,722)             | (16,317)             | (53,459)             | (91,240)             |
| Amortization of debt discounts         | (24,013)             | (47,295)             | (56,992)             | (81,673)             |
| Change in derivative liability         | 31,574               | 31,673               | 115,002              | 46,686               |
| Total other income (expense)           | (18,161)             | (31,939)             | 4,551                | (126,227)            |
| LOSS BEFORE PROVISION FOR INCOME TAXES | (35,506)             | (64,800)             | (36,583)             | (198,990)            |
| PROVISION FOR INCOME TAXES             | -                    | -                    | -                    | -                    |
| NET LOSS                               | <u>\$ (35,506)</u>   | <u>\$ (64,800)</u>   | <u>\$ (36,583)</u>   | <u>\$ (198,990)</u>  |
| Weighted average shares outstanding :  |                      |                      |                      |                      |
| Basic                                  | 617,007,894          | 500,850,385          | 572,033,535          | 500,850,385          |
| Diluted                                | <u>617,007,894</u>   | <u>500,850,385</u>   | <u>572,033,535</u>   | <u>500,850,385</u>   |
| Loss per share                         |                      |                      |                      |                      |
| Basic                                  | <u>\$ (0.00)</u>     | <u>\$ (0.00)</u>     | <u>\$ (0.00)</u>     | <u>\$ (0.00)</u>     |
| Diluted                                | <u>\$ (0.00)</u>     | <u>\$ (0.00)</u>     | <u>\$ (0.00)</u>     | <u>\$ (0.00)</u>     |

**NEW AMERICA ENERGY CORP. AND SUBSIDIARY**  
**STATEMENT OF STOCKHOLDERS' DEFICIT**

|                                                 | Common Stock |            | Additional         | Accumulated    | Total                    |
|-------------------------------------------------|--------------|------------|--------------------|----------------|--------------------------|
|                                                 | Shares       | Amount     | Paid-in<br>Capital | Deficit        | Stockholders'<br>Deficit |
| Balance, August 31, 2015                        | 500,850,385  | \$ 500,850 | \$ 1,158,845       | \$ (2,818,013) | \$ (1,158,318)           |
| Issuance of common stock for conversion of debt | 241,666,667  | 241,667    | (219,767)          | -              | 21,900                   |
| Net loss                                        | -            | -          | -                  | (36,583)       | (36,583)                 |
| Balance, February 29, 2016                      | 742,517,052  | \$ 742,517 | \$ 939,078         | \$ (2,854,596) | \$ (1,173,001)           |

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