SUPERNOVA ENERGY, INC.
Symbol: SPRN

FINANCIAL STATEMENTS
For the
Quarter Ended June 30, 2016

Fiscal Year:
12/31

Address:
265 Sunrise Hwy, Suite 1-276 Rockville Centre, New York 11570

Contents

SUPERNOVA ENERGY, INC.

Balance Sheets

(Unaudited)

	June 30, 2016 (Unaudited)	December 31, 2015 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 19,639	$ 16,296
Accounts receivable	13,681	3,187
Deposits	2,008	2,007
Total Current Assets	35,328	21,490
PROPERTY AND EQUIPMENT		
Oil and gas properties (full cost method)		
Proved	626,397	626,397
Unproved	546,325	546,325
Support equipment	267,631	267,631
Total property, plant and equipment	1,440,353	1,440,353
Accumulated depletion, depreciation, and impairment	(1,290,353)	(1,290,353)
Total oil and gas properties, net	150,000	150,000
TOTAL ASSETS	$ 185,328	$ 171,490
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 286,787	$ 283,852
Accounts payable and accrued expenses, related parties	169,863	140,412
Notes payable	218,395	177,500
Note payable - convertible	150,000	150,000
Notes payable - related parties	20,000	20,123
Total Current Liabilities	845,045	771,887
LONG TERM LIABILITIES		
Asset retirement obligations, net	157,752	157,752
TOTAL LIABILITIES	1,002,797	929,639
STOCKHOLDERS' DEFICIT		
Preferred stock, 2,000,000 shares authorized at par value of $0.10; 809,400 and 874,400 shares issued and outstanding, respectively	80,940	80,940
Common stock, 198,000,000 shares authorized at par value of $0.001;6,820,572 and 320,572 shares issued and outstanding, respectively	6,821	6,821
Additional paid-in capital	2,709,133	2,709,133
Accumulated deficit	(3,614,363)	(3,555,043)
Total Stockholders' Deficit	(817,469)	(758,149)
TOTAL LIABILITIES AND STOCKHOLDERS DEFICIT	$ 185,328	$ 171,490

The accompanying notes are an integral part of these unaudited financial statements

SUPERNOVA ENERGY, INC.

Condensed Statements of Operations
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
REVENUES	$ 31,629	$ 1,309	$ 53,909	$ 2,544
OPERATING EXPENSES				
Depletion, depreciation, amortization and accretion expense	-	16,215	-	32,608
Lease operating expenses	1,500	7,500	1,500	8,500
Professional fees	15,123	36,067	68,633	48,485
Impairment of oil and gas properties	-	43,380	-	43,380
General and administrative expenses	13,611	23,910	34,171	45,111
Total Operating Expenses	30,233	127,072	104,304	178,084
NET LOSS FROM OPERATIONS	1,396	(125,763)	(50,395)	(175,540)
OTHER INCOME (EXPENSE)				
Interest expense	(4,768)	(153,629)	(8,925)	(156,670)
Total Other Income (Expense)	(4,768)	(153,629)	(8,925)	(156,670)
NET LOSS	$ (3,372)	$ (279,392)	$ (59,320)	$ (332,210)
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.01)	$ (0.04)	$ (0.01)	$ (0.06)
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	6,817,266	6,817,266	6,817,266	5,560,360

The accompanying notes are an integral part of these condensed unaudited financial statements

SUPERNOVA ENERGY, INC.

(Formerly Northumberland Resources, Inc.)

Statements of Stockholders' Equity

(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance, December 31, 2012	**809,400**	**$ 80,940**	**311,145**	**$ 311**	**$ 1,925,999**	**$ (1,444,248)**	**$ 563,002**
Common shares issued in settlement of debt	—	—	1,100	1	109,643	—	109,644
Common shares issued for cash	—	—	833	1	99,999	—	100,000
Common shares issued for cash	—	—	2,625	3	314,997	—	315,000
Common shares issued for cash	—	—	1,563	1	49,999	—	50,000
Net loss for the year ended December 31, 2013	—	—	—	—	—	(754,572)	(754,572)
Balance, December 31, 2013	**809,400**	**80,940**	**317,266**	**317**	**2,500,637**	**(2,198,820)**	**383,074**
Preferred shares issued for cash	65,000	6,500	—	—	58,500	—	65,000
Net loss for the year ended December 31, 2014	—	—	—	—	—	(568,507)	(568,507)
Balance, December 31, 2014	**874,400**	**$ 87,440**	**317,266**	**$ 317**	**$ 2,559,137**	**$ (2,767,327)**	**$ (120,433)**
Convert preferred shares to common	(65,000)	(6,500)	6,500,000	6,500			
Beneficial Conversion on Note					150,000		150,000
Adj. common shares. to T.A.			3,306	4	(4)		
Net Loss – for the year ended December 31, 2015						(787,716)	(787,716)
Balance, December 31, 2015	**809,400**	**$80,940**	**6,820,572**	**$6,821**	**$2,709,133**	**$(3,555,043)**	**$(758,149)**
Net loss-for the six months to June 30, 2016	-	-	-	-	-	$(59,320)	$(59,320)
Balance at June 30, 2016	**809,400**	**$80,940**	**6,820,572**	**$6,821**	**$2,709,133**	**$(3,614,363)**	**$(817,469)**

The accompanying notes are an integral part of these condensed financial statements

SUPERNOVA ENERGY, INC.

Condensed Statements of Cash Flows
(Unaudited)

	For the Six Months Ended June 30,	
	2016	2015
OPERATING ACTIVITIES		
Net loss	$ (59,320)	$ (332,210)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Amortization of debt discount	-	150,000
Impairment of oil and gas properties	-	43,380
Depreciation, depletion, amortization and accretion	-	32,608
Changes in operating assets and liabilities:		
Prepaid expenses	-	-
Accounts receivable	(10,494)	(36)
Accounts payable and accrued expenses	8,385	(24,079)
Accounts payable and accrued expenses - related party	24,000	2,912
Net Cash (Used in) Provided by Operating Activities	(37,429)	(127,425)
INVESTING ACTIVITIES		
Purchase of oil and gas properties	-	(150,000)
Capitalized exploration and development costs	-	-
Purchase of well operating equipment	-	-
Net Cash Used in Investing Activities	-	(150,000)
FINANCING ACTIVITIES		
Proceeds from note payable - convertible	-	150,000
Proceeds from note payable	40,772	142,500
Preferred stock issued for cash	-	-
Net Cash Provided by Financing Activities	40,772	292,500
NET INCREASE IN CASH	3,343	15,075
NET DECREASE IN CASH	-	-
CASH AT BEGINNING OF PERIOD	16,296	5
CASH AT END OF PERIOD	$ 19,639	$ 15,080
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	$ -	$ 757
Income Taxes	$ -	$ —
NON-CASH FINANCING AND INVESTING ACTIVITES		
Sale of oil & gas properties for debt	$ -	$ —
Common stock issued in conversion of preferred stock	$ -	$ 6,500

The accompanying notes are an integral part of these condensed unaudited financial statements.

NOTE 1 – NATURE OF BUSINESS

Supernova Energy, Inc. ("the Company") is an oil and gas exploration and production company incorporated in the state of Nevada on June 22, 2009. On October 21, 2013 the Company elected to change its corporate name from Northumberland Resources, Inc. to Supernova Energy, Inc.

The accompanying financial statements have been prepared by the Company without an audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at December 31, 2015, and for all periods presented herein, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's June 30, 2016 unaudited financial statements.

NOTE 2 – GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses and seeking equity and/or debt financing. However management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

For the three month period ending June 30, 2016, the Company incurred a net loss of $3,372 and has an accumulated deficit of $3,614,363 with $19,639 of working capital. There are limited assets to fund short term operating cash flow or service debt obligations. There is no assurance that financing will be available in the future. In view of these matters, there is substantial doubt that the Company will continue as a going concern. The Company is currently pursuing sources of short and long-term working capital.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid investments with the original maturities of three months or less to be cash equivalents. The Company had $17,170 and $19,639 of cash and cash equivalents at June 30, 2016 and December 31, 2015, respectively.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made in preparing these financial statements include the estimate of proved oil and gas reserves and related present value estimates of future net cash flows therefrom and the assessment of asset retirement obligations.

Recent Accounting Pronouncements

The Company has evaluated recent accounting pronouncements and their adoption has not had or is not expected to have a material impact on the Company's financial position or statements.

Oil and Gas Properties

The Company uses the full cost method of accounting for oil and natural gas properties. Under this method, all acquisition, exploration and development costs, including certain payroll, asset retirement costs, other internal costs, and interest incurred for the purpose of finding oil and natural gas reserves, are capitalized. Internal costs that are capitalized are directly attributable to acquisition, exploration and development activities and do not include costs related to production, general corporate overhead or similar activities. Costs associated with production and general corporate activities are expensed in the period incurred. Proceeds from the sale of oil and natural gas properties are applied to reduce the capitalized costs of oil and natural gas properties unless the sale would significantly alter the relationship between capitalized costs and proved reserves, in which case a gain or loss is recognized.

Capitalized costs associated with impaired properties and capitalized costs related to properties having proved reserves, plus the estimated future development costs, and asset retirement costs under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 410 "Asset Retirement and Environmental Obligations" (FASB ASC 410), are amortized using the unit-of-production method based on proved reserves. Capitalized costs of oil and natural gas properties, net of accumulated amortization and deferred income taxes, are limited to the total of estimated future net cash flows from proved oil and natural gas reserves, discounted at ten percent, plus the cost of unevaluated properties.

There are many factors, including global events that may influence the production, processing, marketing and price of oil and natural gas. A reduction in the valuation of oil and natural gas properties resulting from declining prices or production could adversely impact depletion rates and capitalized cost limitations. Capitalized costs associated with properties that have not been evaluated through drilling or seismic analysis, including exploration wells in progress, are excluded from the unit-of-production amortization. Exclusions are adjusted annually based on drilling results and interpretative analysis.

Sales of oil and natural gas properties are accounted for as adjustments to the net full cost pool with no gain or loss recognized, unless the adjustment would significantly alter the relationship between capitalized costs and proved reserves. If it is determined that the relationship is significantly altered, the corresponding gain or loss will be recognized in the statements of operations.

Costs of oil and gas properties are depleted using the unit-of-production method. For the years ended December 31, 2015 and 2014, the Company recognized $48,823 and $181,008, respectively of depletion expense related to oil and gas production.

Ceiling Test – In applying the full cost method and in accordance with ASC 932, the Company performs an impairment test (ceiling test) at each reporting date, whereby the carrying value of property and equipment is compared to the value of its proved reserves discounted at a ten percent interest rate of future net revenues, based on current economic and operating conditions, plus the cost of

properties not being amortized, plus the lower of cost or fair market value of unproved properties included in costs being amortized, less the income tax effects related to book and tax basis differences of the properties. During the years ended December 31, 2015 and 2014, no impairment expense was recorded in connection with the full cost ceiling test calculation.

Revenue Recognition – Revenues from the sale of oil and natural gas are recognized when the product is delivered at a fixed or determinable price, title has transferred, and collectability is reasonably assured. For oil sales, this occurs when the customer takes delivery of oil from the operators' storage tanks.

Asset Retirement Obligations

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. If the liability is settled for an amount other than the recorded amount, a gain or loss is recognized.

Long-Lived Assets

Long-lived assets include equipment and intangible assets other than those with indefinite lives. We assess the carrying value of our long-lived asset groups when indicators of impairment exist and recognize an impairment loss when the carrying amount of a long-lived asset is not recoverable from the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Indicators of impairment include significant underperformance relative to historical or projected future operating results, significant changes in our use of the assets or in our business strategy, loss of or changes in customer relationships and significant negative industry or economic trends. When indications of impairment arise for a particular asset or group of assets, we assess the future recoverability of the carrying value of the asset (or asset group) based on an undiscounted cash flow analysis. If carrying value exceeds projected, net, undiscounted cash flows, an additional analysis is performed to determine the fair value of the asset (or asset group), typically a discounted cash flow analysis, and an impairment charge is recorded for the excess of carrying value over fair value.

Property and equipment are recorded at historical cost less accumulated depreciation, unless impaired. Depreciation is charged to operations over the estimated useful lives of the assets using the straight-line. Upon retirement or sale, the historical cost of assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Expenditures for repairs and maintenance are charged to expense as incurred.

Income Taxes

Income taxes are provided in accordance with FASB Codification Topic 740, *Accounting for Income Taxes.* A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss-carry forwards.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or the entire deferred tax asset will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

The asset and liability approach is used to account for income taxes by recognizing deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The Company records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized.

Fair Value Measurements

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

Fair Value Measurements (Continued)

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Basic and Diluted Loss per Share

Basic and diluted 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 were -0- and -0- such common stock equivalents outstanding as of December 31, 2015 and 2014, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

As of December 31, 2015 and 2014 the Company's oil and gas pumping and support equipment consisted of the following:
During 2015, in addition to depreciation of $48,823 the amount of $94,466 was charged as impairment to equipment.

	December 31, 2015	December 31, 2014
Oil and gas pumping and support equipment	$267,631	$267,631
Accumulated depreciation	(267,631)	(124,341)
Net	$-0-	$143,289

NOTE 5 – OIL AND GAS PROPERTIES

On January 29, 2015, the registrant entered into a Drilling Agreement with an unrelated third party whereby the Company will pay $100,000 to drill the well and $50,000 to complete the well. In return the Company will receive a 100% working interest and an 87.5% net revenue interest in and to the aforementioned well. During the six months ended June 30, 2015 the $50,000 paid for drilling costs was repaid to the Company.

On January 28, 2015, the registrant entered into an Assignment of Oil & Gas Lease with an unrelated third party whereby the Company was assigned the entire 87.5% working interest in and to certain leaseholds in Russell County, Kentucky.

During the year ending December 31, 2015, the Company impaired the value of its proven and unproven reserves and support equipment of $329,023 due to lower oil prices.

	December 31, 2015	December 31, 2014
Proved producing properties	$ 626,397	$ 580,825
Proved non-producing properties	-0-	45,572
Unproved properties	396,325	396,325
Unproved purchase OMR Drilling	150,000	-0-
Accumulated depletion	(1,022,722)	(693,699)
Net Oil and Gas Properties	$ 150,000	$ 329,023

NOTE 6– NOTES PAYABLE

At the quarter ending June 30, 2016 the Company borrowed a total $218,395 from an unrelated third party pursuant to six note agreements The note bear interest at a rate of 5% per annum and are due one year from the date of issuance..

NOTE 7 – NOTES PAYABLE - CONVERTIBLE

On January 29, 2015, the Company entered into a Promissory Note in the amount of $150,000 with an unrelated third party whereby the Company will pay interest in the amount of 10% annually and the note is due June 29, 2015. The proceeds were paid directly to the third party. The lender has the option to convert any remaining outstanding balance after the due date to preferred shares of the registrant at the price of $1.00 per share. As the conversion price is fixed the Company has determined there is no embedded financial derivative. The Company recorded beneficial conversion feature debt discount of $150,000 related to the conversion option. This debt discount has been fully amortized during the year ending December 31, 2015 to interest expense. The Note is currently in default.

NOTE 8 – NOTES PAYABLE – RELATED PARTIES

As of December 31, 2011, the Company owed $123 to a related party and this amount has been written off as of March 31, 2016. On August 21, 2013 the Company borrowed an additional $5,000 from the related party, with principal due in full on August 21, 2014, along with an additional $500 in accrued interest. As of June 30, 2015 and December 31, 2014 the note is in default.

On November 20, 2014 the Company entered into a promissory note agreement with a related party. Pursuant to the terms of the note, the Company borrowed $15,000, which accrues interest at a rate of five percent per annum. The note is unsecured and is due in full, along with all accrued interest, on November 20, 2015. At the quarter ending June 30, 2016 the Company had a total of $20,000 owing to a related party.

NOTE 9 – PREFERRED STOCK

The Company is authorized to issue 2,000,000 shares of preferred stock at a par value of $0.10. Currently at June 30, 2016 there are 809,400 shares of preferred stock issued and outstanding and as of December 31, 2015 and December 31, 2014, there were 809,400 and 874,400 shares of preferred stock issued and outstanding, respectively.

On February 26, 2014 the Company issued 65,000 shares of preferred stock for cash at $1.00 per share, resulting in total cash proceeds of $65,000. The preferred shares have 1:100 conversion and voting rights. As the conversion price is fixed the Company has determined there is no embedded financial derivative.

On February 4, 2015 the holder of 65,000 shares of preferred stock converted 65,000 shares of preferred stock into 6,500,000 shares of common stock.

NOTE 10 – COMMON STOCK

The total number of shares of capital stock which the Company shall have authority to issue is 100,000,000 common shares with a par value of $0.001. At June 30, 2016 and December 31, 2015, there are 6,820,572 common shares issued and outstanding of the 100,000,000 authorized shares.

On October 21, 2013 the Company elected to reduce its authorized number of common shares from 200,000,000 to 100,000,000. On September 15, 2013 the Company authorized a reverse-split of its common stock on a one-share-for-two-shares basis. All references to common stock have been restated so as to retroactively incorporate the effects of this transaction.

During the year ended December 31, 2013 the Company issued 1,100 shares of common stock upon the conversion of a $100,000 convertible note payable and related accrued interest payable. The Company also issued 5,021 shares of common stock for cash at $93 per share, resulting in total cash proceeds of $465,000.

On July 21, 2014 the Company elected to perform a reverse-split of its common stock on a one-share-for-one-hundred-share basis, with no change to the authorized common shares. All references to common stock activity in these financial statements have been retroactively restated so as to incorporate the effects of this reverse-stock-split.

On February 4, 2015 the holder of 65,000 shares of preferred stock converted 65,000 shares of preferred stock into 6,500,000 shares of common stock.

NOTE 11 – INCOME TAXES

The Company accounts for income taxes in accordance with ASC 740, Income Taxes , which requires the recognition of deferred tax liabilities and assets at currently enacted tax rates for the expected future tax consequences of events that have been included in the financial statements or tax returns. A valuation allowance is recognized to reduce the net deferred tax asset to an amount that is more likely than not to be realized.

ASC 740 provides guidance on the accounting for uncertainty in income taxes recognized in a company's financial statements. ASC 740 requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements.

Net deferred tax assets consist of the following components as of December 31, 2015 and 2014:

	December 31, 2015	December 31, 2014
Book income (loss) from operations (at 34% Federal rate)	$(267,824)	$(193,292)
Change in derivative liability	—	
Change in valuation allowance	267,824	193,292
Total provision for income taxes	$—	$—

The income tax provision differs from the amount of income tax determined by applying the estimated U.S. federal and state income tax rates of 34 percent to pretax income from continuing operations for the year ended December 31, 2015 and 2014 due to the following:

	December 31, 2015	December 31, 2014
Loss carry forwards (expire through 2033)	$1,208,715	$940,891
Total gross deferred tax asset	—	77,230
Valuation allowance	—	(867,893)
Net deferred taxes	$—	$—

At December 31, 2015, the Company had net operating loss carry forwards of approximately $1,208,715 through 2033. No tax benefit has been reported in the December 31, 2014 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount. Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in future years.

In accordance with generally accepted accounting principles, the Company has analyzed its filing positions in all jurisdictions where it is required to file income tax returns for the open tax years in such jurisdictions. The Company has identified its federal income tax returns for the previous five years remain subject to examination. The Company's income tax returns in state income tax jurisdictions also remain subject to examination for the previous five years. The Company currently believes that all significant filing positions are highly certain and that all of its significant income tax filing positions and deductions would be sustained upon audit. Therefore, the Company has no significant reserves for uncertain tax positions, and no adjustments to such reserves were required by generally accepted accounting principles. No interest or penalties have been levied against the Company and none are anticipated, therefore no interest or penalty has been included in the provision for income taxes in the consolidated statements of operations.

NOTE 12– COMMITMENTS AND CONTINGENCIES

Compensation to Directors – The Company has entered into an employee contract with its officer and director for $4,000 per month

Other Commitments – The Company has a consulting agreement with a third party whereby the consultant provides consulting services for a fee of $12,000 per month. In addition, the Company has an agreement with a third party investor relations firm whereby the firm provides investor relations services to the Company for a fee of $6,000 per month. These agreements were not renewed as of April 1, 2015.
Office Rent - The Company had an office lease agreement for $500 per month which was not renewed as of June 30, 2015.

NOTE 13– SUBSEQUENT EVENTS

On January 9, 2017 the Company filed at Form 15-12g for certification and notice of termination of registration under section 12(g) of the Securities Exchange Act of 1934 or suspension of duty to file reports under sections 13 and 15(d) of the securities exchange act of 1934.

In accordance with ASC 855-10, the Company's management has reviewed all material events and there are no additional material subsequent events to report.