

OTC Pink Disclosure for Current Information: Quarterly Statement 5/31/16

1) **Name of the issuer and its predecessors**

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.

Current Name: Blue Earth Resources, Inc. (more than five years)

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

Company Headquarters

Address 1: 33306 Old Hempstead Road

Magnolia, TX 77355

Phone: (832) 326-9549

Email: info@blueearthresources.com

Website(s): www.blueearthresources.com

IR Contact: N/A

3) **Security Information**

Trading Symbol: BERI

Exact title and class of securities outstanding: Common Stock

CUSIP: 09547V 209

Par or Stated Value: \$0.004

Total shares authorized: 200,000,000 as of: 5/31/16 Total shares outstanding: 10,615,766 as of: 5/31/16

Additional class of securities (if necessary):

Exact title and class of securities outstanding: Preferred Series A

Par or Stated Value: \$0.004

Total shares authorized: 15,000,000 as of: 5/31/16 Total shares outstanding: 98,838 as of: 5/31/16

Additional class of securities (if necessary):

Exact title and class of securities outstanding: Preferred Series C

Par or Stated Value: \$0.004

Total shares authorized: 17,000,000 as of: 5/31/16 Total shares outstanding: 474,707 as of: 5/31/16

Additional class of securities (if necessary):

Exact title and class of securities outstanding: Preferred Series D

Par or Stated Value: \$0.004

Total shares authorized: 17,000,000 as of: 5/31/16 Total shares outstanding: 487,207 as of: 5/31/16

Transfer Agent

Name: American Registrar & Transfer Co.

Address 1: PO Box 1798

Address 2: Salt Lake City, UT 84110

Phone: 801-363-9065

Is the Transfer Agent registered under the Exchange Act?* Yes: X 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:

None.

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:

- (i) During the quarter ended 11/30/14, the Company issued 50,000 common shares to its Chief Executive Officer, John Lai, for management services.
- (ii) In fiscal 2015, the Company issued 250,000 common shares to its Chief Executive Officer, John Lai, as management compensation.
- (iii) From May-July, 2014, the Company issued a total of 509,750 common shares to five unaffiliated persons in isolated private placement transactions.
- (iv) In April 2016 the Company issued 3,000,000 common shares to John Kemp, currently CEO of the Company, in consideration for 51% of his restaurant development concept and the marketing and manufacturing rights to Eco Source industrial cleaning products.
- (v) Incident to this change of control, the former directors resigned and each were granted 100,000 common shares (200,000 total) for past services.
- (vi) In April 2016 the Company issued a total of 1,400,000 to Bradley Capital Group, Inc. ("Bradley") to satisfy at total of \$39,000 of short-term loans and other obligations owed to Bradley.
- (vii) In May 2016 the Company issued 200,000 common shares to two new directors (100,000 shares apiece), and also issued 50,000 common shares for legal services.
- (viii) Subsequent to the quarter ended May 31, 2016, in June 2016 the Company issued an additional 3,000,000 common shares to its CEO, John Kemp, to acquire the remaining 49% interest in the restaurant development and Eco Source cleaning products, resulting in the Company now owning 100% of these key assets.

A. The nature of each offering:

- (i) - (viii) - All the foregoing offerings were private transactions not involving a public offering and were made pursuant to exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

B. Any jurisdiction where the offering was registered or qualified:

None - exempt from registration as indicated in A.

C. and D. The number of shares offered and sold:

- (i) 50,000 shares
- (ii) 250,000 shares
- (iii) 509,750 shares
- (iv) 3,000,000 shares
- (v) 200,000 shares
- (vi) 1,400,000 shares
- (vii) 250,000 shares
- (viii) 3,000,000 shares

E. The price at which the shares were offered and the amount paid to the issuer:

- (i) For services of \$50,000 at \$1.00 per share.
- (ii) \$250,000 in services at \$1.00 per share.
- (iii) \$.40/share private placement price.
- (iv) \$90,000 (\$.03 per share)
- (v) \$6,000 (\$.03 per share)
- (vi) \$39,000 (\$.024 per share)
- (vii) \$15,000 (\$.06 per share)
- (viii) \$120,000 (\$.04 per share)

F. The trading status of the shares.

Restricted until Rule 144 is available on all the foregoing issuances.

G. Whether the certificates for 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 - all certificates for the foregoing issuances contained this legend.

Options/Warrants – The Company has
no stock options or warrants.

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. - **Included with this quarterly disclosure report.**

- A. Balance sheet;
- B. Statement of income;
- C. Statement of cash flows;
- D. Financial notes.

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:

Blue Earth Resources, Inc. is currently in the development stage after being restructured in April 2016, at which time it purchased the majority interest in a restaurant development concept and the marketing and manufacturing rights to industrial cleaning products commercially sold for many years under the Eco Source brand. The Company intends to open its first restaurant in Austin TX in late 2016, and when established, will open a second restaurant in suburban Houston TX. Assuming its restaurant operations in Austin and Houston TX are satisfactory, the Company then intends to target other various high-growth cities in Texas and other states to aggressively market its restaurants as a franchise opportunity. The Company's restaurant concept has been designed and planned specifically to be suitable as a restaurant franchise offering similar to Buffalo Wild Wings, Applebee's, Ruby Tuesday's and other well-known casual bar and grill restaurant brands.

After establishing its restaurant development at its initial two Texas locations, the Company intends to commence manufacturing and marketing a line of high quality industrial cleaning products under the brand "Blue Earth Cleaners," which cleaning products will be similar to those sold commercially for many years under the Eco Source brand.

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

March 15, 1984, Utah

C. The issuer's primary and secondary SIC Codes:

6719 - (no secondary code)

D. the issuer's fiscal year end date:

February 28

E. principal products or services, and their markets:

Blue Earth Resources, Inc. is engaged in opening a sports restaurant and bar concept which it intends to franchise after successfully opening its initial two restaurants in Austin TX and Magnolia TX. The company also holds the proprietary rights and intellectual property to a diesel tank cleaning system and to a number of industrial cleaning products formerly sold for many years under the trade name. See above paragraph A of this Section 6.

7) Describe the Issuer's Facilities

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

Blue Earth Resources, Inc. currently leases office and storage space provided by its CEO at no charge to the Company, and is in the process of entering into a lease for its initial restaurant in Austin TX.

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 and general partners and control persons (control persons are beneficial owners of more than 5% of any class of securities)

John G. Kemp – CEO and Director

Michael Shoemaker - Director

Charles Brister - Director

John Lai – control beneficial owner

Whitecliff Capital LLC – beneficial
owner

Joe Scott – beneficial owner

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);

None.

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;

None.

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

None.

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.

None.

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.

Common Stock

John G. Kemp 44 %

John Lai 10.3 %

Preferred Series C:

Joe Scott - 11.3%

PO Box 2983

Casper, WY 82602

Preferred Series A:

Whitecliff Capital, LLC - 94.5%

c/o Bill Brown, control person

7825 Washington Avenue

Bloomington, MN 55439

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:

Name: Robert O. Knutson

Firm: Law Offices of Robert O. Knutson

9372 Creekwood Drive

Eden Prairie, MN 55347 Phone: 952-210-3105

Email: silkroad55344@yahoo.com

Investor Relations Consultant - Not applicable

Other Advisor - Not applicable

10) Issuer Certification

The certifications shall follow the format below:

I, John G. Kemp, certify that:

1. I have reviewed this quarterly disclosure statement of Blue Earth Resources, Inc.:

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.

Date: July 21, 2016

/s/ John G. Kemp

John G. Kemp, Chief Executive Officer

BLUE EARTH RESOURCES, INC.
Consolidated Balance Sheets
(UNAUDITED)

Assets:	May 31,	February 29,
Current assets:	<u>2016</u>	<u>2016</u>
Cash	\$ 2,935	\$ 8,316
Total current assets	<u>2,935</u>	<u>8,316</u>
Property and equipment, at cost	37,048	37,048
Less accumulated depreciation	<u>9,929</u>	<u>9,634</u>
Property and equipment, net	<u>27,199</u>	<u>27,414</u>
Other assets:		
51% Interest in restaurant development and industrial cleaning products	90,000	--
CamVacUSA assets held for sale	295,580	295,580
Investment in Texas Wyoming Drilling, Inc.	--	3,500
Note receivable (Note 6)	400,000	400,000
Deferred offering costs (Note 8)	<u>3,482</u>	<u>--</u>
Total other assets	<u>789,062</u>	<u>699,080</u>
Total assets	<u>\$ 819,196</u>	<u>\$ 734,810</u>
Liabilities and Stockholders Equity:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 7,666	\$ 14,907
Short-term loans	<u>30,000</u>	<u>38,600</u>
Total current liabilities	<u>37,666</u>	<u>53,507</u>
Long-term liabilities	-0-	-0-
Stockholders equity:		
Series A Preferred Stock (\$.004 par)	395	395
Series B Preferred Stock (\$.004 par)	--	--
Series C Preferred Stock (\$.004 par)	1,899	1,899
Series D Preferred Stock (\$.004 par)	1,949	1,949
Common stock (\$.004 par), 200,000,000 shares authorized; 5,765,766 shares outstanding as of February 29, 2016 and 10,615,766 shares outstanding as of May 31, 2016.	42,463	23,063
Additional paid-in capital	8,364,096	8,234,976
Accumulated deficit	<u>(7,629,272)</u>	<u>(7,580,979)</u>
Total stockholders equity	<u>781,530</u>	<u>681,303</u>
Total liabilities and stockholders equity	<u>\$ 819,196</u>	<u>\$ 734,810</u>

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

BLUE EARTH RESOURCES, INC.
Statements of Operations and Comprehensive Income (Loss)
(UNAUDITED)

	<u>Three Month Period Ended</u>	
	<u>May 31, 2016</u>	<u>May 31, 2015</u>
Revenues	\$ --	\$ --
Cost of goods sold	--	<u>14,181</u>
Gross Profit	<u>--</u>	<u>(14,181)</u>
Expenses:		
Executive compensation	8,629	2,400
Directors compensation (Note 4)	18,000	--
Stock transfer and OTC Market Fees	4,743	468
Legal and accounting fees	4,918	1,100
Office supplies/telephone	556	--
General and administrative expenses	<u>7,947</u>	<u>1,819</u>
Total operating expenses	<u>20,621</u>	<u>5,787</u>
Operating income (loss)	<u>(44,793)</u>	<u>(19,968)</u>
Other income (loss):		
Gain on sale of fixed assets	--	2,384
Impairment loss (Note 5)	<u>(3,500)</u>	<u>--</u>
Total other income (loss)	<u>(3,500)</u>	<u>2,384</u>
Income (loss) before income taxes	(48,293)	(17,584)
Income tax benefit (expense)	<u>--</u>	<u>--</u>
Net income (loss)	(48,293)	(17,584)
Other comprehensive income (loss)	<u>--</u>	<u>--</u>
Comprehensive income (loss)	<u>\$ (48,293)</u>	<u>\$ (17,584)</u>
Earnings (loss) per share:		
Basic and diluted	<u>\$ (0.006)</u>	<u>\$ (0.004)</u>
Weighted average shares outstanding	7,965,766	4,509,666

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

BLUE EARTH RESOURCES, INC.
Consolidated Statement of Cash Flows
For the Three Months Ended May 31, 2016
(UNAUDITED)

Cash flows from operating activities:

Net income (loss)	\$ (48,293)
Adjustments to reconcile net income to net cash flows from operating activities:	
Issuance of common stock for services	24,358
Impairment loss – Texas Wyoming Drilling, Inc.	3,500
Depreciation expense	295
Increase (decrease) in accounts payable/accrued expenses	<u>(7,241)</u>
Net Cash (Used In) Operating Activities	<u>(27,381)</u>

Cash flows from investing activities:

Acquisition of 51% of restaurant development/cleaning products	(90,000)
Issuance of common stock for acquisition	<u>90,000</u>
Net Cash Provided By (Used In) Investing Activities	<u>--</u>

Cash flows from financing activities:

Proceeds from short-term loans	26,000
Payments on short-term loans	<u>(4,000)</u>
Net Cash Provided By Financing Activities	<u>22,000</u>

Net (Decrease) Increase in Cash	(5,381)
Cash at Beginning of Three-Month Period	<u>8,316</u>
Cash at End of Three-Month Period	<u>\$ 2,935</u>

Supplemental Disclosure of Certain Activity:

Cash paid during period for:

Interest	\$ -0-
Franchise and Income Taxes	\$ -0-

Common stock issued for services and accounts payable	\$ 54,758
Common stock issued to satisfy short-term loans	\$ 8,600

The accompanying notes are in integral part of these financial statements.

BLUE EARTH RESOURCES INC.

Notes to Consolidated Financial Statements

For the quarter ended May 31, 2016

Note 1 – Summary of Significant Accounting Policies and Other Information

Blue Earth Resources, Inc. (the “Company”) was incorporated under a former name on March 15, 1984 under the laws of the State of Utah. The common stock of the Company has been traded publicly on the national OTC market for many years, with its symbol currently being “BERI.” The Company over the past few years was engaged in purchasing and holding many small royalty and non-operated working interests in producing onshore oil and gas leases in mid-continental USA, as well as operating certain oil production leases in northwestern Louisiana. The Company also owns the rights to a patented technology for the inspection and cleaning of diesel tanks, commercially known as CamVacUSA technology.

In 2015 the Company sold its remaining oil and gas properties in order to focus on seeking and acquiring a high growth business unrelated to the petroleum industry. This change in business strategy recently resulted in acquiring the majority interest in a restaurant development concept and in certain industrial cleaning products formerly sold under the Eco Source brand. Subsequent to the first quarter to which this report relates, the Company in June 2016 acquired the remaining interest in the restaurant concept and Eco Source product rights.

The Company purchased its restaurant development and Eco Source product rights from its current CEO through the issuance to him and his affiliated parties of a total of 6,000,000 shares of common stock of the Company. Incident to this transaction, all former officers and directors of the Company resigned, and the current CEO and two persons selected by him are now the Board of Directors of the Company.

Current Business Strategy - The Company is currently in the process of raising capital to support the opening of its first restaurant in Austin, Texas. The name of the Company’s restaurants will be “Hotties Sports Bar & Grill.” The site selection, design, operational business plan, menus and other items for this flagship Austin restaurant have been developed and completed over the past year or so by the current CEO of the Company. The Company also has sourced and retained all necessary food, liquor, restaurant equipment and other supply vendors necessary to open its Austin restaurant, which will be approximately 5,000 square feet. The Company’s present intention is conduct a Grand Opening of this Austin location in late 2016.

The second planned restaurant for the Company will be located in a suburb of Houston, and its preparations are planned to commence soon after opening the Austin restaurant.

Franchising Operations - Promptly after its Austin and Houston restaurants have achieved

Blue Earth Resources, Inc. (Notes to Financial Statements for quarter ended 5/31/16)

Note 1 (continued)

positive and material cash flow results, the Company intends to target various high-growth cities in Texas and other states to aggressively market its restaurant concept as a franchise opportunity. Incident to development of its restaurant concept over the past year or so, the Company's restaurant concept has been planned and designed specifically to be suitable as a restaurant franchise offering such as Buffalo Wild Wings, Applebee's, Ruby Tuesday's, and other well-known casual restaurant brands.

The Company recently changed the name of its industrial cleaning products from Eco Source to "Blue Earth Cleaners". After establishing its restaurant concept satisfactorily, the Company intends to commence manufacturing and marketing a line of industrial and commercial cleaning products such as those successfully sold for many years under the Eco Source brand.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, and all material intercompany transactions and balances were eliminated in consolidation.

Basis of Accounting - The accounts are maintained and the financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash Equivalents - For purposes of reporting in the Company's financial statements, cash equivalents include investment instruments purchased with a maturity of three months or less. There were no cash equivalents in the first quarter ended May 31, 2016, or in fiscal year 2016 ended February 29, 2016.

Revenue Recognition - Incident to its restaurant development after becoming commercial, all revenues from restaurant operations will be recognized as received.

Stock-Based Compensation - The Company recognizes compensation cost at fair value measured at the grant date based on the value of the award which is recognized over the service period, which is normally the vesting period if any. The Company uses the Black-Scholes pricing model to calculate the value of any options or warrants granted to either employees or non-employees. Stock issued for compensation is valued using the market price of the stock on the date of the grant or award.

Comprehensive Income - ASC 220-10-20. Comprehensive income establishes standards for the reporting and disclosure of comprehensive income and its components which will be presented in association with the Company's financial statements. Comprehensive income is defined as the change in a business enterprise's equity during a period arising from transactions, events or circumstances relating to non-owner sources, foreign currency translations adjustments if any, and unrealized gains or losses on available-for-sale securities. It includes all changes in equity

Blue Earth Resources, Inc. (Notes to Financial Statements for quarter ended May 31, 2016)

Note 1 (continued))

during the reporting period except those resulting from investments by or distributions to owners. If applicable, a reconciliation of net income and comprehensive income is provided in the accompanying financial statements.

Property and Equipment - Property and equipment are stated at cost, and are depreciated using the straight-line method over the estimated useful lives of five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in income (loss) for the period. The cost of maintenance and repairs is expensed as incurred, with any significant renewals and betterments being capitalized. Deductions are made for any retirements resulting from renewals or betterments.

Long-Lived Assets - In accordance with ASC 360-10, the Company reviews its long-lived assets and intangibles related to those assets periodically to determine potential impairment by comparing the carrying value of the long-lived assets outstanding with estimated future cash flows expected to result from the use of the assets, including any cash flows from disposition. Should the sum of the expected future cash flows be materially less than the carrying value, the Company will then recognize an impairment loss. An impairment loss is measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets and any related intangibles. Management of the Company determined there were no impairments in long-lived assets in fiscal year 2016 ended February 29, 2016; however, there occurred an impairment loss in the quarter ended May 31, 2016 from long-lived assets as described in Note 5 hereof.

Earnings (Loss) Per Share - Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted-average number of common shares outstanding for the reporting period. Diluted earnings (loss) per common share, in addition to the weighted average determined for basic earnings per share, also includes any potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

Concentrations, Risks and Uncertainties -

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

Blue Earth Resources, Inc. (Notes to Financial Statements for quarter ended May 31, 2016)

Note 1 (continued)

Continuing Operations: The Company's future success, if any, is subject to various contingencies beyond management's control, which contingencies include general economic and political conditions, availability of capital resources, competition and governmental regulatory changes.

Income Taxes - The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial reporting carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operating results in the period of enactment. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company has evaluated for uncertain tax positions and believes there are none. Federal and state taxing authorities generally have the right to examine returns for three years from the date of filing. Any interest or penalties incurred by the Company would be included in operating expenses in the accompanying financial statements. No interest or penalties are reflected in the accompanying financial statements.

Note 2 – Going Concern

The Company has incurred material net losses and negative cash flows from operations over many past years, and currently does not generate any operational cash flows to cover general corporate activities. The Company currently has limited capital resources and soon will need to raise substantial debt or equity financing to continue in business. If the Company is unsuccessful in raising necessary capital to proceed with its business development strategy, it may not be able to continue as a going concern. No estimate can be made of the range of loss that could occur should the Company be unsuccessful in acquiring needed material capital resources.

Note 3 – Fair Value Disclosures

The following methods and assumptions were used in estimating the fair value of the Company's financial instruments:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 1 assets and liabilities include cash and cash equivalents, and any exchange-traded investments.

Blue Earth Resources, Inc. (Notes to Financial Statements for quarter ended May 31, 2016)

Note 3 (continued)

Level 2 -- Inputs other than quoted prices included within Level 1 – directly or indirectly observable inputs such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and other inputs that are observable or can be substantially corroborated by observable market data by correlation or other means.

Level 3 -- Unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities.

The following table sets forth the Company's assets and liabilities by level that were accounted for at fair value as of May 31, 2016.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:			
CamVacUSA Technology/Assets Held for Sale	--	--	\$295,580
Note receivable from sale of LA petroleum leases			\$400,000
Liabilities:			
Note payable	--	--	\$ 30,000

Note 4 – Related Party Transactions

On April 20, 2016 the Company issued 3,000,000 shares of its restricted common stock to John Kemp, currently CEO of the Company, in consideration for 51% of his restaurant concept development and 51% of marketing and manufacturing rights to Eco Source industrial cleaning products, valued at \$90,000. Incident to this transaction, our former officers and directors resigned their respective management positions, Mr. Kemp became our Chief Executive Officer and sole director, and the Company issued 100,000 restricted common shares to each of its two former directors.

In May 2016, two new directors, Michael Shoemaker and Charles Brister, were added to the Board of Directors of the Company, and each of them was granted 100,000 shares of our restricted common stock.

Subsequent to our first quarter ended May 31, 2016, in June 2016 the Company issued an additional 3,000,000 restricted common shares to Mr. Kemp to acquire the remaining 49% interest in his restaurant concept development and in the Eco Source cleaning products.

In April 2016, the Company obtained a short-term loan from Bradley Capital Group, Inc. ("Bradley") in the amount of \$25,000. Bradley is owned by John Lai, former CEO of the Company.

Blue Earth Resources, Inc. (Notes to Financial Statements for Quarter Ended May 31, 2016)

Note 4 – (continued)

In May 2016, the Company satisfied this \$25,000 loan and \$15,000 of other obligations owed to Bradley, through a cash payment of \$3,000 and issuance of a total of 1,400,000 restricted common shares of the Company.

Note 5 -- Impairment of Texas Wyoming Drilling, Inc.

The Company held an investment for many years in Texas Wyoming Drilling, Inc., which is no longer pursuing any business. There is no market or even perceived future market for this investment, and accordingly the Company took an impairment of 100% of its carrying value of \$3,500 during the quarter ended May 31, 2016.

Note 6 – Note Receivable

The Company holds a Note Receivable of \$400,000 related to the sale of Louisiana oil and gas leases formerly owned by the Company. The Company intends to enforce its rights to collect this outstanding Note when it becomes due.

Note 7 – Shareholders' Equity

Common Stock -- During the quarter ended May 31, 2016, the Company issued a total of 4,850,000 shares of its restricted common stock, including 3,000,000 shares to John Kemp to acquire a 51% interest in its restaurant development and industrial cleaning products, 1,400,000 shares to satisfy outstanding liabilities owed to Bradley Capital Group Inc., 400,000 shares to four former and current directors (100,000 apiece), and 50,000 shares for legal services.

Preferred Stock – The Company has outstanding 98,838 shares of Series A Preferred Stock, 474,707 shares of Series C Preferred Stock, and 487,207 shares of Series D Preferred Stock. The outstanding preferred stock of the Company is convertible as follows:

One share of Series A Preferred Stock is convertible into 1.058 shares of common stock.

One share of Series C Preferred Stock is convertible into 1.5 shares of common stock.

One share of Series D Preferred Stock is convertible into one-half share of common stock.

No preferred stock was converted into common stock during the quarter ended May 31, 2016.

Options/Warrants - The Company does not have any outstanding stock options or warrants, since the exercise terms of all former warrants and stock options have expired.

Note 8 – Deferred Offering Costs

Offering costs in connection with a private placement of common stock now being offered to a limited group of private investors have been deferred. These deferred costs will be charged and offset against the proceeds received by the Company from the private offering.

Blue Earth Resources, Inc. – (Notes to Financial Statements for quarter ended May 31, 2016)

Note 9 – Subsequent Events

In June 2016, the Company purchased the remaining 49% of the rights to its restaurant development and industrial cleaning products in consideration for 3,000,000 shares of its restricted common stock, and accordingly now owns 100% of these key assets.