X RAIL ENTERPRISES INC.

CONSOLIDATED FINACIAL STATEMENTS

AS OF SEPTEMBER 30, 2016 AND 2015

X RAIL ENTERPRISES, INC
CONSOLIDATED STATEMENTS
BALANCE SHEET
AS OF SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015

		2016		2015
ASSETS		UNAUDITED		
Current Assets:				
Cash And Cash Equivalents		283,336		
Accounts and Notes Receivable		678,926		
Total Current Assets		962,262		0
Property and Equipment		790,411		
Other Assets		4,834,796		1,372,181
Total Assets	$	6,587,469	$	1,372,181
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Accounts Payable and Notes Payable		553,678		1,558,265
Convertible Prommissory Notes		490,000		
Total Current Liabilities		1,043,678		1,558,265
Long-term Liabilities:				
Other Long-term Liabilities		445,184		331,274
Total liabilities		1,488,862		1,889,539
Stockholders' Equity:				
Common stock: 500,000,000 shares authorized, $0.00001 par value				
194,032,033 and 6,992,834 issued and outstanding		1,978		70
Preferred Shares		1		476
Stock subscribed		550,000		
Additional paid-in-capital		7,782,071		4,578,512
Accumulated deficits		(3,985,443)		(5,096,416)
Total Stockholders' Equity		4,348,607		(517,358)
Total Liabilities And Stockholders' Equity	$	5,837,469	$	1,372,181

See accompanying notes to financial statements

X RAIL ENTERPRISES, INC
CONSOLIDATED STATEMENTS
STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2016 AND 2015

	UNAUDITED 2016	UNAUDITED 2015
Gross revenue	$ 2,060,983	$
Cost of revenue		
Gross profit	2,060,983	
Operating expenses		
Amortization and depreciation expenses	7,898	
Office Rent	40,239	1,725
Phone	1,596	400
Travel	38,174	300
Management and Consulting	400,513	18,700
General & administrative expenses	1,595,368	1,321
Total operating expenses	2,083,788	22,446
Income (Loss) from operations	(22,805)	(22,446)
Other income (expense):		
Other income	145,857	
Other Expense		
Interest expense		
Total other income (expense)	145,857	
Income or (loss) before income tax	123,052	
Net profit (loss)	$ 123,052	$ (22,446)

See accompanying notes to financial statemer

X RAIL ENTERPRISES, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS TO DATE ENDED SEPT 30, 2016 AND SEPT 30, 2015
UNAUDITED

	Jun-16	Jun-15
Cash Flows From Operating Activities		
Net Income (loss)	$ 123,052	$ (22,446)
Depreciation and amortization	7,898	
(Increase) / decrease in assets:		
Accounts and Notes Receivable	(678,926)	
Inventory		
Other Assets	2,633	
Prepaid Expenses		
Increase / (decrease) in liabilities:		
Commissions Payable		
Accrued Expenses	2,690	
Convertible Notes	490,000	
Liability	(1,922,339)	
Notes Payable	(2,002,000)	
Accrued Interest	(345,858)	
Accounts Payable	540,271	
Net Cash Used in Operating Activities	(3,782,579)	(22,446)
Cash Flows From Investing Activites		
Transportation	750,000	
Accumulated Depreciation		
Net Cash Provided by Investing Activities	750,000	0
Cash Flows From Financing Activites		
Net cash provided for stock	2,500,413	
Net Cash provided by loans	490,000	22,446
Net Proceeds from the issuance of Preferred stock		
Net Proceeds from acquisition of assets		
Net Cash Provided by Financing Activities	2,990,413	22,446
	0	
Net Increase (Decrease) During the Period	(42,166)	
Cash and cash equivalents, Beginning of the period	325,502	-
Cash and cash equivalent, End of the period	$ 283,336	$ -

See accompanying notes to financial statements

X RAIL ENTERPRISES, INC
CONSOLIDATED EQUITY STATEMENT
AS OF SEPTEMBER 30, 2016
UNAUDITED

	COMMON STOCK Shares	Amount	Additional Paid-In Capital	Retained Earnings (Deficit)	Stockholders' Equity (Deficit)
Balance as of Dec 31, 2009	81,806,101	81,806	3,065,091	(4,983,057)	(1,836,160)
Management Stock	1,000,000	1,000			1,000
Management Stock	1,000,000	1,000			1,000
Management Stock	1,000,000	1,000			1,000
Aquire DCCI for stock	25,000,000	25,000	2,760		27,760
Debt Conversion	16,671	17			17
Net income or (Loss) Dec 21, 2010				(2,760)	(2,760)
Balance as of Dec 31, 2010	109,822,772	109,823	3,067,851	(4,985,817)	(1,808,143)
Phoenix International Stock 1/27/11	5,006,270	5,006			5,006
Management Stock	1,000,000	1,000	28000		29,000
Management Stock	1,000,000	1,000	45000		46,000
Management Stock	20,000	20	1,000		1,020
Debt Conversion	145	0			0
Debt Conversion	2,750,000	2,750	30,000		32,750
Debt Conversion	2,250,000	2,250	30,000		32,250
Management Stock	140,000,000	140,000	12,632		152,632
Net Income for (Loss) Dec 31, 2011				(2,956)	(2,956)
Balance as of Dec 31, 2011	261,849,187	261,849	3,214,483	(4,988,773)	(1,512,441)
Adjust for par value .001 to.00001	261,849,187	2,618	259,231		
Balance after adjustment	261,849,187	2,618	3,473,714	(4,988,773)	(1,512,441)
Stock issue for Pembina	3,000,000,000	30,000	1,000,000		1,030,000
Stock issue for Management	2,500,000,000	25,000	25,000		50,000
Adjust for value Par	(3,016,671)	(30)			(30)
Stock issue for Debt	570,000,000	5,700	5,700		11,400
Income or (Loss) for year Dec 31, 2012				(29,586)	(29,586)
Balance as of Dec 31, 2012	6,328,832,516	63,288	4,504,414	(5,018,359)	(450,657)
Stock Issuance	24,000,000	240	240		480
Stock Issuance	400,000,000	4,000	4000		8,000
Stock for Debt June 2013	240,000,000	2,400	0		2,400
Income or (loss) December 31, 2013				(32,623)	(32,623)
Balance as of Dec 31, 2013	6,992,832,516	69,928	4,508,654	(5,050,982)	(472,400)
Stock reverse Oct 14, 2014	6,992,833	70	4,578,512	(5,050,982)	(472,400)
Income or (loss) December 31, 2014				(22,988)	(22,988)
Balance as of Dec 31, 2014	6,992,833	70	4,578,512	(5,073,970)	(495,388)
Income or (loss) March 31, 2015				(6,196)	(6,196)
Balance as of March 31, 2015	6,992,833	70	4,578,512	(5,080,166)	(501,584)

Income or (loss) June 30, 2015				(5,675)	(5,675)
Balance as of June 30, 2015	6,992,833	70	4,578,512	(5,085,841)	(507,259)
Income or (loss) Sept 30, 2015				(10,575)	(10,575)
Balance as of September 30, 2015	6,992,833	70	4,578,512	(5,096,416)	(517,834)
Cancellation of Shares	(750,000)	(8)			(8)
Stock issuance for Management	4,000,000,000	40,000	(40,000)		-
Stock issued for Debt	900,000	9	(9)		-
Balance	4,007,142,833	40,072	4,538,503	(5,096,416)	(517,841)
Stock Reverse 1 for 1,000	4,007,749				
DTC rounding	35				
Balance	4,007,784	40	4,578,535	(5,096,416)	(517,841)
Income or (loss) December 31, 2015				492,867	492,867
Balance as of December 31, 2015	4,007,784	40	4,578,535	(4,603,549)	(24,974)
Stock purchase	18,144,719	181	2,999,819		3,000,000
Stock to LVRE on Stock	142,849,070	1,428	(1,428)		0.00
additional stock on LVRE	2,907,612	29	(29)		-
additional stock on LVRE	11,372,848	114	(114)		-
Stock subscription	2,250,000	23	224,978		225,000
Management stock	12,500,000	125	(125)		-
Income or (loss) as of June 30, 2016				495,054	495,054
Balance as of June 30, 2016	194,032,033	1,940	7,801,635	(4,108,495)	3,695,079.83
additional stock on LVRE	71,270	1	(1)		(0)
Stock issued for Debt	200,000	2	4,998		5,000.00
Stock issued for Cash	2,000,000	20	99,980		100,000.00
Stock issued for Cash	1,500,000	15	74,985		75,000.00
Income or (loss) as of Sept 30, 2016				123,052	123,052.00
Balance as of Sept 30, 2016	197,803,303	1,978	7,981,597	(3,985,443)	3,998,131.54
	Preferred Stock Series A				
Stock issued March 2000	47,560,485	476			476
Balance of Preferred	47,560,485	476			476
Stock Issued	1,000	0	0		0
Stock issued	51,000,000	510	(510)		0
Balance	98,561,485	986	(510)		476
Stock Reverse 1 for 1,000	98,796	1	475		476
Balance December 31, 2015 Preferred A	98,796	1	475		476

	Preferred Stock Series A-2				
Stock Issued	2,000	0	0		0
Stock Issued for Asset Company	2,000	0	350,000		350,000
Stock Reverse 1 for 1,000	4	0			
Stock Cancelled	(2)				
Balance December 31, 2015 Preferred A-2	2	0	350,000		350,000
Total Balance as of Sept 30, 2016	197,902,101	1,979	8,332,071	(3,985,443)	4,348,607

See accompanying notes to financial statements

X RAIL ENTERPRISES INC.

NOTES TO FINIANCIAL STATEMENT
September 30, 2016

NOTES- SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES

Basis of Presentation
The Company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America ("GAAP" accounting) are the financial statements are presented in US dollars. The Company has adopted a December 31 fiscal year end.

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

Financial Instruments
The carrying value of the Company's financial instruments approximates their fair value because of the short maturity of these instruments.

Income Taxes
Income taxes are accounted for under the assets and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted
tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Use of net operating loss carry forwards for income tax purposes may be limited by Internal Revenue Code section 382 if a change of ownership occurs.

Basic Income (Loss) Per Share
Basic income (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. There are no such common stock equivalents outstanding as of December 31, 2015

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

Impairment of Long-Lived Assets
The Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered.
Impairment of Long-Lived Assets (Continued) through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Advertising Costs
The Company's policy regarding advertising is to expense advertising when incurred.
Revenue Recognition. The Company recognizes revenue when products are fully delivered or services have been provided and collection is reasonably assured.

Stock-Based Compensation
Stock-based compensation is accounted for at fair value in accordance with SFAS No. 123 and 123 (R) (ASC 718) To date, the Company has not adopted a stock option plan and has not granted any stock options.

New Authoritative Accounting Guidance
On July 1,2009, the Accounting Standards Codification ("ASC") became the Financial Accounting Standards Board ("FASB") officially recognized source of authoritative U.S. generally accepted accounting principles applicable to all public and non-public nongovernmental entities, superseding existing FASB, AICPA, EITF and related literature. Rules and interpretive releases of the SEC under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All other accounting literature is considered nonauthoritative. The switch to the ASC affects the away companies refer to U.S. GAAP in financial statements and accounting policies. Citing particular content in the ASC involves specifying the unique numeric path to the content through the Topic, Subtopic, Section and Paragraph structure.

FASB ASC Topic 260, "Earnings Per Share." On January 1,2009, the Company adopted new authoritative accounting guidance under FASB ASC Topic 260, "Earnings Per Share," which provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation
of earnings per share pursuant to the two-class method.

FASB ASC Topic 820, "Fair Value Measurements and Disclosures." New authoritative accounting guidance under ASC Topic 820,"Fair Value Measurements and Disclosures," affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell the asset in an orderly transaction, and clarifies and includes additional factors for determining whether there has been a significant decrease in market activity for an asset when the market for that asset is not active. ASC Topic 820

requires an entity to base its conclusion about whether a transaction was not orderly on the weight of the evidence. The new accounting guidance amended prior guidance to expand certain disclosure requirements. The Company adopted the new authoritative accounting guidance under ASC Topic 820 during the first quarter of 2009. Adoption of the new guidance did not significantly impact the Company's consolidated financial statements. Further new authoritative accounting guidance (Accounting Standards Update No. 2009-5) under ASC Topic 820 provides guidance for measuring the fair value of a liability in circumstances in which a quoted price in an active market for the identical liability is not available. In such instances, a reporting entity is required to measure fair value utilizing a valuation technique that uses (i) the quoted price of the identical liability when traded as an asset, (ii) quoted prices for similar liabilities or similar liabilities when traded as assets, or (iii) another valuation technique that is consistent with the existing principles of ASC Topic 820, such as an income approach or market approach. The new authoritative accounting guidance also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The forgoing new authoritative accounting guidance under ASC Topic 820 will be effective for the Company's consolidated financial statements beginning October 1,2009 and is not expected to have a significant impact on the Company's consolidated financial statements

FASB ASC Topic 825 "Financial Instruments." New authoritative accounting guidance under ASC Topic 825,"Financial Instruments," requires an entity to provide disclosures about the fair value of financial instruments in interim financial information and amends prior guidance to require those disclosures in summarized financial information at interim reporting periods. New Authoritative Accounting Guidance (continued}

FASB ASC Topic 855, "*Subsequent Events*." New authoritative accounting guidance under ASC Topic 855, "Subsequent Events," establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. ASC Topic 855 defines (i) the period after the balance sheet date during which a reporting entity's management should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and (iii) the disclosures an entity should make about events or transactions that occurred after the balance sheet date. The new authoritative accounting guidance under ASC Topic 855 became effective for the Company's financial statements for periods ending after June 15,2009. Effective February 24, 2010, the FASB issued Accounting Standards Update ("ASU") No. 2010-09, "Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements" which revised certain disclosure requirements. ASU No. 2010-09 did not have a significant impact on the Company's consolidated financial statements. The company evaluated subsequent events, which are events or transactions that occurred after March 31, 2011 through the issuance of the accompanying consolidated financial statements.

Management does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have an effect on the accompanying consolidated financial statements

NOTE 2- In February 2016 X Rail Enterprises purchased 19,643,375shares of LVRE (XTRN) for 145,756,682 shares of X Rail value was place on the purchase of $0.075 per share the price of the XTRN shares on February 9, 2016 the day of the purchase. The value of the XREE shares on that day was $1.33 per share or a value of $189,989,263.

NOTE 3- On March 30, 2016 X Rail Enterprises purchased 20,000,000 shares of LVRE from Cowan Investments LLC for 18,144,719 XTRN stock on that day was $0.12 per share for a value of $2,400,000 for the XTRN stock the value of the XREE stock was $2.10 per share for a value of the stock at $38,103,909 total value.

NOTE 4- On December 23, 2015 the company issued 2 shares of Preferred stock at a value of $350,000 for the controlling interest in X Rail Assets

NOTE 5- 2,250,000 Shares of stock was purchased by one of the largest shareholders in the company and two of the officers of the company. Purchase price was for $0.10 per share

NOTE 6- Loans to the company are long-term loans that totaled $274,193 for the Quarter Ended March 31, 2016. One of the notes is $87,600 from 2008. The other notes which total $186,593 which was for assets. Current notes payable is $13,407.

NOTE 7- Stock subscription for $100,000 number of shares is 1,000,000

NOTE 8- Preferred Stock Series A-2 for 2 shares was cancelled per agreement.