

ENSURGE, INC.

Trading Symbol: ESGI

Company Information and Continuing Disclosure Statement

for the

Year Ending December 31, 2016

ENSURGE, INC.

Information and Disclosure for the period ending December 31, 2016

Formerly a “reporting” company, the Company now voluntarily reports information through the OTC Markets platform. This document constitutes part of the Company’s voluntary reporting and should be read in conjunction with other filings by the Company.

FORWARD LOOKING STATEMENTS

This periodic disclosure contains forward-looking statements. To the extent that any statements made in this report contain information that is not historical, these statements are essentially forward looking. Forward-looking statements can be identified by the use of words such as “expects”, “plans”, “may,”, “anticipates”, “believes”, “should”, “intends”, “estimates”, and other words of similar meaning.

These statements, as well as the Company, are subject to risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, marketability of our products; legal and regulatory risks associated with being a publicly traded company; our ability to raise additional capital to finance our activities; the effectiveness, profitability and sustainability of operations; the future trading of our common stock; our ability to operate as a public company; our ability to protect any proprietary information we own or may develop; general economic and business conditions; the volatility of our operating results and financial condition; our ability to attract or retain qualified senior management personnel and research and development staff; operating mining activities in foreign jurisdictions; expansion into various geographic locations of mine exploration and operations; and other risks detailed from time to time in our filings with the OTC Markets (the “OTC”), or otherwise.

Of particular note at this time, due to political and economic instability in neighboring countries, Guyana is likewise experiencing substantially increased risks to the health and safety of its residents, which can materially impact the Company’s local workforce. Furthermore, some businesses have reported operational inconsistencies within some of Guyana’s governmental offices that could, to some degree, impact the Company and its employees. These issues, combined with climate issues, continue to make investment in the Company a highly risky decision. Those who cannot bear the risk of losing all of their investment should not purchase the Company’s securities.

Information regarding relevant markets and industry contained in this report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not undertake any obligation to publicly update any forward-looking statements.

As a result, of all of the foregoing, shareholders and investors should not place undue reliance on these forward-looking statements.

1) Name of the issuer and its predecessors (if any) within the past five years

Ensurge Inc. (6/2000 to current)

2) Address of the issuer's principal executive offices

299 South Main, Suite 1300, Salt Lake City, Utah 84111

Phone: 561-402-3955

Email: info@ensurgeinc.com

Website: www.ensurgeinc.com

IR Contact - N/A

3) Security Information

Trading Symbol: ESGI

Exact title and class of trading securities: Common Stock

CUSIP: 293596300

Par or Stated Value: \$.001 Common Stock
\$.001 Class A Preferred Stock

Total shares authorized as of: 12/31/2016: 500,000,000 Common
2,500,000 Class A Preferred

Total shares outstanding as of: 12/31/2016: 277,288,435 Common
546,740 Class A Preferred

Transfer Agent

Pacific Stock Transfer, 6725 Via Austi Pkwy, Las Vegas, Nevada 89119

(702) 361-3033

Is the Transfer Agent registered under the Exchange Act? Yes: ☒ No:

Restrictions on the transfer of security: None

Trading suspension orders issued by the SEC in the past 12 months: None

Any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization within the past 12 months or currently anticipated:

The Company completed acquisition of North American Resources Inc. Ltd. in 2015.

4) Issuance History of Stock, Options and Warrants.

During the past two fiscal years, the Company issued common stock as follows:

<u>Date</u>	<u>Number of Shares</u>	<u>Purpose/Recipients</u>
2015		
March	6,319,250	Management and Acquisition Agreement of North American Management Inc. Ltd ("NARIL").
	1,000,000	For funding provided to NARIL
	100,000	For investment of \$1,000.
	500,000	For investment of \$5,000.
	500,000	For investment of \$5,000.
April 2	400,000	For investment of \$4,000.
July	100,000	For financial assistance relating to acquisition of KC3 assets.
	100,000	For financial assistance relating to acquisition of KC3 assets.
October 1	6,350,000	Shares issued to twelve persons and entities for the acquisition of KC3 mining assets.
	1,000,000	For \$164,000 investment in a Royalty Agreement.
	6,800,000	For \$135,000 investment.
	1,250,000	For \$25,000 investment.
27	2,000,000	For management incentive.
	500,000	For management incentive.
	500,000	For services as an officer.
	500,000	For services as an officer.
Nov 12	4,000,000	Exercise of warrants
	1,000,000	Conversion of debt
	500,000	For services rendered by a Director
15	8,800,000	For investment in Private Placement (May-June)
		Also, warrants to purchase 4,400,000 shares were included.
December		
1	500,000	Pursuant to \$25,000 per month Funding Agreement
7	1,600,000	Exercise of Warrants
2016		
April	500,000	Funding Agreement
May	5,000,000	Conversion of Class A Preferred by Clint Mishleau.
	(5,000,000)	Cancellation of shares issued pursuant to promissory note.
June	500,000	Funding Agreement
July	3,500,000	Conversion of Class A shares by Tidbits LLC.
	1,000,000	Tidbits monthly funding.

	1,000,000	Shareholder conversion of Class A shares.
	200,000	November 2015 investment recognition.
	2,500,000	For investment of \$50,000.
	2,500,000	For investment of \$50,000.
	500,000	Consulting services.
August	4,000,000	Acquisition of mining claims.
	100,000	Management shares - Brad Hornick.
	10,000,000	For \$500,000 loan by CAG Ventures.
	509,459	Debt conversion.
Sept	5,000,000	Conversion of Class A shares by shareholder.
	2,500,000	For investment of \$12,500.
	2,500,000	For investment of \$12,500.
	(5,000,000)	Cancellation of shares issued pursuant to promissory note.
	(5,000,000)	Cancellation of shares issued pursuant to promissory note.
	100,000	Management compensation.
	100,000	Management compensation.
	100,000	Management compensation - Brad Hornick.
	200,000	Consulting services.
	16,000,000	Conversion of Class A shares by Charles Gargano.
	45,126,000	Conversion of Class A shares by Clint Mishleau.
	45,700,000	Conversion of Class A shares by Chad Mishleau.
October	4,000,000	Badger Mining Acquisition
	2,500,000	Conversion of Class A shares by Chad Mishleau.
	500,000	Consulting services.
November	1,000,000	for investment of \$40,000.
December	250,000	Investment of \$17,500.
	125,000	Investment of \$8,750.

The Company has authorized 2,500,000 shares of Class A preferred stock. These shares have no dividend or liquidation rights, but convertible to common on a 100 to 1 basis and carries 100 votes per share. The Company has issued and canceled the following shares of Class A preferred stock during the years 2015 and 2016:

3/2015	750,000	Management incentive for Director/CEO.
	750,000	Class A Preferred as Management incentive to COO of subsidiary.
	100,000	Class A Preferred as Management incentive to Director.
12/2015	10,000	Private purchase for \$50,000.
1/2016	10,000	Monthly funding agreement.
2/2016	10,000	Monthly funding agreement.
3/2016	10,000	Monthly funding agreement.
3/2016	140,000	Investment of \$325,000.
4/2016	5,000	Monthly funding agreement.
5/2016	(50,000)	Conversion to common shares by Clint Mishleau.
7/2016	(35,000)	Conversion to common shares by Tidbits LLC.
7/2016	(10,000)	Conversion to common shares by shareholder.

9/2016	(50,000)	Conversion to common shares by shareholder.
9/2016	(451,260)	Conversion to common shares by Clint Mishleau.
9/2016	(457,000)	Conversion to common shares by Chad Mishleau.
9/2016	(160,000)	Conversion to common shares by Charles Gargano.
10/24	(25,000)	Conversion to common shares by Chad Mishleau.

In addition to the foregoing, the Company also issued the warrants to purchase shares of common stock as follows:

Date	Event	Warrant		
		Shares	Price	Duration
5/2015	Stock purchase	850,000	\$.10	3yrs
	Stock purchase	325,000	\$.10	3yrs
	Loan	1,000,000	\$.08	3yrs
10/2015	Financial assistance from NARIL Investors	1,012,450	\$.08	5yrs
	Private Placement	3,400,000	\$.10	3 yrs
	\$164,000 Royalty Agr	2,500,000	\$.05	3 yrs
	Stock purchase	650,000	\$.10	3yrs
11/2015	Private Placement of Units	4,400,000	\$.10	3yrs
12/2015	Funding Agreement	250,000	\$.05	3 yrs
	Preferred stock purchase	500,000	\$.05	3 yrs
1/2016	Funding Agreement	500,000	\$.05	3 yrs
2/2016	Funding Agreement	500,000	\$.05	3 yrs
3/2016	Funding Agreement	500,000	\$.05	3 yrs
3/2016	Private Investment	500,000	\$.05	3 yrs
		1,000,000	\$.10	3 yrs
		2,000,000	\$.20	3 yrs
4/2016	Funding Agreement	250,000	\$.05	3 yrs
5/2016	Funding Agreement	250,000	\$.05	3 yrs
6/2016	Funding Agreement	250,000	\$.05	3 yrs
7/2016	Funding Agreement	500,000	\$.05	3yrs
	\$50,000 investment	1,250,000	\$.06	3yrs
	\$50,000 investment	1,250,000	\$.06	3yrs
8/2016	Charles Gargano funding	2,000,000	\$.10	4yrs
	Charles Gargano funding	2,000,000	\$.15	4yrs
11/2016	\$25,000 investment	125,000	\$.14	3yrs
12/2016	\$140,000 loan from management	1,375,000	\$.10	3yrs
12/2016	\$17,500 investment	67,500	\$14	3yrs

None of the foregoing issuances of stock or warrants were registered in any jurisdiction.

Whether the certificates or other documents that evidence the shares contained 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.

5) Financial Statements

The Company's un-audited financial statements for the period ending **December 31, 2016** are attached hereto and are incorporated herein by reference.

6) Description of the Issuer's Business, Products and Services

Corporate History and Development of Gold Mining Operations

Ensurge, Inc. is a holding company that has been engaged in exploring and developing gold mining opportunities in South and North America for the past six years. Beginning at the close of 2009, the Company's business plan focused on bringing capital and technology to existing mining operations to recover gold from existing tailings, improve recoveries of existing mining and milling operations and improve efficiencies of mining operations. Since 2013, the Company's operations are primarily focused on gold and diamond deposits in Guyana, with planned expansion into tantalum mining.

Company principles Chad and Clint Mishleau have a family history of gold mining in Guyana since 1993, through their grandfather, who conducted mining operations through Guyana company North American Resources, Inc., Ltd. (NARIL). U.S. company South American Minerals, Inc., of which their grandfather was a principal, owned and operated NARIL up until last year.

Commencing in 2013, the Company has been involved in exploration and pilot operations in Guyana. These operations were conducted through its subsidiary TransGlobal Gold Corporation, which was acquired in 2013 from the Mishleau brothers. The acquisition was accomplished so that the Company could transition from the Company's exploration efforts in Brazil to new mining opportunities north of Brazil - in the gold fields of Guyana. TransGlobal was able to raise some initial capital to acquire land and equipment to start mining operations in the second half of 2013. Until recently, exploration and pilot operations in Guyana have been concentrated along the Mazaruni River.

2015 Acquisition of North American Resources, Inc. Ltd.

In March of 2015, after several years of discussions, the Company successfully entered into an agreement with South American Minerals, Inc. ("SAMI") to acquire all of the equity of NARIL from SAMI. The transaction as a whole involved the issuance of approximately 7.4 million shares of the Company's common stock and approximately one million warrants exercisable at \$.08 per common share. Subsequent to the third quarter, the Company completed the acquisition of NARIL.

NARIL has been conducting gold exploration and mining for over twenty years and currently operates two cutter-head dredges on the Konawaruk river. Gold production for NARIL exceeded 1600 ounces in 2014, which was substantially decreased in 2015 due to the need to overhaul and refurbish both cutter-head dredges to maintain operations and increase efficiency and production. Those repairs were completed by year-end.

Expansion of Mazaruni River Operations

On November 12, 2015, the Company announced that it had entered into a Joint Venture with Ophir Group, Inc. (“Ophir”). In addition to providing consulting services, Ophir searches out strategic investment opportunities within the mining industry. Pursuant to the agreement, Ophir provided \$135,000 project capital in exchange for a royalty on gold production. The JV project, which is referred to as Banu 1, consists of twelve Banu mining claims near the Issano creek on the Mazaruni river. With the capital provided by Ophir, the Company completed excavator repairs that were necessary to get Banu 1 into production. Banu 1 consists of 324 acres and is one of two exploratory pilot land operations in the Mazaruni river region of Guyana. The total Banu claims consist of approximately 540 acres owned by the Company.

Also in November, the Company entered into a royalty agreement for mining operations at the Mazaruni location. The Agreement calls for a ten percent royalty on gold production for a period of ten years.

Towards the close of 2015, in addition to the river dredging operations on the Konawaruk, the Company also operated two small land operations in the Mazaruni river region of Guyana: the Issano Creek area and the Semang area.

2016 Relocation from Mazaruni to Kaburi Locations

Both the Mazaruni and Konawaruk river areas experienced historic drought conditions at the end of 2015 and during the entire first quarter of 2016. The drought is believed to be caused by changed weather patterns resulting from El Nino.

Though a recent increase in water flow on the Konawaruk has allowed NARIL to recommence operating its two cutterhead river dredges, the Mazaruni mine sites remained without sufficient water to efficiently conduct gold mining operations. During the first quarter of 2016, the Company acquired enough funding to lease property adjacent to the Kaburi river. The property consists of approximately 10,000 acres. As a result of the drought, the Company moved all mining operations from the Mazaruni and relocated to the new property in the Kaburi river region. The Company is currently establishing base camps on the property and commencing mining operations. The Kaburi property is strategically located on a main road. Thus, the Company can transport labor and supplies to the camps by trucks from Georgetown. Additionally, with the location only five hours from the mining gateway city of Bartica, the Company expects to lower its mining costs through a reduction in transportation and fuel costs. The property has significant water running through the current sites of interest and is workable year-round.

The Company intends to return to its mining camps at the Issano Creek and Semang areas of the Mazaruni river when it becomes more economically feasible.

Acquisitions of Additional Property and Lease Interests

In addition to the foregoing, in February 2013 the Company acquired approximately 270 acres gold and diamond property known as the “Semang Claims.” Also, in 2014 the Company acquired approximately 432 acres of gold property known as the “Blossom Claims.” Furthermore, in April 2016, the Company acquired approximately 10,000 acres of tantalite/gold/diamond property known as “D-29.”

In addition to the foregoing purchased property, in April 2016, the Company acquired an exclusive lease of approximately 1,000 acres of gold/diamond/hardrock property known as the “Dawn Martin Block”; in June 2016, the Company acquired a non-exclusive lease of approximately 300 acres of gold property known as the Cuyuni Island Property; and in May 2016, the Company acquired a non-exclusive lease of water rights covering an area over five miles along which are now referred to as the “Cuyuni/Esequibo Water Rights.”

The foregoing property and rights will be developed as capital becomes available to the Company and as relative economic justifications develop.

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

Incorporated March 28, 1985 in Utah, changed domicile to Nevada September 14, 1999.

B. The issuer’s primary and secondary SIC Codes:

1041 (gold ores); and 212221 (gold ore mining)

C. The issuer’s fiscal year end date: December 31.

D. Principal products or services, and their markets:

The Company is a holding company for exploration and mining activities and operations, primarily in Guyana, South America. Targeted materials include gold, silver, diamonds, and tantalite. (See above.)

7) Describe the Issuer’s Facilities

The Company does not own any facilities. It does, however, rent or lease office space, as needed, both in Guyana and in the United States. Because the Company’s mining activities take place on-site in the interior of Guyana, small rentals/leases for executive functions are currently sufficient for the Company.

8) **Officers, Directors, and Control Persons**

A. Names of Executive Officers, Directors, and Control Persons.

Clint Mishleau (Director and CEO). Clint Mishleau, age 34, is a fourth generation gold miner and entrepreneur. He obtained his Associates Degree in Marketing with an emphasis on business from Northeast Wisconsin Technical School in Green Bay, Wisconsin in 2005. His entrepreneurial spirit led him into the areas of real estate speculation, gold and diamond trading, and the retail music industry, where he successfully acquired and operated multiple retail music stores before consolidating and selling them. In 2010, Mr. Mishleau co-founded NorCal Placer, Co., which acquired and operated several gold claims in Northern California. He was responsible for the executive oversight of several dozen discoveries, of which six were significant historic producers. In 2012, Mr. Mishleau co-founded Transglobal Gold Corp where he focused all of his efforts in gold and diamond exploration and prospecting in Guyana and served as its director and CEO. In March 2015, the Company completed acquisition of all Transglobal Gold Corp mining and business activities. Mr. Mishleau currently serves as a director and CEO of the Company.

Chad Mishleau (Director & COO). Chad Mishleau, age 38, is a fourth generation gold miner and entrepreneur. He grew up in the gold mining business while working with his grandfather. Aside from his twenty-five years in the mining industry, Mr. Mishleau worked as a farm manager of 400+ head of cattle, and worked in the farming and oil industries. In 2010, Mr. Mishleau founded NorCal Placer, Co., which acquired and operated several gold claims in Northern California. He was responsible for the operational oversight of several dozen discoveries of which, six were historically significant producers. During his career in mining, he has worked on alluvial operations, dredging and drift mining; plus conducted exploration work on historical hard rock mines. In 2012, Mr. Mishleau co-founded Transglobal Gold Corp with his brother Clint and focused all of his efforts in gold and diamond mining in Guyana. He moved to Guyana in 2012 to live and direct operations there for Transglobal at several mining locations. He has also provided consulting services for various companies in Guyana and West Africa. With all operations of Transglobal Gold Corp now being owned by the Company, and with the expansion of property acquisitions and operations in Guyana over the past year, Mr. Mishleau heads all operations in Georgetown and in the field.

Paul Cinquemani (Sr. Vice President). Mr. Cinquemani, age 71, obtained his Master's degree in Business Administration from George Washington University. Additionally, he holds a Master's Degree in Business Administration from the George Washington University and a CPA certificate in the state of Wisconsin. Over his career of more than 40 years, he has advised numerous businesses through phases of initial capitalization and rapid growth. His background in tax and auditing at Arthur Andersen & Co. and his experience as a tax manager with KPMG prepared him for his roles as CFO and then CEO of healthcare organizations in the rapidly expanding and capital-intensive healthcare industry of the 1980's and 1990's. He continued his career advising and helping many other tax exempt and for-profit entities achieve revenue growth and profitability in the services industry. His experience base includes both service organizations and manufacturing. He most recently served as a director of the National Association of Tax professionals.

B. Legal/Disciplinary History. 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: 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. Management and Beneficial Shareholders (5% or more voting at December 31, 2016)

At December 31, 2016, the Company had 277,288,435 shares outstanding, and 546,740 Class A Preferred shares outstanding, which equate to an additional 54,674,000 shares of voting power. Combined, there is an aggregate of 331,938,435 equity shares available to vote in shareholder matters. The following is a list of persons with total voting power exceeding 5% of common and preferred shares combined.

Clint Mishleau (Dir/CEO/Pres) 54,976,000 shares
c/o Morse & Morse, 1400 Old Country Road, Suite 302, Westbury, NY 11590

Chad Mishleau (Director) 64,400,000 shares
c/o Morse & Morse, 1400 Old Country Road, Suite 302, Westbury, NY 11590

Paul Cinquemani (CFO) 13,975,000
c/o Morse & Morse, 1400 Old Country Road, Suite 302, Westbury, NY 11590

Charles A. Gargano (Shareholder) 26,665,833 shares (1)
c/o Morse & Morse, 1400 Old Century Road, Suite 302, , Westbury, NY 11590

Roger Dorman (Shareholder) 18,935,000 shares (2)
513 East 3375 North, Lehi, Utah 84043

(1) Includes all shares owned by CAG Ventures LLC.

(2) Includes all shares owned by Tidbits LLC.

9) Third Party Service Providers

Legal Counsel: Steve Morse, Morse & Morse PLLC, 1400 Old Country Road, Suite 302, Westbury, NY 11590; Phone 516-487-1446.

Accounting: Main Street Consulting and Accounting Services, Inc., 10 West Broadway, Suite 605, Salt Lake City, Utah 84101.

Investor Relations Consultant - (NA)

Other Advisor: Press Releases. "Press Caster," a Division of Neovix, Inc., 5015 Birch Street, Newport Beach, CA 92660; Phone: 888-315-6015; info@presscaster.com.

10) Issuer Certification

I, Clint Mishleau certify that:

1. I have reviewed this Periodic Disclosure Statement of Ensurge, Inc. for the period ending December 31, 2016;

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.

Effective April 7, 2017.

/s/ Clint Mishleau
Chief Executive Officer

ENSURGE, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED
DECEMBER 31, 2016 AND DECEMBER 31, 2015

ENSURGE, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND DECEMBER 31, 2015

	DECEMBER 31, 2016	DECEMBER 31, 2015
ASSETS		
Current Assets		
Cash	\$ 85,894	\$ 83,859
Accounts Receivable	54,148	-
Precious Metals	23,494	-
Total	<u>163,536</u>	<u>83,859</u>
Fixed Assets (Net)	1,227,189	502,017
Other Assets		
Land	420,500	220,500
Mining Claims and Mining Properties	60,000	-
Mining Development Costs	147,778	-
Other Assets	9,585	7,728
Total Other Assets	<u>637,863</u>	<u>228,228</u>
Total Assets	<u>\$ 2,028,588</u>	<u>\$ 814,104</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Trade Accounts Payable	\$ 480,268	\$ 365,032
Accrued Liabilities - Related Party	147,000	243,170
Accrued Interest Payable	106,303	82,439
Taxes Payable	8,275	8,195
Convertible Notes Payable Net of Debt Discount	420,678	81,500
Notes Payable - Related Party	92,677	10,115
Notes Payable	247,227	410,102
Royalty Agreement Liability	147,108	151,108
Debt Derivative Liability	371,977	59,265
Warrants Derivative Liability	1,565,057	450,106
Proceeds for Stock to Be Issued	-	50,000
Total Current Liabilities	<u>3,586,570</u>	<u>1,911,032</u>
Stockholders' Deficit		
Preferred Stock, \$.001 Par Value, 10,000,000 Shares Authorized		
2,500,000 Shares Designated A Shares, 546,740 and 1,610,000 Shares Outstanding	547	1,610
Common Stock, \$.001 Par Value, 500,000,000 Shares Authorized,		
277,288,435 and 134,777,976 Shares Issued and Outstanding	277,288	134,778
Additional Paid in Capital	61,259,102	59,742,243
Stock Subscription Receivable	-	(75,000)
Accumulated Deficit	(63,094,919)	(60,900,559)
Total Stockholders' Deficit	<u>(1,557,982)</u>	<u>(1,096,928)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 2,028,588</u>	<u>\$ 814,104</u>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

ENSURGE, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEARS ENDED

	DECEMBER 31, 2016	DECEMBER 31, 2015
GOLD SALES	\$ 1,827,092	\$ 22,932
COST OF MINING OPERATIONS	<u>1,878,861</u>	<u>239,359</u>
LOSS FROM MINING OPERATIONS	(51,769)	(216,427)
GENERAL AND ADMINISTRATIVE EXPENSES	<u>1,173,379</u>	<u>1,511,139</u>
NET OPERATING PROFIT/ (LOSS)	(1,225,148)	(1,727,566)
OTHER NON OPERATING INCOME/EXPENSES		
Derivative Gain/(Loss)	(996,322)	(185,990)
Gain on Loan Payable Settlement	13,508	-
Interest Expense	(189,100)	(57,689)
Gain on Purchase of Subsidiary	-	610,330
Gain on Foreign Currency Translation	209,282	-
Other Income/(Loss)	<u>(6,580)</u>	<u>(307,423)</u>
Net Non Operating Income/Expenses	(969,212)	59,228
NET PROFIT/(LOSS) BEFORE TAXES	(2,194,360)	(1,668,338)
TAXES	<u>-</u>	<u>-</u>
NET PROFIT/(LOSS)	<u>\$ (2,194,360)</u>	<u>\$ (1,668,338)</u>
Basic Earnings (Loss) Per Common Share	\$ (0.0189)	\$ (0.0158)
Basic Weighted Average Common Shares Outstanding	184,730,167	105,108,101
Diluted Earnings (Loss) Per Common Share	\$ (0.0189)	\$ (0.0158)
Diluted Weighted Average Common Shares Outstanding	184,730,167	105,108,101

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

ENSURGE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED

	DECEMBER 31, 2016	DECEMBER 31, 2015
Cash Flows from Operating Activities		
Net Income (Loss)	\$ (2,194,360)	\$ (1,668,338)
Adjustments to Reconcile Net Income (Loss) To Net Cash		
Used in Operating Activities		
Common Stock and Issued for Services	403,200	900,109
Derivative (Gain)/Loss	996,322	185,990
Gain on Settlement of Loan	13,508	-
Amortization of Debt Discount	-	455
Stock Issued for Interest	-	3,224
Depreciation	174,746	180
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	(54,148)	-
(Increase)/Decrease in Other Assets	(1,857)	-
(Increase)/Decrease in Precious Metals	(23,494)	-
(Increase)/Decrease in Prepaid Expenses	-	2,400
Increase/(Decrease) in Trade Accounts Payable	115,236	31,624
Increase/(Decrease) in Royalty Payable	(4,000)	-
Increase (Decrease) in Stock to be Issued	-	50,000
Increase (Decrease) in Accrued Expenses	(96,090)	57,570
Increase/(Decrease) in Accrued Interest	23,864	38,810
Net Cash Used in Operating Activities	(647,073)	(397,976)
Cash Flows From Investing Activities		
Investment in Fixed Assets	(787,753)	(1,200)
Mining Development Costs	(147,778)	-
Mining Claims and Mining Properties	(60,000)	-
Net Cash Used by Investing Activities	(995,531)	(1,200)
Net Cash Used by Financing Activities		
Proceeds from Notes Payable	626,000	126,500
Repayments of Notes Payable	(96,500)	(14,275)
Issuance of Stock for Purchase of Assets	325,000	-
Issuance of Stock for Payment of Debt	-	97,280
Proceeds from Issuance of Stock	785,130	273,530
Net Cash Provided by Financing Activities	1,639,630	483,035
Net (Decrease) Increase in Cash	(2,974)	83,859
Cash Beginning of Period	88,868	-
Cash at End of Period	\$ 85,894	\$ 83,859

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash Paid During the Period For:

Interest	\$ 9,000	\$ -
Income Taxes	\$ -	\$ -

ENSURGE, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE PERIOD BEGINNING JANUARY 1, 2015 TO DECEMBER 31, 2016

	PREFERRED SHARES		COMMON STOCK		ADDITIONAL PAID IN CAPITAL	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS DEFICIT
	SHARES	AMOUNT	SHARES	AMOUNT			
Balance - January 1, 2015	-	\$ -	79,458,726	\$ 79,459	\$ 56,828,788	\$ (59,232,221)	\$ (2,323,974)
Stock Issued for Services	1,600,000	1,600	4,000,000	4,000	834,400	-	840,000
Stock Issued for Legal Services	-	-	6,511,800	6,512	58,606	-	65,118
Stock Issued for Exercise of Stock Options	-	-	5,600,000	5,600	1,354,400	-	1,360,000
Stock Issued for Cash	10,000	10	19,850,000	19,850	307,945	-	327,805
Stock issued for Debt	-	-	4,488,200	4,488	42,280	-	46,768
Forgiveness of Accrued Wages	-	-	-	-	55,000	-	55,000
Stock Issued for Partial Payment/Deposit on Subsidiary Purchase	-	-	14,869,250	14,869	260,824	-	275,693
Stock Subscription Receivable	-	-	-	-	-	-	(75,000)
Net Income/Loss	-	-	-	-	-	(1,668,338)	(1,668,338)
Balance - December 31, 2015	1,610,000	1,610	134,777,976	134,778	59,742,243	(60,900,559)	(1,096,928)
Stock Issued for Cash	175,000	175	13,375,000	13,375	597,097	-	610,647
Stock Issued for Assets	-	-	8,200,000	8,200	796,550	-	804,750
Stock Issued for Services	-	-	11,600,000	11,600	300,400	-	312,000
Cancellation of Stock With Subscription Receivable	-	-	(15,000,000)	(15,000)	(60,000)	-	-
Conversion of Preferred Stock for Common Stock	(1,238,260)	(1,238)	123,826,000	123,826	(122,588)	-	-
Conversion of Convertible Debt for Common Stock	-	-	509,459	509	5,400	-	5,909
Net Income/Loss	-	-	-	-	-	(2,194,360)	(2,194,360)
Balance - December 31, 2016	546,740	\$ 547	277,288,435	\$ 277,288	\$ 61,259,102	\$ (63,094,919)	\$ (1,557,982)

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

ENSURGE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Liquidation – On October 16, 2000, the Company changed its name from Ishopper.com, Inc. to Ensurge, Inc. (herein referred to as “the Company”).

On January 1, 2002, following the consecutive and devastating events of the dot com bubble burst and 9/11, the Company began an eight-year liquidation of assets that were developed during the “dot com” era. During this period the Company also worked on restructuring its debt and capitalization to enable expansion into additional business segments and industries. In 2009, the Company commenced a new phase of business operations in the mining industry. Accordingly, the accompanying financial statements are presented on a GAAP basis of accounting, rather than on a liquidation basis.

In 2015, the Company acquired North American Resources Inc. Ltd. (NARIL), an operating mining company in Guyana. NARIL was incorporated in the Co-operative Republic of Guyana on March 15, 1995. It's principle activities are the mining and exploration of gold and diamonds. At the time of the acquisition, NARIL was heavily in debt, but had mining equipment and properties in which to mine and had been producing gold every year for many years. NARIL restructured its debt and Ensurge (the new parent company) raised funds and issued stock to eliminate debt, purchase additional mining equipment, mining claims, and property to expand its operations.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Presentation – Going Concern

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America, which contemplates continuation of the Company as a going concern. During 2014 through 2016, the Company worked in the exploration and pilot program stage of its operational plan. As shown in the accompanying consolidated financial statements for years ended December 31, 2015 and 2016, through the acquisition of NARIL, the Company has generated its first significant gold mining revenue after nearly two years of buying assets from other nonoperational corporations that had ceased operations and had previously used equipment and mining lands and claims that were once productive. Additionally, the Company completed the acquisition of other miscellaneous mining leases and other property with various precious metals materials that the Company can explore and extract. These acquisitions, both by cash and stock, have solidified the Company's status of on-going mining operations on a regular basis for gold production. The Company does anticipate additional acquisitions of leases and land for production with associated startup costs which will result in operational losses for at least the next twelve months. Mining production over the past two years did

produce some significant revenue (US \$1.8 million), but, the Company also experienced anticipated heavy costs of testing, measuring, and moving equipment around the interior jungle terrain of Guyana.

With the anticipation of continued testing and moving, the Company will need to obtain loans and equity investments to fund operations. Management still believes that the Company has not reached its “fully funded” operating status and still carries some risk of failure or slowdown in operations due to lack of proper operating funding for the near future. The Company still has stockholders’ deficit and working capital deficit. These factors raise some risk about the Company’s ability to continue as a going concern for the long term, but the results of the 2016 have proven that significant gold revenue can be obtained. It is the goal of the Company to reduce the cost of gold recovery through more consistent production in proven areas that have manageable and sustainable operations.

Management plans to raise additional capital to complete its business plan. However, there can be no assurance that these arrangements will be sufficient to fund its ongoing capital expenditures, working capital, and other cash requirements. The outcome of these long-term prospects of the Company cannot be predicted at this time. There can be no assurance that any additional financings will be available to the Company on satisfactory terms and conditions, if at all.

The accompanying consolidated financial statements do not include any adjustments related to the recoverability or classification of asset – carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

Business Condition – Overall, the Company has suffered losses from operations, and has had negative cash flows from operating activities for most periods in the last three years. The Company has issued promissory notes and stock to fund operations for the last year to supplement cash flow and has issued stock, where possible, to compensate for goods and services. During 2016, the Company has obtained funding (loans and stock sales or stock issuance for asset acquisitions) for operations in the amount of approximately \$1,900,000. In 2016, the Company issued over 140,000,000 shares in stock sales and direct purchase of assets from other defunct mining operations to expand its mining assets and activities.

Principles of Consolidation – The financial statements have been consolidated with its wholly owned subsidiary – North American Resources Inc. Ltd. (“NARIL” or “the Subsidiary”). For the last two years, NARIL has not been able to provide reliable accounting information to consolidate its accounting records with the Company. Accounting for the subsidiary was reported on only a “cash in and cash out” method and could not be considered reliable in previous reports. Late in 2016, and the last few months of 2017, NARIL has engaged professional accounting personnel to revamp the accounting process and has provided complete financial records for the years 2015 and 2016. The Company has now consolidated these financial statements with the accounting records to produce its first GAAP financial reports for the consolidated operations for 2015 and 2016.

Stock – Based Compensation – Effective January 1, 2006, the Company adopted, “share –Based Payment” (ASC Top 718) which requires that compensation costs relating to share –based payment awards made to employees and directors be recognized in the consolidated financial statements.

Basic and Diluted Earnings Per Share – Basic gain or loss per common share is computed by dividing net gain or loss by the weighted-average number of common shares outstanding during the period. Diluted gain per share is calculated to give effect to potentially issuable common shares which include stock

options and stock warrants except during loss periods when those potentially issuable common shares would decrease the loss.

Income Taxes – The Company recognizes an asset or liability for the deferred tax consequences of all temporary differences between the tax basis of assets or liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years when the reported amounts of the asset or liabilities are recovered or settled and for operating loss carry forwards. These deferred tax assets and liabilities are measured using the enacted tax rates that will be in effect when the differences are expected to reverse and the carry forwards are expected to be realized. Deferred tax assets are reviewed periodically for recoverability and a valuation allowance is provided as necessary. Operational expenses have been consistently higher than revenue and the company does not recognize a tax benefit from such operational losses until it is likely that future profitable operations prove feasible.

Cash and Cash Equivalents – The Company considered all highly liquid instruments purchased with an original maturity of three months or less and money market accounts to be cash equivalents. There were no cash equivalents at December 31, 2016 and 2015.

Derivative Liabilities – The Company assessed the classification of its derivative financial instruments as of December 31, 2016, which consist of convertible instruments and rights to shares of the Company's common stock, and determined that such derivatives meet the criteria for liability classification under ASC 815.

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risk of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risk of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

Fair Value of Financial Instruments – Effective January 1, 2008, the Company adopted FASB ASC 820-Fair Value Measurements and Disclosures, or ASC 820, for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements establishes a frame work for measuring fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements establishes a framework for measuring fair value and expands disclosure about such fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market – based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company did not have any level 3 assets as of December 31, 2016. The Company did acquire some assets during 2016 that would be considered Level 2 assets. Convertible notes payable and outstanding warrants and options are Level 3 liabilities. The carrying amounts of these liabilities at December 31, 2016 and 2015 approximate their respective fair value based on the Company's incremental borrowing rate.

Cash is considered to be highly liquid and easily tradeable as of December 31, 2016 and 2015 and therefore classified as Level 1 within our fair value hierarchy.

In addition, FASB ASC 825-10-25 Fair Value Option, or ASC 825-10-25, was effective for January 1, 2008. ASC 825-10-25 expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. The Company did not elect the fair value options for any of its qualifying financial instruments.

Convertible Instruments – The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with professional standards for "Accounting for Derivative Instruments and Hedging Activities".

Professional standards provide three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risk of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measure at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. Professional standards also provide an exception to this rule when the host instrument is deemed to be conventional as defined under professional standards as the meaning of "conventional convertible debt instrument."

The Company accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with professional standards when "Accounting for Convertible Securities with Beneficial Conversion Features," as those professional standards pertain to "Certain convertible Instruments." Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records, when necessary, deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value

of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note.

Among other things, ASC 815-40 generally provides that if an event is not within the entity's control or could require a net cash settlement, then the contract shall be classified as an asset or a liability.

Recently Enacted Accounting Standards – The Company adopted the Accounting Standards Update (ASU) No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, included an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. The amendments in this ASU remove all incremental financial reporting requirements from US GAAP for development stage entities, including the removal of Topic 915, Development Stage Entities, from the FASB Accounting Standards Codification.

A development stage entity is one that devotes substantially all its efforts to establishing a *new* business and for which: (a) planned principal operations have not commenced, or (b) planned principal operations have commenced, but have produced no significant revenue. For example, many start-ups or even long-lived organizations that have not yet begun their principal operations beginning after December 15, 2015. Early adoption is permitted.

We have reviewed accounting pronouncements issued during the past two years and have adopted any that are applicable to our company. We have determined that any terminology or use of “exploration stage” or “development stage” disclosures should be eliminated based on FASB review. Such disclosures have been eliminated from these financial statements.

NOTE 2 – WARRANT DERIVATIVE LIABILITY

As part of the warrants issued for common stock, the nature of the warrants requires the Company to record a Warrant Derivative Liability in the amount of \$450,106, and \$1,565,057 as of December 31, 2015 and December 31, 2016, respectively. The valuation of the derivative is determined using the lattice model. The lattice model is based in part on the price the stock is trading on the day the warrants are issued and again at the end of each quarter and year end. Due to the relatively large swings stock price, the warrant derivative liability calculations also experience large swings, which create large losses and gains.

NOTE 3 – COMMON STOCK WARRANTS AND OPTIONS

As of December 31, 2016, the Company had 29,584,950 common stock warrants outstanding and 7,500,000 option outstanding. Warrants have terms of 3 to 5 years and options have a term of 10 years.

	OPTIONS		WARRANTS	
	<u>9/30/2016</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Beginning Balance	7,500,000	7,500,000	17,167,450	11,152,000
Granted/Issued	-	-	14,317,500	14,887,450

Exercised	-	-	-	5,600,000
Cancelled	-	-	1,900,000	3,272,000
End Balance	7,500,000	7,500,000	29,954,950	17,167,450
Exercisable	7,500,000	7,500,000	29,954,950	17,167,450

Warrants – We have granted outstanding warrants for the purchase of a total of 29,584,950 shares of our common stock, all of which are exercisable anytime until their respective expiration dates.

	Stock Price At	Exercise			Risk Free		# of
<u>Date of Issuance</u>	<u>December, 2016</u>	<u>Price</u>	<u>Term</u>	<u>Rate</u>	<u>Volatility</u>	<u>Value</u>	<u>Warrants</u>
April 2015	\$.07	\$.10	3 Yrs	.92%	300.03%	-0-	925,000
May 2015	\$.07	\$.10	3 Yrs	.83%	300.03%	-0-	4,300,000
June 2015	\$.07	\$.10	3 Yrs	.85%	300.03%	-0-	350,000
May 29, 2015	\$.07	\$.10	3 Yrs	.83%	300.03%	-0-	1,000,000
March 2, 2012	\$.07	\$1.00	5 Yrs	.48%	300.03%	-0-	380,000
October 2015	\$.07	\$.05-\$.10	3-5 Yrs	.93%-1.29%	274.44%	-0-	7,562,450
December 2015	\$.07	\$.05	3 Yrs	1.19%-1.27%	274.44%	-0-	750,000
Jan – Dec 2016	\$.07	\$.05-\$.20	3-4 Yrs	.77%-1.54%	280.79%	-0-	14,317,500

The following is a summary of the Company's stock warrants outstanding as of December 31, 2016, adjusted for any changes in the exercise price of the stock warrants.

Range of Exercise Price - \$.05 to \$1.00

Number Outstanding – 29,584,950

Weighted Average Remaining Contractual Life – 2.2 Years

Weighted Average Price - \$.10

Number Exercisable – 29,584,950

Volatility – 280.79%

Dividends - \$.00

The following is a summary of the Company's stock options outstanding as of September 30, 2016, adjusted for any changes in the exercise price of the stock options:

Range of Exercise Price - \$.14 to \$.50

Number Outstanding – 7,500,000

Weighted Average Remaining Contractual Life (In Years) – 4.08 Years

Weighted Average Exercise Price - \$.25

NOTE 4 – ISSUANCE OF STOCK

In January, 2015, 1,000,000 shares of common stock were issued for the purchase of equipment from a mining company in Guyana that will be included in the assets of the operation of NARIL valued at 10,000.

In January, 2015, 9,000,000 shares of common stock were issued for the conversion of loans and other advances in the amount of \$23,524 and interest of \$1,358 plus legal services valued at \$65,118.

In January, 2015, 1,000,000 shares of common stock were issued to a former officer/director for past services rendered valued at \$10,000 and a forgiveness of all past wages, debts, and obligations of \$55,000.

In March, 2015, 7,319,250 shares of common stock were issued for the purchase of NARIL, a Guyana mining company.

In March, 2015, 1,500,000 shares of common stock were sold for cash for \$15,000.

In March, 2015, the Company issued a new class of stock - Preferred, Class A, to the current officers and directors of the Company to purchase the remaining 20% equity of TransGlobal Gold Corp., which had secured the acquisition of NARIL and all other material assets and opportunities the comprise the Company's business plan. The Preferred Class A stock has voting and conversion rights equal to 100 shares of common stock. 1,600,000 shares were issued valued at \$800,000.

In the second quarter, the Company issued a Private Placement Memorandum to sell 250,000 shares at \$.02 per share with one warrant attached for every two shares sold. As of December 31, 2015, \$176,000 had been sold. The attached warrants have a right to purchase stock at \$.10 per share for a period of 3 years. The stock (8,800,000 shares) was issued in November 2015 when the private placement was closed. The attached warrants are considered as having a derivative liability attached and is included in the warrant derivative liability as discussed in Note 3.

In the fourth quarter, 2015 the Company issued various classes of stock for various purposes:

- 6,350,000 shares were issued for the purchase of all of the remaining assets of KC3 Mining.
- 8,550,000 shares were issued for cash of \$186,000.
- 5,600,000 shares were issued for stock option redemption.
- 10,000 shares of Preferred Stock were sold for \$50,000.
- 1,000,000 shares were issued for conversion of debt of \$10,000 plus interest.
- 4,000,000 shares were issued for employee compensation and incentive bonuses.
- 1,000,000 shares were issued for an incentive for a royalty agreement on gold production.

In the first quarter 2016, the Company issued 170,000 shares of Preferred stock for cash of \$525,000 (\$50,000 paid in December 2015 and \$175,000 paid in April 2016). As part of these stock purchases, 5,000,000 warrants for common stock were issued with an exercise price of \$.05 to \$.20 and exercisable within 3 years.

In the second quarter 2016, the Company issued 500,000 shares of Preferred stock for cash of \$25,000 and 1,000,000 shares of common stock for \$50,000. As part of these stock purchases, 1,500,000 warrants for common stock were issued with an exercise price of \$.05 exercisable within 3 years.

In the third quarter 2016, the Company issued the following:

11,000,000 Common shares for cash of \$175,000

11,100,000 Common shares for services valued at \$272,000

4,200,000 Common shares for assets valued at \$85,000

The Company also converted 1,213,260 preferred shares into 121,326,000 common shares, and cancelled 15,000,000 common shares with a subscription receivable of \$75,000. The Company also issued 509,459 shares for the exercise of warrants attached to a convertible loan of \$6,500.

In the fourth quarter 2016, the Company issued the following:

500,000 shares for services rendered valued at \$40,000

1,375,000 shares for cash of \$40,125

4,000,000 shares for the assets of Badger Mining valued at \$320,000

2,500,000 shares for the cancellation of 25,000 shares of Preferred Shares

NOTE 5 – PROCEEDS FROM COMMON STOCK TO BE ISSUED

In July 2010, the Company received \$560,000 in exchange for warrants exercisable for the right to purchase 4,000,000 shares of the Company's common stock in a private placement. In December 2010, the Company received \$800,000 in exchange for warrants exercisable for the right to purchase 1,600,000 shares of the Company's common stock in a private placement. These warrants were prepaid and exercised in 2015.

In December 2015, the Company entered into a funding agreement to fund \$25,000 a month for 12 months for the purchase of common stock. Each installment was for the purchase of 500,000 shares of common stock and 250,000 warrants at \$.05 per share for a period of three years. The first payment was made in the first part of December and the stock and warrants were issued. Prior to December 31, 2015 a payment of \$50,000 was received for the January and February installments, but the stock and warrants were not issued until 2016. This agreement continued through the second quarter with three payments of \$25,000 each for 5,000 of preferred stock and 1,000,000 of common stock. In the third quarter, the Company completed the agreement with a payment of \$50,000 for 1,000,000 shares of common stock.

NOTE 6 – NOTES PAYABLE

In November, 2012, the Company entered into a one year \$150,000 note at 10% interest. The note, which is still outstanding and accruing interest, is in default and the note holders are working with the Company to arrange payment resolution.

During April 2013, the Company entered into a 60 day 10% convertible note of \$15,000 which has not been paid off nor converted into stock. Due to the note being in default, the interest rate has now increased to 18%.

On May 9, 2013, the Company entered into a 6 month note payable of \$23,000 with interest payable at 22% APR. As part of this note the Company issued 1,000,000 shares of common stock valued at \$5,000. This note was converted into common stock in 2015 at a rate of \$.01 per share.

On August 16, 2013, the Company entered into a 12 month note payable of \$9,000 with interest payable at 5% APR. This note was converted to common stock in 2015 at \$.01 per share.

On August 30, 2013, the Company entered into a 12 month \$50,000 note with interest payable at 5% APR. This note was converted to common stock in 2015 at \$.01 per share.

During October 2013, and November 2013, the Company entered into three notes payable for a total of \$7,010, with interest payable at 5%. The notes are payable on demand. These notes were converted to common stock in 2015 at \$.01 per share.

In 2014, various shareholders loaned the Company \$12,474 through short term loans. The \$10,000 loan had a stated interest rate at 10%. The \$2,474 was advanced with the understanding that there would be no stated interest rate. The notes are payable on demand. The loan for \$2,474 was converted to common stock at \$.01 per share. The \$10,000 loan was converted to common stock at a rate of \$.01 in late 2015.

In December, 2014, the Company borrowed from a private individual \$20,000 for one year at a stated interest rate of 12%. The loan was partially paid in 2015 and completely paid in 2016.

In May, 2015, the Company borrowed from a private individual \$6,500, with no due date (demand), at a stated interest rate of 3%. The debt was paid off in 2015.

In May, 2015, the Company borrowed an aggregate of \$100,000 from three individuals with 1,000,000 shares paid up front as interest on the loan. The loan also has warrants attached which are exercisable at \$.08 per share for three years. The warrants are deemed to have a derivative liability attached and is included in the warrant liability valuation as discussed in note 3. The payments were to begin in September 2015 but are all delinquent as of the end of 2015. Management deferred the payments until the second quarter where two payments of \$3,000 were made to start the amortization schedule. The Company continues to be delinquent in the payments, paying only \$5,000 toward the monthly \$3,000 payment. The note holders have not filed any litigation on the matter and is discussing options with management.

NOTE 7 – CONVERTIBLE NOTES PAYABLE

During 2013 and 2014, the Company entered into an agreement for three separate loans at various times over four months from the same entity of a total of \$81,500 with a bargain conversion rate for common stock. The conversion feature was exercised on \$5,909 of the loan with the issuance of 509,459 common shares and the Company negotiated and paid the balance of \$75,591. Additionally, the Company negotiated and paid \$25,000 toward the accrued interest of \$37,917, which resulted in a gain of \$13,508.

NOTE 8 – NOTE PAYABLE WITH WARRANTS ATTACHED

On May 27, 2015, the Company entered into a three year note payable of \$100,000 with interest paid up front with 1,000,000 common shares issued and 1,000,000 warrants exercisable at \$.08 for three years. The note is to be paid in equal installments over three years with payments of \$2,778 per month. The Company has determined that there is a derivative liability related to the promissory note. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the promissory note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the promissory note, the Company determined a fair value of \$19,460 of embedded derivative. The fair value of the embedded derivative was determined using the Binomial Lattice Model based on the following assumptions:

Dividend Rate – 0%

Volatility – 300.03%

Risk Free Rate - 1.01%

At December 31, 2015, the Company adjusted the recorded fair value of the derivative liability to market on notes resulting in noncash, non-operating loss of \$8,727 for the year 2015 and a loss of \$34,539 for year 2016.

The debt discount attributed to the beneficial conversion feature is amortized and charged to current period operations as interest expense over the term of the note. During the next three years, the Company will amortize \$19,460 of beneficial debt discount to the operations as interest expense. The loan will be paid back over 36 months with payments of \$2777.77 after the completed funding of the Private Placement Memorandum. This computes to an effective interest rate of 14.62%. The payments have not begun and is past due. Management has deferred the start of the interest accrual until the Company can start paying the monthly payment. There has been an accrual of \$1,796 of interest for 2015 and \$23,339 for the year 2016 of which \$9,000 has been paid during year 2016.

On August 18, 2016, the Company entered into a nine-month note payable of \$500,000 from two individuals with interest payable at 12% APR. The note was accompanied with 2,000,000 warrants exercisable at \$.10 and 2,000,000 warrants exercisable at \$.15 each with a 4-year life. The Company has determined that a derivative liability related to the promissory note. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the promissory note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the promissory note, the Company determined a fair value of \$158,644 of embedded derivative. The fair value of the embedded derivative was determined using the Binomial Lattice Model based on the following assumptions:

Dividend Rate – 0%

Volatility – 280.79%

Risk Free Rate - .88%

At December 31, 2016, the Company adjusted the recorded fair value of the derivative liability to market on notes resulting in noncash, non-operating loss of \$118,771 for the year 2016.

The debt discount attributed to the beneficial conversion feature (\$158,644) is amortized and charged to current period operations as interest expense over the term of the note (nine months).

NOTE 9 – PRIVATE PLACEMENT OF COMMON STOCK WITH WARRANTS ATTACHED

In the first quarter 2015, the Company commenced a placement pursuant to a Private Placement Memorandum (PPM). of The PPM offered common stock at \$.02 per share for total proceeds up to \$250,000. Additionally, the shares came with warrants attached at 1 warrant for every two shares purchased exercisable at \$.10 per share for up to three years. The Company raised \$176,000 before the PPM was closed in November 2015. The Company has determined that there is a derivative liability related to the PPM. The accounting treatment of derivative financial instruments requires that the Company to record the fair value of the derivatives as of the sell date of the PPM and to adjust the fair value as of each subsequent balance sheet date. At the inception of each of the PPM sales, the Company determined a fair value of \$9,000, \$61,258, and \$7,376 for April (925,000 warrants), May (3,125,000 warrants), and June (350,000 warrants), respectively, of embedded derivative.

The fair value of the embedded derivative was determined using the Binomial Lattice Model based on the following assumptions:

Dividend Rate – 0%

Volatility – 300.03%

Risk Free Rate - 1.01%

On the date of sale for each of the PPM proceeds, the initial fair value of the embedded debt derivative of \$77,634 was allocated as a discount from the proceeds of the PPM (\$176,000).

At December 31, 2015, the Company adjusted the recorded fair value of the derivative liability to market on notes resulting in noncash, non-operating loss of \$46,386 for the year 2015. There was a gain of \$45,406 in the first quarter 2016, a loss of \$40,958 in the second quarter 2016, and a loss of \$37,958 in the third quarter 2016.

NOTE 9 – STOCK ISSUANCES WITH WARRANTS ATTACHED (2015)

In the fourth quarter of 2015, the Company had several private stock transactions with qualified investors that further funded operations of the Company in Guyana. The Company sold 9,550,000 common shares and 10,000 shares of preferred stock to raise a total of \$236,000. With these stock sales, the Company also attached warrants as an incentive for future investment and funding. The Company issued 7,300,000 warrants with exercise prices from \$.05 to \$.10 and exercisable from 3 to 5 years.

In addition to the warrants that were attached to the stock sales, the Company issued warrants to certain individuals who spent time and their own money funding a legal effort to revive the legal status and financial stability of NARIL, a mining operation that the Company had targeted for management and eventual purchase. Although the money expended by the individuals was never considered a recoverable expense, the effort was considered valuable to the Company and management compensated those efforts by issuing 1,012,450 warrants with an exercise price of \$.08 over a time period of 5 years.

The Company determined that there was a derivative liability related to all of these warrant offerings. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the sell date and to adjust the fair value as of each subsequent balance sheet date. At the inception of each of the stock sales and the offerings of the warrants, the Company determined a fair value of the warrants of embedded derivative.

The fair value of the embedded derivative was determined using the Bionomial Lattice Model based on the following assumptions:

Dividend Rate – 0%

Volatility – 272.44%

Risk Free Rate - .93% - 1.29%

On the date of sale for each of the proceeds, the initial fair value of the embedded debt derivative of \$156,294 was allocated as a discount from the proceeds of the offerings (\$236,000).

At December 31, 2015, the Company adjusted the recorded fair value of the derivative liability to market on notes resulting in noncash, non-operating loss of \$85,679 for the year 2015. The Company recognized a loss of \$309,671 for the year 2016.

NOTE 10 - STOCK ISSUANCES WITH WARRANTS ATTACHED (2016)

In 2016, the Company had several private stock transactions with qualified investors that further funded the Company's operations in Guyana. The Company sold 7,375,000 common shares and 175,000 shares of preferred stock to raise a total of \$726,250. With these stock sales, the Company also attached warrants as an incentive for

future investment and funding. The Company issued 8,942,500 warrants with exercise prices from \$.05 to \$.20 and exercisable in 3 years.

The Company determined that there was a derivative liability related to all of these warrant offerings. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the sell date and to adjust the fair value as of each subsequent balance sheet date. At the inception of each of the stock sales and the offerings of the warrants, the Company determined a fair value of the warrants of embedded derivative.

The fair value of the embedded derivative was determined using the Binomial Lattice Model based on the following assumptions:

Dividend Rate – 0%

Volatility – 280.79%

Risk Free Rate – 1.26% - 1.35%

On the date of sale for each of the proceeds, the initial fair value of the embedded debt derivative of \$180,603 was allocated as a discount from the proceeds of the offerings (\$726,250).

At December 31, 2016, the Company adjusted the recorded fair value of the derivative liability to market on notes resulting in noncash, non-operating loss of \$423,897 for the year 2016.

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENT

ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model – drive valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

To the extent that valuation is based on models or puts that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the first value hierarchy within which the fair value measurement is disclosed is determined based on the lowest level input that is significant to the first value measurement.

Items recorded or measured at fair value on a recurring basis in the accompanying consolidated financial statements consisted of the following items as of:

December 31, 2015

Significant Unobservable Inputs (Level 3)

Debt Derivative Liabilities - \$59,265

Warrant Derivative Liabilities - \$450,106

December 31, 2016

Significant Unobservable Inputs (Level 3)

Debt Derivative Liabilities - \$371,977

Warrant Derivative Liabilities - \$1,565,057

The debt derivative and warrant liabilities are measured at fair value using quoted market prices and estimated volatility factors based on historical prices for the Company's common stock and are classified within Level 3 of the valuation hierarchy.

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities as of:

Earnings Related to the Liabilities Held at December 31, 2015:

Derivative Loss for the Year - \$(185,990)

Earnings Related to the Liabilities Held at December 3, 2016

Derivative Loss for the Nine Months – (\$996,322)

Level 3 Liabilities are comprised of our bifurcated convertible debt and warrant liabilities features on Companies' convertible notes and warrants.

Note 12 - PROVISION FOR INCOME TAXES

In 2013, the Company reported an operating loss carry forward of over \$5,000,000, with a valuation allowance of the same amount. The Company recognized a loss for 2015 of approximately \$1,200,000 and 2016 of approximately \$2,000,000 and has sufficient net operating loss carryforwards to offset any foreseeable taxable income. The Company has experienced changes in ownership (over 50% interest changing hands within 2014 through 2016 due to new stock issuances) which severely limits the use of the net operating loss carryforwards to net income. Such changes affects the net operating loss calculation for 2014 and subsequent years. The Company has no tax liability for 2015 or 2016 for current operations and does not record a tax benefit for the large net operating loss carryforwards.

The operations of the subsidiary, NARIL, are governed and taxed under the laws of the country of Guyana. There is a current tax liability of \$8,275 (US\$) owing on past and current year operations. NARIL has accumulated tax losses available at the end of the year amounting to \$(2,753,151) (\$US) in 2016 and \$(2,448,047) (\$US) in 2015.

Note 13 - COMMITMENTS AND CONTINGENCIES

Several of the Company's note payables are past due. No lawsuits have been filed concerning these past due notes and currently the Company has limited options as to how to repay these notes. These include, but are not limited to, the following:

In the first quarter of 2015, the Company negotiated a contract with the largest shareholders of South American Minerals, Inc. for the management and eventual purchase (now complete) of their subsidiary North American Resources, Inc. Ltd, (NARIL), a Guyanese Corporation involved in gold mining in Guyana since the 1990s.

The agreement resulted in the Company assuming management duties of NARIL, followed by its acquisition in the fourth quarter of 2015. Since the acquisition, the Company has assisted in funding NARIL's operations. Such funding has been accomplished through stock issuances for services and equipment, loans, and raising capital through private sales of equity. The continued funding of NARIL depends on ongoing loans and stock sales that the Company has been involved with in the past year. The Company cannot guaranty that this type of funding can continue in the future. There is no specific commitment to fund Guyana operations for any time period in the future.

NOTE 14 - LEGAL ISSUES

On March 25, 2013, a complaint was filed against the Company by Randall K. Edwards and Gaia, Silva, Gaede & Associates in the amount of \$74,924 and \$18,627, respectively. These are liabilities for services performed, which are part of the Company's accounts payable. However, due to lack of adequate funding, the Company has not been able to pay these amounts owed. A default judgement was entered in July 2013 for the full amount. The parties are in negotiations for resolution.

In 2014, a complaint was filed in Palm Beach County, Florida, by Carro Consulting, Inc., alleging that Plaintiff provided consulting services to the Company. The Company is unaware of any such consulting services being rendered to it and, therefore, believes that the suit is without foundation and potentially a fraudulent attempt to obtain stock from the Company without valid consideration.

The Company is not currently aware of any legal proceedings that have a material adverse effect on our financial condition or results of operations.

NOTE 15 - ACQUISITION AND DECONSOLIDATION

In 2013, the Company acquired 80% ownership of TransGlobal Gold Corporation. Due to not being able to obtain audited financial statements from TransGlobal, the Company deconsolidated this subsidiary for 2014 and 2013. TransGlobal was sold off in the third quarter 2016 for a nominal price.

As stated earlier, in the first quarter of 2015, the Company entered into an agreement that granted immediate and total managerial control and the right to purchase (now complete) NARIL. The Company has managed NARIL since March 2015. Pursuant to the acquisition, the Company issued 7.3 million shares of common stock.

NOTE 16 – PROPERTY AND EQUIPMENT

It is the policy of the Company to capitalize any expenditures for property and equipment that has a useful and economic life beyond the current year. The Company disposed of all of its existing assets in 2013, and has started purchasing equipment for its operations in the Guyana. The Company estimates the useful life of its equipment and depreciates the equipment over that life. The Company purchased some office and transportation equipment, which has an estimated life of 4 to 5 years. Depreciation expense for year to date to 2016 is \$2,124.

During the year, audits for the subsidiary NARIL was completed and the schedule of equipment and depreciation was included in the audit report. Assets of NARIL consist of office furniture and equipment, motor vehicles, mining equipment, and boats and pontoons. The life of the equipment varies from three years to 10 years. Depreciation expense for NARIL assets was \$176,595 for 2016 and \$117,348 for 2015.

Mining development costs have been capitalized for a selected piece of property where preparation for long term mining efforts will begin in 2017. The mining costs will be amortized with a method that will produce the most reasonable estimate of productivity in mineral extraction or estimated life of production when more is known of the nature and extent of activity in the region. No amortization was taken in 2016.

NOTE 17 – RELATED PARTY TRANSACTIONS

The Company has various related party transactions with management, summarized as follows:

Accrued liabilities - related parties is primarily past due wages for the current management team. The Company has been successful in reducing that liability during the end of 2015 and is expected to do more in 2016. At present, the Company is paying all current salaries, and reduced the liability by \$69,000 in 2016. Notes Payable – in 2016, an officer of the Corporation loaned funds to the Company in late 2016. The amounts varied in both advances paid in and paid back. The loan agreement calls for a 5% interest rate and payable in one year of the advance. For 2016, a total of \$126,000 was loaned to the Company and \$5,000 was paid back. In connection with these loans, warrants for common stock were issued in the amount of 1,000,000 shares exercisable at \$.10 with expiration in 3 years.

The Company has determined that there is a derivative liability related to the promissory note. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the promissory note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the promissory note, the Company determined a fair value of \$58,867 of embedded derivative. The fair value of the embedded derivative was determined using the Binomial Lattice Model based on the following assumptions:

Dividend Rate – 0%

Volatility – 280.79%

Risk Free Rate - 1.54%

At December 31, 2016, the Company adjusted the recorded fair value of the derivative liability to market on notes resulting in noncash, non-operating loss of \$9,905 for the year 2016. The debt discount attributed to the beneficial conversion feature (\$58,867) is amortized and charged to current period operations as interest expense over the term of the note.

Notes Payable – non-interest bearing. A second officer of the corporation has advanced funds to the Company with no terms including interest rate or maturity date. The amounts have varied through the year and has changed regularly. The current balance is \$53,686 at December 31, 2016.

NOTE 18 – ROYALTY AGREEMENT

The Company entered into an agreement for a ten-year royalty equal to 10% of the gold production at a location near the Mazaruni River, Guyana. Purchase of the agreement was for \$163,000, which included an incentive of 1,000,000 shares of common stock and 2,500,000 warrants exercisable at \$.05 for 3 years. The purchase price of \$163,000 was allocated proportionately between the royalty agreement (\$151,208), common stock (\$3,759) and the warrants (\$9,133). The warrant liability was \$72,923 and \$166,607 at the end of 2015 and 2016, respectively. Royalty begins when the gold production begins in the designated area as by definition in the agreement (expected

sometime in 2017 or 2018). This agreement has been amended to apply to planned gold production at a different location.

NOTE 19 – ACQUISITION OF ASSETS OF KC3 MINING AND BADGER MINING

During 2015 and 2016, the Company issued stock for acquisition of assets of KC3 Mining and Badger Mining, two defunct mining operations in Guyana. The transaction was recorded at FMV of the value of the Company's stock, which was \$220,500 and \$320,000, respectively. A specific list of assets was not known until an audit of Guyana records and a physical inventory of assets was available at the first part of 2017.

Of those assets listed, KC3 Mining assets consisted of 8,000 acres of Tantalite property, with an estimated value of between \$125,000 and \$375,000. The value established by the stock purchase was the value that was placed on the books of the Company (\$220,500). The assets of Badger Mining consisted of mining equipment, mining claims and property. The estimated value of the equipment was placed at \$719,750 based on catalogue and blue book values of the equipment and property. The original stock valuation of \$320,000 was adjusted upward to allocation a FMV of \$719,750 allocated between the assets and the mining claims and property, which included an additional \$399,750 added to additional paid in capital in the fourth quarter of 2016. These assets will be depreciated when the equipment and property will be added to the production activities of the Company in the near future.

NOTE 20 – ACCOUNTS RECEIVABLE

Accounts receivable that have fixed or determinable payments are not quoted in an active market are classified as "loans and receivables." Loans and receivables are measured at cost less any provision for impairment.

NOTE 21 – CURRENCY TRANSACTIONS

The financial statements are stated in US dollars. Foreign currency transactions during the year were translated at the exchange rates ruling at the dates of these transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates prevailing at that date. Any gains and losses arising from the translation of foreign currencies are taken directly into the statement of comprehensive income.

NOTE 22 – JOINT VENTURES

A joint venture is a joint arrangement whereby the parties that have control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing the control. Investments in joint ventures are accounted for at cost.