

**QUARTERLY REPORT FOR
PERIOD ENDED
JUNE 30, 2012**



ALGAE FARM (USA), INC.

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SPRING, TEXAS 77389-2713
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Federal I.D. No.
88-0377615

CUSIP No.
01551R 200

ISSUER'S EQUITY SECURITIES

COMMON STOCK (as of 8/8/2012)

1,998,000,000 Shares Authorized
\$.0001 Par Value
733,054,583 Common Shares Issued and Outstanding

PREFERRED STOCK (as of 8/8/2012)

2,000,000 Shares Authorized
1,000,000 Series A Preferred Shares \$.001 Par Value
100,000 Series A Preferred Shares Issued and Outstanding
1,000,000 Series B Preferred Shares (\$. undesignated)
0 Series B Preferred Shares Issued and Outstanding

TRANSFER AGENT

Pacific Stock Transfer Company
4045 South Spencer Street
Suite 403
Las Vegas, NV 891119
Telephone (702) 361-3033
Facsimile (702) 433-1979

ALGAE FARM (USA), INC.

All information in this Quarterly Report has been compiled to fulfill the disclosure requirements of Rule 15c2-11 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The enumerated items and captions contained herein correspond to the format as set forth in that rule.

Forward-looking Statements

This Quarterly Report contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Forward-looking statements represent the Company's expectations or beliefs concerning future events. The words "*believe*," "*expect*," "*anticipate*," "*intend*," "*estimate*," "*project*" and similar expressions are intended to identify forward-looking statements. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including without limitations, the factors described in this Quarterly Report.

Investors are cautioned not to place undue reliance on such forward-looking statements because they speak only of the Company's views as of the statement dates. Although the Company has attempted to list the important factors that presently affect the Company's business and operating results, the Company further cautions investors that other factors may in the future prove to be important in affecting the Company's results of operations the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Item I. The exact name of the issuer and its predecessors (if any):

Algae Farm (USA), Inc., (a Nevada Corporation)
24523 Gosling Road, Unit G003
Spring, Texas 77389-2713

Item II. Shares outstanding:

As of August 8, 2012, there were 733,054,583 shares of the Company's Common Stock issued and outstanding.

As of August 8, 2012, there were 100,000 shares of the Company's Series A Preferred Stock issued and outstanding.

As of August 8, 2012, there were 0 shares of the Company's Series B Preferred Stock issued and outstanding.

Item III. Interim financial statements:

The Company's financial statements for the period ended June 30, 2012 are attached hereto.

Item IV. Management's discussion and analysis or plan of operation:

Forward Looking Statements

Some of the statements contained in this Quarterly Report that are not historical facts are "forward-looking statements" which can be identified by the use of terminology such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative or other variations, or by discussions of strategy that involve risks and uncertainties. We urge you to be cautious of the forward-looking statements, that such statements, which are contained in this Quarterly Report, reflect our current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors affecting our operations, market growth, services, products and licenses. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of the risks we face, and actual events may differ from the assumptions underlying the statements that have been made regarding anticipated events. Factors that may cause actual results, our performance or achievements, or industry results, to differ materially from those contemplated by such forward-looking statements include without limitation:

- Our ability to attract and retain management, and to integrate and maintain technical information and management information systems;
- Our ability to raise capital when needed and on acceptable terms and conditions;
- The intensity of competition; and
- General economic conditions.

All written and oral forward-looking statements made in connection with this Quarterly Report that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, you are cautioned not to place undue reliance on such forward-looking statements.

Background and Basis of Presentation

The accompanying consolidated financial statements include the accounts of Algae Farm (USA), Inc. and its wholly-owned subsidiaries and have been prepared on a going concern basis in accordance with U.S. generally accepted accounting principles. All significant intercompany accounts and transactions have been eliminated. Since February 20, 1997 (Date of Inception) the Company has been in a development stage. Operating results for the years ended December 31, 2010 and 2011, are not necessarily indicative of the results that may be expected in the future.

Critical Accounting Policies

We have identified critical accounting policies based upon the significance of the accounting policy to our overall financial statement presentation, as well as the complexity of the accounting policy and our use of estimates and subjective assessments. We have concluded our critical accounting policies are as follows:

Long Lived Assets

Unpatented Mining Claims:

From November 2006 through July 2007, the Company acquired 255 unpatented mining claims and since November 2008 has focused on research and development of renewable energy; specifically in the area of algae production systems.

In August 2010, the Company decided not to renew one hundred and ninety-two (192) of its unpatented mining claims. The decision to not renew had to do with management's decision that the benefit of renewing the claims did not exceed the cash costs involved. Management had been focusing all of their attention on algae production systems and did not expect to pursue mining activities in the near future.

In September 2010, the Company wrote off the entire value of the remaining sixty-three (63) unpatented mining claims for the reasons mentioned previously.

On June 13, 2011 the Company entered into a Purchase Agreement ("the Agreement") with Colorado Goldfields, Inc. ("CGI") to sell the remaining sixty three (63) unpatented mining claims in its possession for 250,000,000 restricted common shares of CGI valued at \$187,500.

Property and Equipment:

During 2012, the Company expects to acquire equipment and property associated with the production of algae oil, residual biomass and algal biomass. These assets will be capitalized and reviewed for impairment as the algae market develops in the future.

Derivatives

The Company has raised capital via the issuance of convertible debt that can be converted to registered common stock at a discount to the trading price. As a result, financial derivatives have been created. Generally, the difference between the sales price and the closing price on the date of issuance has been recorded as a discount and amortized to the income statement over time or upon conversion of the debt to common stock. Currently, the Company is in default on Convertible Promissory Notes in the amount of \$760,177. These convertible notes contain provisions for conversion at variable exercise prices based on historical closing prices of the Company's stock and are being treated as derivatives.

Research and Development

All costs and expenses associated with the algae biomass production technology are expensed when incurred as research and development. Such costs and expenses are eligible for research and development tax credits. Once the technology has been developed and a revenue producing facility has been built, expenses associated with the production of algae oil will be expensed as a cost of sales.

Net Loss Per Share

Net loss per share is computed using the weighted average number of shares of common stock outstanding during the applicable period. Shares associated with convertible promissory notes were not included because they are antidilutive. There is no difference between basic and diluted net loss per share for any period presented.

Liquidity and Capital Resources

For the six month period ended June 30, 2012 we had a increase in cash and cash equivalents of \$1.927 and incurred a net loss of \$317,528. Our net loss included \$50,993 of non-cash related expenses. The Company is in the development stage of operations and has not generated any meaningful and sustained revenue and does not expect any meaningful revenue until the fourth quarter 2012. Our ability to generate sufficient cash flows from operations to meet our operating and capital requirements is uncertain, and we must raise additional capital in order to fund development of our algae biomass technology. These matters raise substantial doubt about our ability to continue as a going concern.

Results of Operations – Analysis of Six Months Ended June 30, 2012 and June 30, 2011.

The net loss for the six months ended June 30, 2012 of \$317,528 reflects a decrease of \$2,015,894 from the net loss of \$2,333,422 for the same period in 2011. This decrease in net loss is primarily a result of:

- an increase in Research and Development of \$9,293 ; offset by
- a decrease in General and administrative expense of \$3,030,189;
- a decrease in Interest expense on convertible Promissory Notes of \$2,129;
- a decrease in Legal and Professional expenses of \$81,622;
- a decrease in Amortization of Discounts on Debentures of \$61,644.

Revenues

There was no revenue for the six months ended June 30, 2012 and \$37,500 for the year ended 2011. We focused our resources on research and development associated with our algae biomass production technology.

Research and Development Expenses

The research and development expenses for the six months ended June 30, 2012 and 2011 were \$10,187 and \$894 respectively.

General and Administrative Expenses

The general and administrative expenses for the six months ended June 30, 2012 and 2011 were \$20,448 and \$3,050,637, respectively. This decrease was due primarily to no stock-based compensation being paid during the period. We anticipate that general and administrative expense will increase in the future as warranted to coincide with increased production of the algal biomass.

Discounts on Issuances of Common Stock

During 2009 and 2010, we sold convertible debt that was convertible into common stock below the closing price on the date of issuance. As a result, for debt that was converted, we recorded a discount upon the issuance of such stock for the difference between the issuance price and the closing price on the date of issuance. Amortization of these debt discounts amounted to \$-0- and \$61,644 for the six months ended June 30, 2012 and 2011, respectively.

Item V. Legal Proceedings:

The Company is not engaged in any legal proceedings.

Item VI. Default upon senior securities:

As of August 8, 2012, the Company was in default on four convertible promissory notes totaling \$760,177.

Item VII. Other Information:

A. Entry into a material definitive agreement.

On May 14, 2012 the Company entered into an agreement with Joseph Passalacqua for consulting services relating to a potential purchase order(s). Mr. Passalacqua was paid 60,849,118 shares of the Company's restricted stock as advance consideration.

B. Termination of material definitive agreement:

On July 11, 2012 the Company terminated the consulting agreement with Joseph Passalacqua as he was unable to deliver the contemplated purchase order(s). On July 23, 2012 the Company sent a demand letter to Mr. Passalacqua for the return of 60,849,118 shares of the Company's restricted stock as advance consideration. As of August 8, 2012, the Company has yet to receive the consideration from Mr. Passalacqua but is very confident that it will in the near future.

C. Completion of acquisition or disposition of assets, including but not limited to merger

On June 13, 2011 the Company entered into a Purchase Agreement ("the Agreement") with Colorado Goldfields, Inc ("CGI") to sell the remaining sixty-three (63) unpatented mining claims in its possession for 250,000,000 restricted common shares of CGI valued at \$187,500. The shares are worth \$25,000 as of August 8, 2012.

D. Creation of a direct financial obligation or an obligation under an off-balance sheet arrangement of an Issuer:

None for the period ended June 30, 2012 and through the date of this report.

E. Triggering events that accelerate or increase a direct financial obligation or an obligation under an off-balance sheet arrangement:

None for the period ended June 30, 2012 and through the date of this report.

F. Costs associated with exit or disposal activities:

None for the period ended June 30, 2012 and through the date of this report.

G. Material Impairments:

None for the period ended June 30, 2012 and through the date of this report.

H. Sales of equity securities:

April 1, 2012 through June 30, 2012, the Company sold 63,849,118 shares of its common stock, valued at \$20,600. The Company incurred \$2,847 in fees and expenses relating to the sales.

I. Material Modification of rights of security holders:

None for the period ended June 30, 2012 and through the date of this report.

J. Changes in issuer's certifying accountant:

None for the period ended June 30, 2012 and through the date of this report.

K. Non-reliance on previously issued financial statements or a related audit report or completed interim review:

None for the period ended June 30, 2012 and through the date of this report.

L. Changes in control of issuer:

None for the period ended June 30, 2012 and through the date of this report.

M. Departure of directors or officers, election of directors, appointment of principal officers:

None for the period ended June 30, 2012 and through the date of this report.

N. Amendments Article of Incorporation or Bylaws; Change in Fiscal Year:

Are hereby incorporated by reference and can be found on www.pinksheets.com as (supplemental information).

None for the period ended June 30, 2012 and through the date of this report.

O. Amendments to the Issuer's Code of Ethics or Waiver of a provision of the Code of Ethics:

None for the period ended June 30, 2012 and through the date of this report.

Item XIII. Exhibits

None

Item IX. Issuer's Certification:

I, Rick Berman Chief Executive Officer of the issuer, certify that:

- a. I have reviewed the Quarterly Report including the financial statements for the period ended June 30, 2012 and the footnotes of Algae Farm (USA), Inc.
- b. Based on my knowledge, this Quarterly Report 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 Quarterly Report; and
- c. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, 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.

August 8, 2012

/s/ Rick Berman

Rick Berman
President, Chief Executive Officer, Director

ALGAE FARM (USA), INC
(A Development Stage Enterprise)
Condensed Consolidated Balance Sheets
(Unaudited)

ASSETS	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Current Assets:		
Cash and cash equivalents	\$ 2,844	\$ 5,344
Prepaid Expenses	313	2,465
Total Current Assets	3,157	7,809
Property and equipment, net	81,823	74,054
Other Assets:		
Marketable Securities - Available for Sale	25,000	50,000
Total Assets	\$ 109,980	\$ 131,863
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 938,121	\$ 753,047
Convertible promissory notes, net of discounts of \$ -0- and \$ -0-, respectively	760,177	760,177
Derivative Liability	257,889	380,089
Loans payable - related party	36,663	32,442
Total Current Liabilities	1,992,850	1,925,755
Total Liabilities	1,992,850	1,925,755
Commitments and Contingencies		
Stockholders' Equity (Deficit):		
Preferred stock - series A, \$.001 par value; 1,000,000 shares authorized; 100,000 and 100,000 issued and outstanding, respectively.	100	100
Preferred stock - series B, \$.001 par value; 1,000,000 shares authorized; none issued and outstanding, respectively.	-	-
Common stock, \$0001 par value, 1,998,000,000 shares authorized, 733,054,583 and 608,491,180 shares issued and outstanding, respectively.	73,305	60,849
Additional paid-in capital	17,492,919	17,438,943
Deficit accumulated during development stage	(19,506,654)	(19,156,284)
Accumulated Other Comprehensive Income (Loss)	(162,500)	(137,500)
Total Stockholders' Equity (Deficit)	(2,102,830)	(1,793,892)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 109,980	\$ 131,863

The accompanying notes are an integral part of these financial statements

ALGAE FARM (USA), INC.
(A Development Stage Enterprise)
Condensed Consolidated Statement of Operations
(Unaudited)

	<u>For the Six</u> <u>Months Ended</u> <u>June 30, 2012</u>	<u>For the Six</u> <u>Months Ended</u> <u>June 30, 2011</u>	<u>For the Three</u> <u>Months Ended</u> <u>June 30, 2012</u>	<u>For the Three</u> <u>Months Ended</u> <u>June 30, 2011</u>	<u>For the Period</u> <u>February 20, 1997</u> <u>(Inception) to June</u> <u>30, 2012</u>
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Costs and Expenses					
General and administrative	20,448	3,050,637	9,601	982,808	17,454,387
Legal and Professional Fees	4,250	85,872	2,103	72,550	380,290
Mining and Exploration	-	-	-	-	121,990
Research and Development	10,187	894	1,416	-	440,659
Write-down of Unpatented Mining Claims	-	-	-	-	324,807
Total Costs and Expenses	<u>34,885</u>	<u>3,137,403</u>	<u>13,120</u>	<u>1,055,358</u>	<u>18,722,133</u>
Loss from Operations	(34,885)	(3,137,403)	(13,120)	(1,055,358)	(18,722,133)
Other (Income) Expenses:					
Interest income	-	-	-	-	(2,586)
Amortization of Discounts on Debentures	-	61,644	-	4,658	1,090,342
Change in Fair Value of Derivatives	-	(710,050)	-	721,251	(534,916)
Interest expense on Convertible Promissory Notes	29,796	31,925	14,898	16,888	166,334
(Gain) on Sale of Unpatented Mining Claims	-	(187,500)	-	(187,500)	(187,500)
Adjustment to prior period(s) loss	252,847	-	252,847	-	252,847
Total Other (Income) Expenses	<u>282,643</u>	<u>(803,981)</u>	<u>267,745</u>	<u>555,297</u>	<u>784,521</u>
Net Loss	<u>\$ (317,528)</u>	<u>\$ (2,333,422)</u>	<u>\$ (280,865)</u>	<u>\$ (1,610,655)</u>	<u>\$ (19,506,654)</u>
Net Loss per Common Share - Basic and Diluted	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.01)</u>	<u>(0.01)</u>	
Weighted Average Common Shares Outstanding	<u>263,917,483</u>	<u>129,898,331</u>	<u>287,891,363</u>	<u>217,831,002</u>	

The accompanying notes are an integral part of these financial statements

ALGAE FARM (USA), INC
(A Development Stage Enterprise)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	<u>For the Six Months Ended</u>		<u>For the Period</u>
	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>February 20, 1997</u>
			<u>(Inception) to</u>
			<u>June 30, 2012</u>
Cash Flows from Operating Activities:			
Net Loss	\$ (317,528)	\$ (2,333,422)	\$ (19,473,813)
Adjustments to reconcile net loss to net cash used by operating activities:			
Write-down of unpatented mining claims	-	-	324,807
Amortization of discount on debentures	-	61,644	1,090,342
Change in Fair Value of Derivative Liability	-	(710,050)	(534,916)
Depreciation expense	2,314	771	5,098
Gain on Sale of Unpatented Mining Claims	-	(187,500)	(187,500)
Issuance of common stock for services	48,679	2,836,209	15,216,994
Changes in assets and liabilities:			
(Increase) in prepaid expenses	2,152	(2,465)	2,152
Increase (Decrease) in accrued expenses	185,074	289,285	913,121
Net Cash (Used) in Operating Activities	<u>(79,309)</u>	<u>(45,527)</u>	<u>(2,643,715)</u>
Cash Flows from Investing Activities:			
Capital expenditures	-	-	(69,202)
Purchase of Unpatented Mining Claims	-	-	(324,807)
Net Cash (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>(394,009)</u>
Cash Flow from Financing Activities:			
Proceeds from sale of common stock	20,600	24,500	1,775,540
Commissions and Finder's Fees paid on sale of common stock	(1,000)	-	(39,182)
Proceeds from (Repayment of) Loans payable - Related party	(15,577)	13,174	62,481
Proceeds from Issuance of convertible debentures - related parties	-	-	100,000
Proceeds from Issuance of convertible debentures	-	-	1,095,000
Net Cash Provided by Financing Activities	<u>4,043</u>	<u>37,674</u>	<u>2,993,839</u>
Increase (Decrease) in Cash	1,927	(7,854)	1,927
Cash at Beginning of Period	<u>917</u>	<u>8,050</u>	<u>917</u>
Cash at End of Period	<u>\$ 2,844</u>	<u>\$ 196</u>	<u>\$ 2,844</u>
Supplemental Cash Flow Information:			
Cash Paid For Interest	<u>\$ 169</u>	<u>\$ 41</u>	<u>\$ 9,776</u>
Cash Paid For Income Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Supplemental Non-Cash Investing and Financing Activities:			
Common Stock Issued upon Conversion of Convertible Debentures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 704,246</u>
Unamortized Discount on Promissory Notes Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,195,000</u>
Unrealized Loss on Available for Sale Securities	<u>\$ 162,500</u>	<u>\$ -</u>	<u>\$ 162,500</u>

The accompanying notes are an integral part of these financial statements

ALGAE FARM (USA), INC
(A Development Stage Enterprise)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
For the Period February 20, 1997 (Inception) to June 30, 2012

	Preferred Stock		Common Stock		Additional Paid In Capital	Deficit Accumulated During Development Stage	Total
	Shares	Amount	Shares	Amount			
Balances, February 17, 1997 (inception)	-	\$ -	-	\$ -	\$ -	\$ -	\$ -
Balances, December 31, 1997	-	-	-	-	-	-	-
Issuance of shares pursuant to a Private Placement	-	-	-	-	30,000	-	30,000
Balances, December 31, 1998	-	-	-	-	30,000	-	30,000
Balances, December 31, 1999	-	-	-	-	30,000	-	30,000
Balances, December 31, 2000	-	-	-	-	30,000	-	30,000
Net loss for the year ended December 31, 2001	-	-	-	-	-	(8,761)	(8,761)
Balances, December 31, 2001	-	-	-	-	30,000	(8,761)	21,239
Net loss for the year ended December 31, 2002	-	-	-	-	-	(8,382)	(8,382)
Balances, December 31, 2002	-	-	-	-	30,000	(17,143)	12,857
Net loss for the year ended December 31, 2003	-	-	-	-	-	(18,289)	(18,289)
Balances, December 31, 2003	-	-	-	-	30,000	(35,432)	(5,432)
Net loss for the year ended December 31, 2004	-	-	-	-	-	(9,570)	(9,570)
Balances, December 31, 2004	-	-	-	-	30,000	(45,002)	(15,002)
Net loss for the year ended December 31, 2005	-	-	-	-	-	(13,465)	(13,465)
Balances, December 31, 2005	-	-	-	-	30,000	(58,467)	(28,467)
Issuance of common stock valued at \$5,000,000,000 per share	-	-	-	-	100,000	-	100,000
Issuance of common stock valued at \$1,666,889,000 per share	-	-	-	-	50,000	-	50,000
Common Stock issued for Services valued at \$700,000,000 per share - Related Party	-	-	-	-	2,071,807	-	2,071,807
Net loss for the year ended December 31, 2006	-	-	-	-	-	(2,170,181)	(2,170,181)
Balances, December 31, 2006	-	-	-	-	2,251,807	(2,228,648)	23,159
Issuance of common stock valued at \$225,000,000 per share	-	-	-	-	61,759	-	61,759
Issuance of common stock valued at \$95,000,000 per share	-	-	-	-	38,000	-	38,000
Issuance of common stock valued at \$57,500,000 per share	-	-	-	-	7,000	-	7,000
Issuance of common stock valued at \$53,571,000 per share	-	-	-	-	15,000	-	15,000

The accompanying notes are an integral part of these financial statements

ALGAE FARM (USA), INC
(A Development Stage Enterprise)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
For the Period February 20, 1997 (Inception) to June 30, 2012

	Preferred Stock		Common Stock			Deficit Accumulated During Development Stage	Total
	Shares	Amount	Shares	Amount	Additional Paid In Capital		
Issuance of common stock valued at \$50,000,000 per share	-	-	-	-	2,500	-	2,500
Issuance of common stock valued at \$40,323,000 per share	-	-	-	-	25,000	-	25,000
Issuance of common stock valued at \$35,000,000 per share	-	-	-	-	85,000	-	85,000
Issuance of common stock valued at \$33,000,000 per share	-	-	-	-	20,000	-	20,000
Issuance of common stock valued at \$30,000,000 per share	-	-	-	-	45,000	-	45,000
Issuance of common stock valued at \$27,500,000 per share	-	-	-	-	91,667	-	91,667
Issuance of common stock valued at \$25,000,000 per share	-	-	-	-	337,500	-	337,500
Issuance of common stock valued at \$24,750,000 per share	-	-	-	-	25,000	-	25,000
Issuance of common stock valued at \$20,000,000 per share	-	-	-	-	149,000	-	149,000
Issuance of common stock valued at \$16,666,666 per share	-	-	-	-	50,000	-	50,000
Issuance of common stock valued at \$8,250,000 per share	-	-	-	-	25,000	-	25,000
Issuance of common stock valued at \$5,500,000 per share	-	-	-	-	10,000	-	10,000
Issuance of common stock valued at \$2,500,000 per share	-	-	-	-	75,000	-	75,000
Common Stock issued for Services valued at \$55,000,000 per share	-	-	-	-	69,667	-	69,667
Issuance of Preferred Stock for Services valued at \$3.82 per share - Related Party	100,000	100	-	-	382,286	-	382,386
Fees paid on issuances of common stock	-	-	-	-	(35,182)	-	(35,182)
Net loss for the year ended December 31, 2007	-	-	-	-	-	(1,048,440)	(1,048,440)
Balances, December 31, 2007	100,000	100	-	-	3,731,004	(3,277,088)	454,016
Issuance of common stock valued at \$100,000 per share	-	-	-	-	25,000	-	25,000
Issuance of common stock valued at \$66,666 per share	-	-	-	-	5,000	-	5,000
Issuance of common stock valued at \$49,000 per share	-	-	-	-	21,220	-	21,220
Issuance of common stock valued at \$40,000 per share	-	-	-	-	10,000	-	10,000
Issuance of common stock valued at \$37,500 per share	-	-	1	0	25,000	-	25,000
Issuance of common stock valued at \$3,000 per share	-	-	1	0	3,300	-	3,300
Issuance of common stock valued at \$2,000 per share	-	-	6	0	11,000	-	11,000
Issuance of common stock valued at \$1,000 per share	-	-	14	0	14,000	-	14,000
Issuance of common stock valued at \$830 per share	-	-	6	0	5,000	-	5,000
Issuance of common stock valued at \$600 per share	-	-	20	0	12,000	-	12,000
Issuance of common stock valued at \$400 per share	-	-	25	0	10,000	-	10,000
Issuance of common stock valued at \$290 per share	-	-	102	0	29,094	-	29,094
Common Stock issued for Services valued at \$1,000,000 per share - Related Party	-	-	-	-	1,000	-	1,000
Common Stock issued for Services valued at \$9,000 per share - Related Party	-	-	885	0	7,969,063	-	7,969,063
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$4,000 per share	-	-	5	0	20,000	-	20,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$2,000 per share	-	-	6	0	11,000	-	11,000

ALGAE FARM (USA), INC
(A Development Stage Enterprise)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
For the Period February 20, 1997 (Inception) to June 30, 2012

	Preferred Stock		Common Stock			Deficit Accumulated During Development Stage	Total
	Shares	Amount	Shares	Amount	Additional Paid In Capital		
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$1,000 per share	-	-	14	0	14,000	-	14,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$830 per share	-	-	6	0	5,000	-	5,000
Discounts on Issuance of Convertible Promissory Notes	-	-	-	-	45,000	-	45,000
Net loss for the year ended December 31, 2008	-	-	-	-	-	(8,640,457)	(8,640,457)
Balances, December 31, 2008	100,000	100	1,091	0	11,966,681	(11,917,545)	49,236
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$140 per share	-	-	143	0	20,000	-	20,000
Issuance of common stock valued at \$20.00 per share	-	-	250	0	5,000	-	5,000
Issuance of common stock valued at \$10.20 per share	-	-	4,902	0	50,000	-	50,000
Issuance of common stock valued at \$5.00 per share	-	-	4,000	0	20,000	-	20,000
Issuance of common stock valued at \$4.17 per share	-	-	6,000	1	24,999	-	25,000
Issuance of common stock valued at \$3.85 per share	-	-	6,500	1	24,999	-	25,000
Issuance of common stock valued at \$1.54 per share	-	-	6,500	1	9,999	-	10,000
Issuance of common stock valued at \$0.86 per share	-	-	35,000	4	29,997	-	30,000
Issuance of common stock valued at \$0.67 per share	-	-	30,000	3	19,997	-	20,000
Issuance of common stock valued at \$0.60 per share	-	-	42,000	4	24,996	-	25,000
Issuance of common stock valued at \$0.45 per share	-	-	11,111	1	4,999	-	5,000
Issuance of common stock valued at \$0.40 per share	-	-	12,500	1	4,999	-	5,000
Issuance of common stock valued at \$0.30 per share	-	-	252,000	25	74,975	-	75,000
Issuance of common stock valued at \$0.25 per share	-	-	100,000	10	24,990	-	25,000
Issuance of common stock valued at \$0.40 per share - Related Party	-	-	1,000	0	400	-	400
Common Stock issued for Services valued at \$1.00 per share	-	-	12,582	1	12,581	-	12,582
Common Stock issued for Services valued at \$10.00 per share - Related Party	-	-	101,000	10	1,009,990	-	1,010,000
Common Stock issued for services valued at \$0.70 per share	-	-	35,922	4	24,996	-	25,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$10.00 per share.	-	-	2,000	0	20,000	-	20,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$5.20 per share.	-	-	9,615	1	49,999	-	50,000
Common Stock issued for Services valued at \$4.00 per share - Related Party	-	-	150,000	15	599,985	-	600,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$2.00 per share	-	-	25,000	3	49,998	-	50,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$1.36 per share.	-	-	14,667	1	19,999	-	20,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$1.20 per share.	-	-	33,333	3	39,997	-	40,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$1.00 per share.	-	-	40,000	4	39,996	-	40,000
Common Stock issued for Services valued at \$0.50 per share	-	-	20,000	2	9,998	-	10,000

The accompanying notes are an integral part of these financial statements

ALGAE FARM (USA), INC
(A Development Stage Enterprise)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
For the Period February 20, 1997 (Inception) to June 30, 2012

	Preferred Stock		Common Stock		Additional Paid In Capital	Deficit Accumulated During Development Stage	Total
	Shares	Amount	Shares	Amount			
Common Stock issued for Services valued at \$0.40 per share - Related Party	-	-	399,000	40	159,560	-	159,600
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$0.40 per share	-	-	147,500	15	58,985	-	59,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$0.23 per share	-	-	107,144	11	24,989	-	25,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$0.20 per share	-	-	340,000	34	67,966	-	68,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$0.17 per share	-	-	138,001	14	22,986	-	23,000
Discounts on Issuance of Convertible Promissory Notes	-	-	-	-	675,000	-	675,000
Amortization of Discount on Issuance of Convertible Promissory Notes	-	-	-	-	(232,500)	-	(232,500)
Net loss for the year ended December 31, 2009	-	-	-	-	-	(2,574,068)	(2,574,068)
Balances, December 31, 2009	100,000	100	2,088,761	209	14,961,554	(14,491,613)	470,250
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$0.10 per share	-	-	2,095,000	210	209,291	-	209,500
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$0.13 per share	-	-	300,000	30	39,970	-	40,000
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$0.17 per share	-	-	316,501	32	52,714	-	52,746
Common Stock issued in connection with the conversion of Convertible Promissory Notes Payable at \$0.00233 per share	-	-	514,294	51	1,149	-	1,200
Derivative Liability related to Convertible Promissory Notes	-	-	-	-	(915,004)	-	(915,004)
Discounts on Issuance of Convertible Promissory Notes	-	-	-	-	(151,123)	-	(151,123)
Amortization of Discount on Issuance of Convertible Promissory Notes	-	-	-	-	425,000	-	425,000
Net loss for the year ended December 31, 2010	-	-	-	-	-	(2,831,866)	(2,831,866)
Balances, December 31, 2010	100,000	\$ 100	5,314,556	\$ 531	\$ 14,623,552	\$ (17,323,480)	\$ (2,699,298)

ALGAE FARM (USA), INC.
(A Development Stage Enterprise)
Condensed Consolidated Statement of Stockholders' Equity (Deficit)
For the Period February 20, 1997 (Inception) to June 30, 2012
(Unaudited)

	Preferred Stock		Common Stock			Deficit Accumulated During Development Stage	Other Comprehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount	Additional Paid In Capital			
Common Stock issued to a related party for services valued at \$.035 per share			55,000,000	5,500	1,944,500			1,950,000
Issuance of common stock valued at \$.0009 per share			825,000	83	7,417			7,500
Issuance of common stock valued at \$.00027 per share			6,233,334	623	16,377			17,000
Common Stock issued to a related party for services valued at \$.0018 per share			478,767,278	47,877	822,609			870,482
Common Stock issued for services valued at \$.0018 per share			3,490,402	349	5,999			6,348
Common Stock issued for services valued at \$.0028 per share			3,327,363	333	9,044			9,377
Issuance of common stock valued at \$.0003 per share			55,000,000	5,500	12,500			18,000
Costs related to sale of common stock at \$.0003 per share					(3,000)			(3,000)
Unrealized Loss on Marketable Securities Held for Sale							(137,500)	(137,500)
Net loss for the year ended December 31, 2011						(1,832,804)		(1,832,804)
Balances, December 31, 2011	100,000	\$ 100	608,490,652	\$ 60,849	\$ 17,438,943	\$ (19,156,284)	\$ (137,500)	\$ (1,793,892)
Unrealized Loss on Marketable Securities Held for Sale							(25,000)	(25,000)
Net loss for the three months ended March 31, 2012						(36,663)		(36,663)
Balances, March 31, 2012	100,000	\$ 100	608,490,652	\$ 60,849	\$ 17,438,943	\$ (19,192,947)	\$ (162,500)	\$ (1,855,555)
Adjustment to Accumulated Deficit from prior period(s)						(285,689)		(285,689)
Adjustment for issued share reconciliation as per T/A shareholder list			528		0.05			0.05
Issuance of restricted common stock for services valued at \$.0008 per share			60,849,118	6,085	42,594			48,679
Issuance of common stock valued at \$.0007 per share			13,714,285	1,371	8,229			9,600
Costs related to sale of common stock at \$.0007 per share					(1,036)			(1,036)
Issuance of common stock valued at \$.0002 per share			50,000,000	5,000	6,000			11,000
Costs related to sale of common stock at \$.0002 per share					(1,811)			(1,811)
Unrealized Loss on Marketable Securities Held for Sale								
Net loss for the three months ended June 30, 2012						(28,018)		(28,018)
Balances, June 30, 2012	100,000	\$ 100	733,054,583	\$ 73,305	\$ 17,492,919	\$ (19,506,654)	\$ (162,500)	\$ (2,102,830)