

**Majestic Oil & Gas, Inc**  
Balance Sheets  
(unaudited)

|                                                                                                                                                                                                                                                                                                    | September 30,<br>2016  | December 31,<br>2015   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Assets</b>                                                                                                                                                                                                                                                                                      |                        |                        |
| Current assets                                                                                                                                                                                                                                                                                     |                        |                        |
| Cash and cash equivalents                                                                                                                                                                                                                                                                          | \$ 7,734               | \$ 142                 |
| Total current assets                                                                                                                                                                                                                                                                               | <u>7,734</u>           | <u>142</u>             |
| Oil and gas properties using the full cost method of accounting:<br>Proved properties, subject to amortization, net of accumulated depletion<br>of \$286,315 and \$286,315; and accumulated impairment of<br>\$319,206 and \$319,206 at September 30, 2016 and December 31, 2015,<br>respectively. | -                      | 8,341                  |
| Total property and equipment, net                                                                                                                                                                                                                                                                  | <u>-</u>               | <u>8,341</u>           |
| Long term assets                                                                                                                                                                                                                                                                                   |                        |                        |
| Other long term assets                                                                                                                                                                                                                                                                             | <u>-</u>               | <u>-</u>               |
| <b>Total assets</b>                                                                                                                                                                                                                                                                                | <b><u>\$ 7,734</u></b> | <b><u>\$ 8,483</u></b> |
| <b>Liabilities and stockholders' deficit</b>                                                                                                                                                                                                                                                       |                        |                        |
| Current liabilities                                                                                                                                                                                                                                                                                |                        |                        |
| Accounts payable and accrued liabilities                                                                                                                                                                                                                                                           | \$ 40,944              | \$ 18,662              |
| Total current liabilities                                                                                                                                                                                                                                                                          | <u>40,944</u>          | <u>18,662</u>          |
| Long-term liabilities                                                                                                                                                                                                                                                                              |                        |                        |
| Asset retirement obligations                                                                                                                                                                                                                                                                       | 13,163                 | 13,013                 |
| Related party loan payable                                                                                                                                                                                                                                                                         | <u>29,537</u>          | <u>29,537</u>          |
| Total liabilities                                                                                                                                                                                                                                                                                  | <u>83,644</u>          | <u>61,212</u>          |
| Stockholders' deficit                                                                                                                                                                                                                                                                              |                        |                        |
| Common stock; par value \$0.001; 100,000,000 authorized, 9,168,000<br>issued and outstanding at September 30, 2016 and December 31, 2015.                                                                                                                                                          | 9,168                  | 9,168                  |
| Additional paid in capital                                                                                                                                                                                                                                                                         | 1,324,627              | 1,324,627              |
| Accumulated deficit                                                                                                                                                                                                                                                                                | <u>(1,409,705)</u>     | <u>(1,386,524)</u>     |
| Total stockholders' deficit                                                                                                                                                                                                                                                                        | <u>(75,910)</u>        | <u>(52,729)</u>        |
| <b>Total liabilities and stockholders' deficit</b>                                                                                                                                                                                                                                                 | <b><u>\$ 7,734</u></b> | <b><u>\$ 8,483</u></b> |

(the accompanying notes are an integral part of these unaudited financial statements)

**Majestic Oil & Gas, Inc.**  
**Statements of Operations**  
(Unaudited)

|                                               | <b>Three<br/>Months<br/>Ended<br/>September 30,<br/><u>2016</u></b> | <b>Three<br/>Months<br/>Ended<br/>September 30,<br/><u>2015</u></b> | <b>Nine<br/>Months<br/>Ended<br/>September 30,<br/><u>2016</u></b> | <b>Nine<br/>Months<br/>Ended<br/>September 30,<br/><u>2015</u></b> |
|-----------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>Revenues</b>                               |                                                                     |                                                                     |                                                                    |                                                                    |
| Oil and gas sales, Net                        | \$ _____                                                            | \$ 2,898                                                            | \$ 3,318                                                           | \$ 9,224                                                           |
| Total revenues                                | -                                                                   | 2,898                                                               | 3,318                                                              | 9,224                                                              |
| Production taxes and marketing costs          | -                                                                   | 268                                                                 | 307                                                                | 805                                                                |
| Lease operating costs                         | -                                                                   | 6,967                                                               | 6,594                                                              | 20,901                                                             |
| Depreciation, depletion and amortization      | -                                                                   | 1,976                                                               | -                                                                  | 5,927                                                              |
| General and administrative costs              | <u>14,694</u>                                                       | <u>247</u>                                                          | <u>20,912</u>                                                      | <u>3,095</u>                                                       |
| Total operating expenses                      | 14,694                                                              | 9,458                                                               | 27,813                                                             | 30,728                                                             |
| <b>Operating loss</b>                         | (14,694)                                                            | (6560)                                                              | (24,495)                                                           | (21,504)                                                           |
| Other income and expense                      |                                                                     |                                                                     |                                                                    |                                                                    |
| Interest expense                              | 4,937                                                               | 177                                                                 | 5,094                                                              | 531                                                                |
| Accretion expense                             | -                                                                   | 87                                                                  | 150                                                                | 261                                                                |
| Impairment of oil and gas properties          | -                                                                   | 4,495                                                               | -                                                                  | 13,486                                                             |
| Loss/(Gain) on sale of oil and gas properties | -                                                                   | -                                                                   | <u>(6,659)</u>                                                     | -                                                                  |
| Total other (income) and expense              | 4,937                                                               | 4,759                                                               | (1,415)                                                            | 14,278                                                             |
| Loss before taxes                             | (19,631)                                                            | (11,319)                                                            | (23,080)                                                           | (35,782)                                                           |
| Income tax expense                            | 100                                                                 | 100                                                                 | 100                                                                | 100                                                                |
| <b>Net Loss</b>                               | <u>\$ (19,731)</u>                                                  | <u>\$ (11,419)</u>                                                  | <u>\$ (23,180)</u>                                                 | <u>\$ (35,882)</u>                                                 |
| Basic and diluted net loss per common share   | (0.01)                                                              | (0.01)                                                              | (0.01)                                                             | (0.01)                                                             |
| Weighted ave. common shares outstanding –     | <u>9,168,000</u>                                                    | <u>9,168,000</u>                                                    | <u>9,168,000</u>                                                   | <u>9,168,000</u>                                                   |
| Basic and diluted                             |                                                                     |                                                                     |                                                                    |                                                                    |

(the accompanying notes are an integral part of these unaudited financial statements)

**Majestic Oil & Gas, Inc.**  
Statements of Cash Flow  
(unaudited)

|                                                  | For the Nine Months Ended<br>September 30, |                       |
|--------------------------------------------------|--------------------------------------------|-----------------------|
|                                                  | 2016                                       | 2015                  |
| <b>Cash flows from operating activities:</b>     |                                            |                       |
| Net loss                                         | \$ (23,180)                                | \$ (35,882)           |
| Items not affecting cash:                        |                                            |                       |
| Accretion expense                                | 150                                        | 261                   |
| Loss/(Gain) on sale of oil and gas properties    | (6,659)                                    | -                     |
| Impairment of oil and gas properties             | -                                          | 13,486                |
| Depletion and amortization                       | -                                          | 5,927                 |
| Change in working capital:                       |                                            |                       |
| Accounts payable                                 | 22,282                                     | 12,431                |
| Change in non-cash working capital               | <u>-</u>                                   | <u>-</u>              |
| <b>Net cash used for operating activities</b>    | <b><u>(7,407)</u></b>                      | <b><u>(3,777)</u></b> |
| <b>Cash flows from investing activities:</b>     |                                            |                       |
| Proceeds from the sale of oil and gas properties | <u>15,000</u>                              | <u>-</u>              |
| Net cash provided by investing activities        | <u>15,000</u>                              | <u>-</u>              |
| <b>Cash flows from financing activities:</b>     |                                            |                       |
| Related party loan proceeds                      | -                                          | <u>531</u>            |
| Net cash provided by financing activities        | <u>-</u>                                   | <u>531</u>            |
| Change in cash and cash equivalents              | 7,593                                      | -3246                 |
| Cash and cash equivalents, beginning of period   | 142                                        | 3402                  |
| Cash and cash equivalents, end of period         | <u>\$ 7,735</u>                            | <u>\$ 156</u>         |

(the accompanying notes are an integral part of these unaudited financial statements)

**Majestic Oil and Gas, Inc**  
Notes to Financial Statements  
For the Three Months Ending September 30, 2016  
(unaudited)

**NOTE 1 - ORGANIZATION AND OPERATIONS**

Majestic Oil & Gas, Inc. (the "Company"), located in Morgantown West Virginia, was incorporated, on April 16, 2002, in Nevada. The Company was involved with the acquisition, exploration and development of oil and gas reserves. New management, has been retained effective May 2016 and, has developed a new business model.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include all highly liquid investments with original maturities of three months or less which are not securing any corporate obligations. The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable as of September 30, 2016, December 31, 2015 are nil.

Prepaid Expenses

Prepaid expenses consist primarily of short-term prepaid expenditures that will amortize within one year.

Oil and Gas Properties

The Company utilized the full cost method of accounting for oil and gas properties. Accordingly, all costs associated with the acquisition, exploration and development of oil and gas reserves (including costs of abandoned leaseholds, delay lease rentals, dry hole costs, geological and geophysical costs, certain internal costs associated directly with acquisition, drilling and well equipment inventory, exploration and development activities, estimated dismantlement and abandonment costs, site restoration and environmental exit costs, etc.) were capitalized.

All capitalized costs of oil and gas properties, net of estimated salvage values, plus the estimated future costs to develop proved reserves, have been amortized on the unit-of-production method using estimates of proved reserves. Investments in unproved properties and major development projects were not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment

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indicate that the properties are impaired, the amount of the impairment was added to the capitalized costs to be amortized.

In addition, the capitalized costs were subject to a “ceiling test” which basically limits such costs to the aggregate of the “estimated present value,” discounted at a 10-percent interest rate, of future net revenues from proved reserves, based on current economic and operating conditions, plus the lower of cost or fair market value of unproved properties.

Gains or losses were not recognized upon the sale or other disposition of oil and gas properties, unless the sale represented a significant portion of oil and gas interests and the gain significantly alters the relationship between capitalized costs and proved oil and gas reserves of the cost center.

The properties were fully impaired as of June 30, 2016.

Impairment of Oil and Gas Properties

The Company evaluated the recoverability of its oil and gas properties if circumstances indicate impairment may have occurred. This analysis was performed by comparing the respective carrying values of the assets to the current and expected future cash flows, on an undiscounted basis, to be generated from such assets. In that event, a loss was recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of was determined in a similar manner, except that fair values were reduced for the cost of disposal. The Company recognized an accumulated impairment cost of \$319,206 and \$319,206 for the periods ended September 30, 2016 and December 31, 2015 and an impairment expense of \$-0- and \$17,981 for the periods ended September 30, 2016 and December 31, 2015, respectively.

Revenue Recognition

The Company recognized oil and gas revenues from its interests in producing wells as oil and gas was produced and sold from the wells and when ultimate collection was reasonably assured.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the 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 expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain.

The Company also follows the guidance related to accounting for income tax uncertainties. In accounting for uncertainty in income taxes, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax

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authority. No liability for unrecognized tax benefits was recorded as of September 30, 2016 and December 31, 2015.

Stock-Based Compensation

The Company records stock-based compensation at fair value as of the date of grant and recognizes the corresponding expense over the requisite service period (usually the vesting period), utilizing the Black-Scholes option-pricing model. The volatility component of the calculation is based on the historic volatility of the Company's stock or the expected future volatility. The expected life assumption is primarily based on historical exercise patterns and employee post-vesting termination behavior. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

Loss per Common Share

Basic earnings per share are calculated dividing income available to common stockholders by the weighted average number of common shares outstanding. Diluted earnings per share are based on the assumption that all dilutive convertible shares and stock options and warrants were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, warrants and options 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. There were no dilutive shares, options or warrants outstanding as of September 30, 2016 or December 31, 2015.

Recently Adopted Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new pronouncements that have been issued that might have a material impact on its financial position or results of operations.

**NOTE 3 - GOING CONCERN**

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the financial statements, during the nine months ended September 30, 2016 the Company incurred a net loss attributable to common shareholders of \$(23,180), which included a deduction for impairment of oil and gas properties of \$-0-, compared to a net loss, for the nine months ended September 30, 2015 of \$(35,882), including impairment of the same assets in the amount of \$13,486.

The financial statements do not include any adjustment relating to the recoverability and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company is taking certain steps to provide the necessary capital to continue its operations. These steps include but are not limited to: 1) focus on a new business mode and 2) raising equity financing.

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**NOTE 4 – ASSET RETIREMENT OBLIGATIONS**

The Company recognizes the present value of obligations associated with the retirement of tangible long-lived assets in the period in which it is incurred. The liability is capitalized as part of the related asset's carrying amount. Over time, accretion of the liability is recognized as an operating expense and the capitalized cost is depreciated over the expected useful life of the related asset. The Company's retirement obligations are related to plugging, dismantlement, removal, site reclamation and similar activities of its oil and gas exploration activities. The estimated future cost to plug and abandon the Company's gas wells was estimated to be \$13,163 as of September 30, 2016. The estimated liability is based on historical experience in plugging and abandoning wells, estimated cost to plug and abandon wells in the future and federal and state regulatory requirements.

**NOTE 5 – SUBSEQUENT EVENTS**

Effective October 7, 2016, the Company filed an amendment to its articles of incorporation with the Nevada Secretary of State creating 10,000,000 shares of preferred stock. The Board of Directors is authorized to divide the 10,000,000 shares of preferred stock from time to time into one or more series, and to determine or change by resolution for each such series its designation, the number of shares of such series, the powers, preferences and rights and the qualifications, limitations or restrictions for the shares of such series. The resolution or resolutions of the Board of Directors providing for the division of such preferred stock into series may include the following provisions:

- (1) The distinctive designation of each series and the maximum number of shares of each such series which may be issued, which number may be increased (except where otherwise provided by the Board of Directors in creating the series) or decreased (but not below the number of shares of the series then outstanding) from time to time by action of the Board of Directors;
- (2) Whether the holders of the shares of each such series are entitled to vote and, if so, the matters on which they are entitled to vote, the number of votes to which the holder of each such share is entitled, and whether the shares of such series are to be voted separately or together with shares of other series;
- (3) The dividends to which holders of shares of each such series will be entitled; any restrictions, conditions or limitations upon the payment of those dividends; whether the dividends will be cumulative and, if cumulative, the date or dates from which the dividends will be cumulative;
- (4) Whether the shares of one or more of such series will be subject to redemption and, if so, whether redemption will be mandatory or optional and if optional, at whose option, the manner of selecting shares for redemption, the redemption price and the manner of redemption;
- (5) The amount payable on shares of each such series if there is a liquidation, dissolution or winding up of the Company which amount may vary at different dates and depending upon whether the liquidation, dissolution or winding up is voluntary or involuntary;
- (6) The obligation, if any, of the Company to maintain a purchase, retirement or sinking fund for shares of each such series;
- (7) Whether the shares of one or more of such series will be convertible into, or exchangeable for, any other types or

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securities, either at the option of the holder or of the Corporation and, if so, the terms of the conversions or exchanges;

(8) Any other provisions regarding the powers preferences and rights, and the qualifications, limitations or restrictions, for each such series which are not inconsistent with applicable law.

All shares of such series of preferred stock will be identical with each other in all respects, except that shares of any one such series issued at different times may differ as to the dates from which dividends on those shares, if cumulative, shall cumulate.