

## OTC Pink Basic Disclosure Guidelines

### **1) Name of the issuer and its predecessors (if any)**

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

DNA BRANDS

### **2) Address of the issuer's principal executive offices**

#### Company Headquarters

Address 1: 3577 NW 9th Ave  
Oakland Park FL 33309

Address 2: \_\_\_\_\_

Address 3: \_\_\_\_\_

Phone: 561-654-5722

Email: info@dnabrandscinc.com

Website(s): \_\_\_\_\_

#### IR Contact

Address 1: NONE

Address 2: \_\_\_\_\_

Address 3: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Website(s): \_\_\_\_\_

### **3) Security Information**

Trading Symbol: DNAX

Exact title and class of securities outstanding: 11.7 Billion Common Shares

CUSIP: 23328109

Par or Stated Value: .00001

Total shares authorized: 25 Billion

as of: FEB 20, 2017

Total shares outstanding: 11.7 Billion

as of: DEC 31 2016

Additional class of securities (if necessary):

Preferred Series C 400K shares Par value (\$0.001)

Preferred Series E 1,800,000 Par Value (\$0.001)

Preferred Series F 500,000 Par Value (\$0.001)

Preferred Series G redeemable Convertible Preferred 2,000,000 Shares par value (\$0.001)

Trading Symbol: \_\_\_\_\_

Exact title and class of securities outstanding: \_\_\_\_\_

CUSIP: \_\_\_\_\_

Par or Stated Value: \_\_\_\_\_

Total shares authorized: \_\_\_\_\_

as of: \_\_\_\_\_

Total shares outstanding: \_\_\_\_\_

as of: \_\_\_\_\_

#### Transfer Agent

Name: Corporate Stock Transfer

3200 Cherry creek Dr South STE 430

Denver CO 80209

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

Address 3: \_\_\_\_\_

Phone: 303 282 4800

Is the Transfer Agent registered under the Exchange Act?\*

Yes: No:

\*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

NONE

Describe any trading suspension orders issued by the SEC in the past 12 months. NONE

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

Changed Par value from (\$0.001) to (\$0.00001), late 2016

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#### 4) **Issuance History**

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

##### Convertible debt

Tide pool Ventures 1.5 Billion Shares issued  
Tangiers 1,405,000,000 Shares issued  
Coventry 1.5 Billion Shares issued  
Rutherford 200,000,000  
WMV Inc 805,000,000

##### Services

Redchip companies 450,000,000 Shares. Multimedia and Investor relations

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);  
Equity

Rule 506

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B. Any jurisdictions where the offering was registered or qualified;  
NONE

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C. The number of shares offered;  
10 Billion

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D. The number of shares sold;  
1 Billion

E. The price at which the shares were offered, and the amount actually paid to the issuer;  
(\$0.0001) = \$100K

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F. The trading status of the shares; and  
Restricted

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G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

YES

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## 5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

- A. Balance sheet;
- B. Statement of income;
- C. Statement of cash flows;
- D. Financial notes; and (ATTACHED)
- E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to [otciq.com](http://otciq.com) in the field below.

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

## 6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

- A. a description of the issuer's business operations;

Beverage Distribution rebuilding the distribution network left by prior management, focusing on the S. Florida Market. Looking to Acquire Beverage operations with Established Distribution chains. The Market are Males between the ages of 16-42, starting in the S out Florida region

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B. Date and State (or Jurisdiction) of Incorporation:  
CO

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C. the issuer's primary and secondary SIC Codes;  
0001419995

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D. the issuer's fiscal year end date;  
Dec 31

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E. principal products or services, and their markets;

Non Alcoholic Beverage Industry, focusing on Energy Drinks looking to acquire Functional beverages and Iced Teas

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## 7) Describe the Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Annual Lease of a 1400 Sq Ft Warehouse, \$1600/ Month . Facility In Oakland Park FL,

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## 8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement

Adrian McKenzie, Sole directing officer, And Principal Shareholder

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B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

NO

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

NO

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

NO

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

NO

C. **Beneficial Shareholders.** Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Adrian McKenzie, 355K Series F Preferred

## 9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

### Legal Counsel

Name: Andrew Telsey

Firm: Andrew I Telsey PC

Address 1: 12835 E Arapahoe RD Tower One Suite 803

Address 2: Centennial CO 80112-55427

Phone: (303) 768-9221

Email: andrew@telseylaw.com

### Accountant or Auditor

Name: Wendell Hecker

Firm:

Address 1: 3577 NW 9th Ave  
Oakland Park FL 33309

Address 2:

Phone: 561 654-5722

Email: info@dnabrandsinic.com

### Investor Relations Consultant

Name: NONE

Firm:

Address 1:

Address 2: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

**Other Advisor:** Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

#### 10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, [identify the certifying individual] certify that:

1. I have reviewed this [specify either annual or quarterly disclosure statement] of [identify issuer];
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

\_\_\_\_ FEB 28 2017 [Date]

\_\_\_\_ [CEO's Signature]

\_\_\_\_ [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

\_\_\_\_ [Title]

CEO

Adrian McKenzie

## DNA BRANDS INC.

## BALANCE SHEET

## (UNAUDITED)

DECEMBER 31, 2016

## ASSETS

## Current Assets

Cash and Cash Equivalents	\$ 62,412
Net Receivables	
Inventory	
Other Current Assets	989
<b>Total Current Assets</b>	<b>63,401</b>
Property, Net	
Other Assets	
<b>TOTAL ASSETS</b>	<b>\$ 63,401</b>

## LIABILITIES &amp; EQUITY

## Liabilities

Current Liabilities	
Accounts Payable	\$ 107,752
Current Long Term Debt	1,396,866
Other Current Liabilities	166,448
<b>Long Term Debt</b>	
Other Liabilities	
<b>Total Liabilities</b>	<b>1,671,066</b>

## Shareholder's Equity

Preferred Stock-Series A-F	2,100
Common Stock par value \$.001 , 25,000,000,000 shares authorized ; 11,700,000,000 shares issued and outstanding as of December 31, 2016	5,055,845
Additional Paid-in Capital	23,539,217
Accumulated Deficit	(30,204,827)
<b>Total Shareholders' Deficit</b>	<b>(1,607,665)</b>

<b>Total Liabilities and Shareholder's Equity</b>	<b>63,401</b>
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Decrease Retired Long Term Debt from Convertible Debentures

DNA BRANDS INC.  
 STATEMENT OF OPERATIONS  
 (UNAUDITED)  
 YEARS ENDED DECEMBER 31, 2016 AND 2015

		<u>2016</u>	<u>2015</u>
Sales	\$	-	5,372
Cost of Goods Sold		-	58,502
Gross Margin		-	(53,130)
		=====	=====
Operating Expenses			
Compensation and Benefits		-	74,642
General and Administrative Expenses		102,139	131,020
Professional and Outside Services		216,133	28,714
Selling and Marketing Expenses		318,272	234,376
Total Operating Expenses		=====	=====
Loss from Operations		(318,272)	(287,506)
		=====	=====
Other Income (Expense)		-	183,133
Loss before Income Taxes		(318,272)	(104,373)
		=====	=====
Income Taxes			
Net Loss		(318,272)	(104,373)
		=====	=====

DNA BRANDS INC  
 STATEMENT OF CASH FLOW  
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Net Income	(318,272)	(104,373)
<b>Operating Activities</b>		
Depreciation		
Adjustments to Net Income		
Changes in Liabilities	274,383	
Changes in Account Receivables		
Changes in Inventories		
Changes in Other Operating Activities	(105,062)	
<b>Total Cash Flow From Operating Activities</b>	(43,889)	(105,062)
<b>Investing Activities</b>		
Capital Expenditures		
Investments		
Other Cash Flows From Investing Activities		
<b>Total Cash Flow From Investing Activities</b>		
<b>Financing Activities</b>		
Dividends Paid		
Sale/Purchase of Stock	105,100	
Net Borrowings		
Other Cash Flows From Financing Activities		
<b>Total Cash Flow From Financing Activities</b>	105,100	
Effect of Exchange Rate Changes		
<b>Change in Cash and Equivalents</b>	61,211	689

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Decrease Retired Long Term Debt from Convertible Debentures

**DNA Brands, Inc.**  
**Notes to Financial Statements**

**Company Overview and History**

DNA Brands, Inc. (hereinafter referred to as “us,” “our,” “we,” the “Company” or “DNA ” ) was incorporated in the State of Colorado on May 23, 2007 under the name Famous Products, Inc. Prior to July 6, 2010 we were a beverage company. We are looking to reproduce, market and sell a proprietary line of five carbonated blends of DNA Energy Drink®, Citrus, Sugar Free Citrus, Original (a unique combination of Red Bull® and Monster® energy drinks), Cryo- Berry (a refreshing mix of cranberry and raspberry) and Molecular Melon (a cool and refreshing taste); as well as three milk based energy coffees with fortified with Omega 3. These flavors are Mocha, Vanilla Latte and Caramel Macchiato.

Our current business commenced in May 2006 in the State of Florida under the name Grass Roots Beverage Company, Inc. (“Grass Roots”). Initial operations of Grass Roots included development of our energy drinks, sampling and other marketing efforts and initial distribution in the State of Florida. In May 2006 we formed DNA Beverage Corporation, a Florida corporation (“DNA Beverage”). Our early years were devoted to brand development, creating awareness through heavy sampling programs and creating credibility among our then core demographic by concentrating marketing efforts on action sports locations and events (surf, motocross, skate, etc.).

Effective July 6, 2010, we executed agreements to acquire all of the assets, liabilities and contract rights of DNA Beverage and 100% of the common stock of DNA Beverage’s wholly owned subsidiary Grass Roots Beverage Company, Inc. (“Grass Roots”) in exchange for the issuance of 31,250,000 shares of our common stock. The share issuance represented approximately 94.6% of our outstanding shares at the time of issuance. As a result of this transaction we also changed our name to “DNA Brands, Inc.”

Grass Roots was dissolved and ceased activity on December 31, 2013. Whereby DNA Brands Inc has been the surviving entity.

**DNA Brands, Inc.**  
**Notes to Financial Statements (Continued)**

**1) 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**2) Revenue Recognition**

The Company derives revenues from the sale of carbonated energy drinks and other related products. Revenue is recognized when all of the following elements are satisfied: (i) there are no uncertainties regarding customer acceptance; (ii) there is persuasive evidence that an agreement exists; (iii) delivery has occurred; (iv) legal title to the products has transferred to the customer; (v) the sales price is fixed or determinable; and (vi) collectability is reasonably assured. **At this time the company is in a reorganization phase and has no Revenue**

**3) Fair Value of Financial Instruments**

The Company's financial instruments consist mainly of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, accrued expenses, derivative liabilities, and loans payable. The carrying values of the financial instruments approximate their fair value due to the short-term nature of these instruments. The fair values of the loans payable have interest rates that approximate market rates.

**4) Derivative Instruments**

The Company does not enter into derivative contracts for purposes of risk management or speculation. However, from time to time, the Company enters into contracts, namely convertible notes payable, that are not considered derivative financial instruments in their entirety, but that include embedded derivative features.

In accordance with Financial Accounting Standards Board ("FASB") ASC Topic 815-15, *Embedded Derivatives*, and guidance provided by the SEC Staff, the Company accounts for these embedded features as a derivative liability or equity at fair value.

The recognition of the fair value of the derivative instrument at the date of issuance is applied first to the debt proceeds. The excess fair value, if any, over the proceeds from a debt instrument, is recognized immediately in the statement of operations as interest expense. The value of derivatives associated with a debt instrument is recognized at inception as a discount to the debt instrument and amortized to interest expense over the life of the debt instrument. A determination is made upon settlement, exchange, or modification of the debt instruments to determine if a gain or loss on the extinguishment has been incurred based on the terms of the settlement, exchange, or modification and on the value allocated to the debt instrument at such date.

**5) Cash and Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are stated at cost and consist of bank deposits. The carrying amount of cash and cash equivalents approximates fair value.

**6) Accounts Receivable and Allowance for Doubtful Accounts**

The Company will bill its customers after its products are shipped. The Company bases its allowance for doubtful accounts on estimates of the creditworthiness of customers, analysis of delinquent accounts, payment histories of its customers and judgment with respect to the current economic conditions. The Company generally does not require collateral. The Company believes the allowances are sufficient to cover uncollectible accounts. The Company reviews its accounts receivable aging on a regular basis for past due accounts, and writes off any uncollectible amounts against the allowance.

**7) Inventory**

***No Inventory at present or for Fiscal year 2016***

Inventory is stated at the lower of cost or market. Cost is principally determined by using the average cost method that approximates the First-In, First-Out (FIFO) method of accounting for inventory. Inventory consists of raw materials as well as finished goods held for sale. The Company's management monitors the inventory for excess and obsolete items and makes necessary valuation adjustments when required.

The Company is in the process of pricing and ordering Inventory

**DNA Brands, Inc.**  
**Notes to Financial Statements (Continued)**

**8) Property and Equipment**

*None at present or for fiscal year 2016*

Property and equipment is recorded at cost less accumulated depreciation. Replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

**9) Impairment of Long-Lived Assets**

*None at present or for fiscal year 2016*

Long-lived assets are reviewed for impairment when events or changes in circumstances indicate the book value of the assets may not be recoverable. In accordance with Accounting Standards Codification (“ASC”) 360-10-35-15 *Impairment or Disposal of Long-Lived Assets*, recoverability is measured by comparing the book value of the asset to the future net undiscounted cash flows expected to be generated by the asset.

No events or changes in circumstances have been identified which would impact the recoverability of the Company’s long-lived assets reported at December 31, 2016 and 2015.

**10) Stock-Based Compensation**

*None for fiscal year 2016*

The Company applies ASC 718 *Compensation – Stock Compensation* to stock-based compensation awards. ASC 718 requires the measurement and recognition of non-cash compensation expense for all share-based payment awards made to employees and directors. The Company records common stock issued for services or for liability extinguishments at the closing market price for the date in which obligation for payment of services is incurred.

**DNA Brands, Inc.**  
**Notes to Financial Statements (Continued)**

Stock compensation arrangements with non-employee service providers are accounted for in accordance with ASC 505-50 *Equity-Based Payments to Non-Employees*, using a fair value approach. The compensation costs of these arrangements are subject to re-measurement over the vesting terms as earned.

***Stock Purchase Warrants***

*All Prior Warrants issued have expired worthless as of Dec 31 2016*

**11) Prepaid Expenses and Other Assets**

None

**DNA Brands, Inc.**  
**Notes to Financial Statements (Continued)**

**12) Accrued Liabilities**

None for fiscal year 2016

**13) Loans payable**

The composition of loans payable at December 31, 2016 and December 31, 2015 was as follows:

In June 2013, the Company entered into a loan agreement with Beverage LLC and received gross proceeds of \$265,000. In accordance with ACS 810- 10-55, the Company considered its relationship with, and the terms of its interest in, Beverage LLC and determined that it was a VIE that should be consolidated into its financial statements. The Company's involvement with Beverage LLC is that it serves as an entity to obtain inventory financing for DNA.

As of December 31, 2013 and December 2012 the amounts included in the consolidated liabilities, which are reported in loans payable (before discount) total \$530,000 and \$-0- respectively, relating to Beverage LLC. The loans payable bear interest at a rate of 6% per annum and are scheduled to be repaid to the lenders in equal installments of 66.67% of the original principal on September 30, 2013, December 31, 2013 and March 31, 2014. The aggregate value of the repayment installments totals \$530,000 plus interest and penalties. September and December installment payments were not made. The loan is in default and the default interest rate of 10% per annum.

**DNA Brands, Inc.**  
**Notes to Financial Statements (Continued)**

**14) Convertible Debentures**

April 22 2014 the company issued a 1 year convertible debenture of \$77,500, maturing April 22 2015, to Tidepool Ventures Inc. Bearing 10% interest per annum. This note has a Conversion factor of 45% of market price. Market price is calculated by the average of the lowest Bid price for the trailing ten business days to the market. (Representing a 55% discount to market price). This note was sold to WMV Inc and converted into common stock.

April 22 2014 the company issued a 1 year maturity convertible debenture of \$110,000 to Iconic Holding LLC. Bearing 5% interest per annum, maturing April 22 2015. This note has a Conversion factor of 50% of market price. Market price is calculated by the average of the lowest Bid price for the trailing ten business days. (Representing a 50% discount to market price). \$32,250 of this note has been Was converted into Common stock for 2016. This Note is Delinquent.

May 2 2014, the company issued a 1 year convertible debenture to LG Capital funding LLC of \$35,000 maturing May 2 2015. Bearing 8% annual interest. This note has a conversion factor of 50% of market price. Market price is calculated by taking the average of the lowest Bid price for the trailing ten business days. (Representing a 50% discount to market price). This note is in default. The creditor has taken no action.

June 10 2014 the company issued a 1 year maturity convertible debenture of \$75,000 to Coventry Enterprises LLC bearing 8% interest per annum maturing June 10th 2015. This note has a conversion factor of 60% of market price. Market price is calculated by taking the average of the lowest Bid price for the trailing ten business days. (Representing a 40% discount to market price). This note is in default. \$63K, was converted into Common stock for the year 2016.

Oct 7 2014 , the Company issued a 1 year Convertible Debenture to Coventry Enterprises LLC for \$30,000. Bearing 8% per annum. Maturing Oct 7 2015. This note has a Conversion factor of 50% of market price. Market price is Calculated by taking the average of the lowest Bid price for the trailing ten business days. (Representing a 50% discount to market price). This note is in default. No action has been taken

Feb 1 2016 the company issued a convertible debenture to Andrew Telsey for \$30,000, bearing 8% Interest per annum. Maturing Feb 1 2017. This note has a conversion of 60% of market value. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. ( Representing a 40% discount to market price ). This Note is in default. No action has been taken for fiscal year 2016.

Feb 1 2016 the company issued a convertible Note to Darren Marks for \$70,500, bearing 8% interest per annum. Maturing Feb 1 2017. This note has a conversion factor of 40% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing a 60% discount to market Price ). This Note is in default. No action has been taken for fiscal year 2016.

Feb 1 2016 the company issued a convertible Note to Melvin Leiner for \$106,632.70, bearing 8% interest, with a conversion ratio, of 40% market price. Maturing Feb 1 2017. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. Discount to market. (Representing a 60% discount to market price). This Note is in default. No action has been taken for fiscal year 2016

April 16 2016 the company issued a convertible debenture to Tidepool Ventures group for \$10,000 bearing 5% interest per annum. Maturing April 16 2017. This note has a conversion ratio of 45% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. . (Representing a 55% discount to market.)

April 26 2016 the company issued a convertible debenture to Iconic Holdings LLC for \$25,000 bearing 10% interest per annum Maturing April 26 2017. This note has a conversion ratio of 50% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days.(Representing a 50% discount to market price).

June 10 2016 the company issued a convertible debenture to Tidepool Ventures LLC for \$3,000 bearing 5% interest per annum. Maturing June 10 2017. This note has a conversion ratio of 50% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing 50% discount to market price ).

June 29 2016 the company issued a convertible debenture to Tidepool Ventures LLC \$8750 bearing 5% interest per annum. Maturing June 29 2017. This Note has a conversion factor of 50% of market price. Market price is . calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing a 50% discount to market price ).

August 12, 2016 the company issued a convertible debenture to Tidepool Ventures LLC \$3,000 bearing 5% interest per annum. Maturing August 12 2017. This note has a conversion factor of 50% of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing a 50% discount to market price )

Sept 7 2016 the company issued a convertible debenture to Dr. Thomas Rutherford for \$20,000 Bearing 5% interest per annum. Maturing September 7 2017. This note has a conversion factor of 50% discount of market price. Market price is calculated by taking the average of the lowest bid price of the trailing 5 business days. (Representing a 50% discount to market price ).

**DNA Brands, Inc.**  
**Notes to Financial Statements (Continued)**

**15) Equity**

***Preferred and Common Stock***

*As of Dec 31 2016 the company is authorized to issues 25 billion common shares . As of December 31 2016 , 11.7 Billion shares were outstanding .*

*Sole office and Director Adrian McKenzie Holds 355K Series F preferred, which have voting rights of 75,000 votes per share. (Control Block)*

At December 31, 2016 the Company was authorized to issue 10,000,000 shares of \$0.001 Preferred Stock and 25,000,000,000 shares of \$0.00001 par value Common Stock. The holders of common stock are entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors. Each share of common stock is entitled to one vote.

On May 3, 2013 the Company authorized the issuance of 300,000 shares of Series C Preferred Stock (“Series C”) and issued 150,000 shares of Series C to Darren Marks, an officer and director of the Company, in settlement of \$100,000 owed by the Company to Mr. Marks; and issued 150,000 shares of its Series C to Mel Leiner, an officer and director of the Company, in settlement of \$100,000 owed by the Company to Mr. Leiner. Each Series C share entitles the holder to 300 votes on all matters submitted to a vote of the Company's shareholders.

On October 21, 2013 the Company authorized the issuance of 1,800,000 shares of Series D Preferred Stock (“Series D”) and issued 900,000 shares of Series D to Darren Marks in settlement of \$900,000 owed by the Company to Mr. Marks; and issued 900,000 shares of its Series D to Mel Leiner in settlement of \$900,000 owed by the Company to Mr. Leiner. Each share of Series D Convertible Preferred Stock is convertible into 68.2721 shares of our Common Stock. If all of these shares are converted it would result in the issuance of 122,448,780 shares.

On December 27, 2013 Messrs. Marks and Leiner returned their Series D shares and these shares were cancelled. Additionally on December 27, 2013 the Company authorized the issuance of 1,800,000 shares of Series E Preferred Stock (“Series E”) and issued 900,000 shares of Series E to Darren Marks in settlement of \$50,000 owed by the Company to Mr. Marks; and issued 900,000 shares of its Series E to Mel Leiner in settlement of \$50,000 owed by the Company to Mr. Leiner. Each share of Series E stock has voting rights equal to 68.02721 common shares. The Series E is not convertible into any of our common shares.

At December 31, 2016 and 2015, preferred stock issued and outstanding 2,100,000 and 0 shares, respectively. At December 31, 2016 and 2015, common stock issued and outstanding totaled 11.7 Billion ,and 6.7 Billion shares, respectively.

Historically, the Company has issued and sold preferred stock, common stock and common stock warrants in order to fund a significant portion its operations. Additionally, the Company has issued shares of its common stock to compensate its employees, pay service providers and retire debt.

***16) Stock Options***

N/A

***17) Stock Warrants***

No outstanding and exercisable warrants for the years ended December 31, 2016 and 2015. All stock warrants are immediately vested upon issuance and are exercisable for a period of five years from the date of issuance.

All Prior Warrants issued have now all expired as of Jan 31 2017.

**DNA Brands, Inc.**  
**Notes to Financial Statements (Continued)**

**18) Stock Based Compensation**

For the years ended December 31, 2016 and 2015 we recorded \$0 and \$0, respectively, in stock based compensation.

**19) Income Taxes**

The actual income tax expense for 2016 and 2015 differs from the statutory tax expense for the year (computed by applying the U.S. federal corporate tax rate of 34.4% to income before provision for income taxes) as follows:

	<b>2016</b>	<b>Effective Tax Rate</b>	<b>2015</b>	<b>Effective Tax Rate</b>
Federal taxes at statutory rate	\$ (0)	34.40 %	\$ 0	34.4 %
State income taxes, net of federal tax benefit	(0)	3.61 %	( 0 )	3.61 %
Change in valuation allowance	1,176,2 01	(38.01 ) %	1,689,2 06	(38.0 1 ) %
Total	\$ —	0.00 %	\$ —	0.00 %

**DNA Brands, Inc.**  
**Notes to Consolidated Financial Statements (Continued)**

The net operating loss is comprised as follows:

Loss from Operations 2016	(\$318,272)
Loss from Operations 2015	(\$104, 373)
Loss From Operation 2014	(\$801, 213)

**20) Commitments**

As of December 1, 2016 the company is committed to \$1600/ mo for a 1400 Sq foot warehouse facility ,that it leases annually.

**Going Concern**

As reflected in the accompanying financial statements, the Company has recorded net losses of \$318,272 and \$104,273 for the years ended December 31, 2016 and 2015, respectively.. These matters raise a 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 management's plans, which includes implementation of its business plan and continuing to raise funds through debt or equity raises. The Company will likely continue to rely upon related-party debt or equity financing in order to ensure the continuing existence of the business. Additionally the Company is working on generating new sales from additional retail outlets, distribution centers or through sponsorship agreements; and allocating sufficient resources to continue with advertising and marketing efforts.

**ANDREW I. TELSEY, P.C. Attorney at Law**

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February 20, 2017

OTC Markets Group Inc.  
304 Hudson Street  
Second Floor  
New York, NY 10013

**Re: DNA Brands, Inc.**

Dear Sir/Madam:

This firm is counsel for DNA Brands, Inc., a Colorado corporation (the "Issuer"). This firm serves as general and securities counsel for the Issuer and has been retained by the Issuer for the purpose of rendering this letter and related matters.

The undersigned counsel is a resident of the United States, licensed to practice law in the State of Colorado and is permitted to practice before the Securities and Exchange Commission and has not been prohibited from practice thereunder.

For the purposes of rendering this letter we have examined such corporate records and other documents and such questions of law as we considered necessary or appropriate and, as to matters of fact, we have relied upon information obtained from public officials, the current sole officer of the Issuer and other sources, which sources we believe to be reliable, including former members of the Company's management.

In connection with the rendering of this letter, we have reviewed the following documents concerning the Issuer and the Issuer's Common Stock which are publicly available and which have been posted through the OTC Disclosure and News Service (the "Information"):

1. Annual Report posted February 21, 2017

and that the Information (i) constitutes "adequate current public information" concerning the Securities and the Issuer and is "available" within the meaning of Rule 144(c)(2) under the Securities Act of 1933 (the "Securities Act"), (ii) includes all of the information that a broker-dealer would be required to obtain from the Issuer to publish a quotation for the Securities Under Rule 15c2-11 under the Securities Exchange Act of 1934 (the "Exchange Act"), (iii) complies as to form with the Pink OTC Markets' Guidelines for Providing Adequate Current Information, which are located on the Internet at [www.otcmarkets.com](http://www.otcmarkets.com), and (iv) has been posted through the OTC Disclosure and News Services.

The unaudited financial statements for the Issuer's fiscal year ended December 31, 2016 and 2015, contained in the Information were prepared by Adrian McKenzie, the Issuer's sole Officer and Director,

and Mr. Wendell Hecker, CPA, who has been a certified public accountant for over 30 years. Mr. McKenzie received a Bachelor of Arts degree in economics from the University of Western Ontario in 1999.

The Transfer Agent for the Issuer is Corporate Stock Transfer, Inc., Denver, Colorado ("CST"), and we have confirmed that CST is registered with the Securities and Exchange Commission as a transfer agent. We have confirmed the number of outstanding shares of the Issuer set forth in the posted information from the Issuer's Transfer Agent.

We have (i) personally spoken with the sole member of management of the Issuer, (ii) reviewed the Information published by the Issuer through the OTC Disclosure and News Service, and (iii) discussed the Information with management. Further, after inquiry of management and with the Issuer's Transfer Agent,, to the best knowledge of the undersigned we have determined that neither the undersigned nor any member of this firm, the Issuer of the Securities, nor any five percent (5%) holder is currently under investigation by any federal or state regulatory authority for any violation of federal or state securities laws.

OTC Markets Group, Inc. is entitled to rely on this letter in determining whether the Issuer has made adequate current information publicly available within the meaning of Rule 144(c)(2) under the Securities Act. No person other than OTC Markets Group, Inc. is entitled to rely on this letter. We hereby grant full and complete permission and rights to OTC Markets Group, Inc. to publish this letter through the OTC Disclosure and News Service for viewing by the public and regulators.

Yours very truly,

**ANDREW I. TELSEY, P.C.**

Andrew I. Telsey  
For the Firm

AIT/ddk