
Megola Inc.

Consolidated Interim Financial Statements (unaudited)
For the 3-month periods ended October 31, 2014 (unaudited) and July 31, 2014 (unaudited)
(Amounts expressed in US Dollars)

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The balance sheets of Megola Inc. (the "Company") at October 31, 2014 and July 31, 2014 and the Statements of Operations and Comprehensive Loss, Changes in Stockholders' Deficiency and Cash Flows for the periods then ended have not been audited by the Company's auditors. These financial statements are the responsibility of management and have been reviewed and approved by the Company's audit committee and Board of Directors.

Megola, Inc.		
Consolidated Interim Balance Sheets as at October 31 , 2014 (unaudited) and July 31, 2014 (unaudited)		
(Amounts expressed in US dollars)		
	October 31, 2014	July 31 , 2014
	<i>unaudited</i>	<i>unaudited</i>
ASSETS		
Cash	\$ -	\$ -
Total Current Assets	-	-
I.P Fire Inhibitor	2,501,000	2,501,000
Property and equipment		
TOTAL ASSETS	\$ 2,501,000	\$ 2,501,000
LIABILITIES		
Due to Shareholder	\$ -	\$ 204,021
Total Liabilities	-	204,021
STOCKHOLDERS' EQUITY		
Capital stock:		
- Common, \$0.001 par value; 200,000,000 shares authorized, 113,662,280 and 113,662,280 issued and outstanding at October 31, 2014 and July 31, 2014 respectively	88,912	88,912
- Preferred Series "A", \$0.001 par value; 2,000,000 shares authorized, 1,050,538 issued and outstanding at October 31, 2014 and July 31, 2014 respectively	1,059	1,059
- Preferred Series "B", \$0.001 par value; 1,500,000 shares authorized, 153,811 issued and outstanding at October 31, 2014 and 48,811 issued and outstanding at July 31, 2014 respectively	278	173
- Preferred "C", \$0.001 par value; 1,500,000 shares authorized, 340,000 issued and outstanding at October 31, 2014 and July 31, 2014 respectively	340	340
Treasury Stock	(1,080)	(1,080)
Additional paid in capital	11,231,237	11,027,321
Deficit	(8,510,177)	(8,510,177)
Accumulated other comprehensive income (loss):		
Foreign currency translation adjustment	(309,569)	(309,569)
Total Stockholders' Equity	2,501,000	2,296,979
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,501,000	\$ 2,501,000
<i>See accompanying notes to unaudited financial statements</i>		

Megola, Inc.		
Consolidated Interim Statements of Operating and Comprehensive Loss for the 3 month periods ended October 31, 2014 (unaudited) and October 31, 2013 (unaudited)		
(Amounts expressed in US dollars)		
	3 months ended	
	October 31	October 31
	2014	2013
	<i>unaudited</i>	<i>unaudited</i>
Income - sales	\$ -	\$ -
Cost of sales	-	-
GROSS PROFIT (LOSS)	-	-
Income - royalties (note 13)	-	-
	-	-
General and administrative	-	-
Share-based compensation	-	30,000
Debt forgiveness	-	-
Interest	-	-
TOTAL EXPENSES	-	30,000
NET INCOME	-	-
Foreign currency translation adjustment	-	-
COMPREHENSIVE INCOME	\$ -	\$ (30,000)
Weighted average common shares outstanding	113,662,280	88,912,280
Loss per share - basic and diluted	-	(0.000)
<i>See accompanying notes to unaudited financial statements</i>		

Megola, Inc.		
Consolidated Interim Statements of Cash Flows for the 3 months periods ended October 31, 2014 (unaudited) and October 31, 2013 (unaudited)		
(Amounts expressed in US dollars)		
	3 months ended	
	October 31	October 31
	2014	2013
	<i>unaudited</i>	<i>unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	-	(30,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
<u>Non-cash operating transactions</u>		
Shareholder Advances	-	-
Expenses paid by shares of the company	-	30,000
Write off of property and equipment	-	-
<u>Cash used by operating activities</u>		
Accrued expenses and accounts payable	-	-
Cash flows provided by (used in) operating activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of stock in the Company	-	-
Convertible debenture borrowings	-	-
Cash flows provided by financing activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	-
Cash flows used in investing activities	-	-
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	-
NET INCREASE IN CASH FOR THE PERIOD	-	-
NET CASH, beginning of period	-	1,163
NET CASH, end of period	-	1,163
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	-	-
Income taxes paid	-	-
<i>See accompanying notes to unaudited financial statements</i>		

Megola, Inc.

Consolidated Interim Statements of Stockholders' Equity (Deficiency) for the period since inception to October 31, 2014

(Amounts expressed in US dollars)

	Common Stock		Treasury Stock		Preferred Stock Series "A"		Preferred Stock Series "B"	
	Shares	\$ Amount	Shares	\$ Amount	Shares	\$ Amount	Shares	\$ Amount
Balances, July 31, 2010	33,570,455	\$ 33,570	-	\$ -	1,092,225	\$ 1,092	47,561	\$ 48
Stock for convertible debt	937,500	938						
Stock for Debt	18,800,000	18,800			8,000	8	233,439	233
Stock for convertible debt	8,400,252	8,399						
Common converted to Preferred "A"	(1,000,000)	(1,000)			40,000	40		
Common converted to Preferred "B"	(7,031,800)	(7,032)					70,318	70
Preferred "A" converted to Common	1,819,000	1,819			(72,760)	(73)		
Common stock buyback			18,000	(1,080)				
Balances, July 31, 2011 (unaudited)	55,495,407	\$ 55,494	18,000	\$ (1,080)	1,067,465	\$ 1,067	351,318	\$ 351
Stock for convertible debenture	1,625,000	1,625					105,000	105
Net loss								
Foreign Currency Translation Adjustment								
Balances, July 31, 2012 (unaudited)	57,120,407	\$ 57,119	18,000	\$ (1,080)	1,067,465	\$ 1,067	456,318	\$ 456
Preferred "A" converted to Common	51,939,872	51,939			(8,927)	(8)	(283,757)	(283)
Reverse stock split	(50,147,999)	(50,146)						
Net loss								
Foreign Currency Translation Adjustment								
Balances, July 31, 2013 (unaudited)	58,912,280	\$ 58,912	18,000	\$ (1,080)	1,058,538	\$ 1,059	172,561	\$ 173
Stock for services	30,000,000	30,000						
Preferred "B" converted to Common	24,750,000	-					(123,750)	-
Net loss								
Foreign Currency Translation Adjustment								
Balances July 31, 2014 (unaudited)	113,662,280	\$ 88,912	18,000	\$ (1,080)	1,058,538	\$ 1,059	48,811	\$ 173
Stock for debt conversion							105,000	105
Net Loss								
Balances Oct 31, 2014 (unaudited)	113,662,280	\$ 88,912	18,000	\$ (1,080)	1,058,538	\$ 1,059	153,811	\$ 278

Megola, Inc.						
Consolidated Interim Statements of Stockholders' Equity (Deficiency) for the period since inception to October 31, 2014						
(Amounts expressed in US dollars)						
	Preferred Stock Series "C"		Additional Paid in Capital	Deficit	Foreign Currency Translation	Total
	Shares	\$ Amount	\$ Amount	\$ Amount	\$ Amount	\$ Amount
Balances, July 31, 2010	-	\$ -	\$ 7,761,917	\$ (7,830,206)	\$ (118,769)	\$ (152,348)
Stock for services			74,062			75,000
Stock for Debt			2,621,677			2,640,718
Stock for convertible debt			32,601			41,000
Common converted to Preferred "A"			960			-
Common converted to Preferred "B"			6,962	-	-	-
Preferred "A" converted to Common			(1,746)			-
Common stock buyback			335			(745)
Net Loss				(328,664)	-	(328,664)
Foreign Currency Translation Adjustment				-	(218,439)	(218,439)
Balances, July 31, 2011 (unaudited)	-	\$ -	\$ 10,496,768	\$ (8,158,870)	\$ (337,208)	\$ 2,056,522
Stock for convertible debenture			102,270			104,000
Net loss				108,818		108,818
Foreign Currency Translation Adjustment					27,639	27,639
Balances, July 31, 2012 (unaudited)	-	\$ -	\$ 10,599,038	\$ (8,050,052)	\$ (309,569)	\$ 2,296,979
Preferred "A" converted to Common			(51,648)			-
Reverse stock split			50,146			-
Stock for services	215,000	215	429,785			430,000
Net loss				(430,000)		(430,000)
Foreign Currency Translation Adjustment						-
Balances, July 31, 2013 (unaudited)	215,000	\$ 215	\$ 11,027,321	\$ (8,480,052)	\$ (309,569)	\$ 2,296,979
Stock for services	125,000	125	-			30,125
Preferred "B" converted to Common						-
Net loss				(30,125)		(30,125)
Foreign Currency Translation Adjustment						-
Balances July 31, 2014 (unaudited)	340,000	\$ 340	\$ 11,027,321	\$ (8,510,177)	\$ (309,569)	\$ 2,296,979
Stock for debt conversion			203,916			204,021
Net Loss						-
Balances Oct 31, 2014 (unaudited)	340,000	\$ 340	\$ 11,231,237	\$ (8,510,177)	\$ (309,569)	\$ 2,501,000

MEGOLA, INC.
Notes to Consolidated Financial Statements for the Years ended October 31, 2014 and 2013
(Amounts expressed in US dollars)

TO THE STOCKHOLDERS OF MEGOLA, INC.

The balance sheets of Megola, Inc. (the "Company") at October 31, 2014 and July 31, 2014 and the Statements of Operations and Comprehensive Loss, Changes in Stockholders' Deficiency and Cash Flows for the periods then ended have not been audited by the Company's auditors. These financial statements are the responsibility of management and have been reviewed and approved by the Company's Audit Committee and Board of Directors.

1. NATURE OF BUSINESS

Megola, Inc. ("Megola" or "the Company") was incorporated in Ontario, Canada on August 28, 2000. Megola was formed to sell physical water treatment devices to a wide range of end-users in the United States, Canada and internationally under a license granted by Megola GmbH in Germany.

The Company presently distributes the following product lines: physical water treatment; air purification and fire safety.

The Company has since also acquired MedCan Marijuana, Inc.; an Ontario Corporation; that is in the business of providing capital to medical marijuana related businesses. Med Can Marijuana; a wholly owned subsidiary of Megola Inc., also has an agreement in place with Green Relief, Inc., an Ontario Company. More information on Green Relief and Med Can Marijuana can be found at www.greenrelief.ca and www.medcanmarijuana.com respectively or by visiting Megola's corporate site at www.megolainc.com

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. As shown in the accompanying consolidated financial statements, Megola had a deficit of \$8,480,052 as at October 31, 2014. These conditions create an uncertainty as to Megola's ability to continue as a going concern. At present, the Company does not have sufficient resources to fund its current working capital requirements. The Company's financing plans include obtaining additional capital through various debt and/or equity financing arrangements to service its current working capital requirements; any additional or unforeseen obligations and to fund the implementation of future opportunities. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. These consolidated financial statements do not include any adjustments for this uncertainty.

Management has undertaken the following initiatives that it believes will be instrumental in leading to better management of cash flows and more profitable operations:

- Outsourcing of much of the manufacturing activities has been established along with appropriate analysis ensuring cost competitiveness to minimize capital outlay and provide for rapid potential growth in production levels
- Establishment of policies and procedures for production processes to ensure timely delivery of product to distribution groups and customers
- Established relationships with Distribution groups that can provide the necessary expertise in commercialization of the Company's entire product line to ensure maximum market penetration
- Signing of Definitive Sales and Agency Agreements, pertaining to the distribution rights, that have purchase/sale order requirements expected to generate substantial sales in the next five years
- Requirement for cash deposit with sales orders to minimize drain on working capital

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements are presented in U.S. dollars and have been prepared by management in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and the rules of the Securities Exchange Commission ("SEC").

MEGOLA, INC.
Notes to Consolidated Financial Statements for the Years ended October 31, 2014 and 2013
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(b) Principles of consolidation

The Company's consolidated financial statements include the accounts of Megola and its wholly owned subsidiary. All significant intercompany balances and transactions have been eliminated on consolidation.

(c) Use of estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates are comprised of depreciation, accrued expenses, impairment of intangible asset, and recoverability of deferred tax asset. These consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in these consolidated financial statements.

(d) Foreign currency translation

Megola determined that its functional currency is the Canadian Dollar as substantially all of its operations are in Canada. Megola's reporting currency is U.S. dollars. Transactions and balances originally denominated in U.S. dollars are presented at their original amounts. Transactions and balances in other currencies are converted into U.S. dollars in accordance with SFAS No. 52, Foreign Currency Translation, and are included in determining net income or loss. For foreign operations with the local currency as the functional currency, assets and liabilities are translated from the local currencies into U.S. dollars at the exchange rate prevailing at the balance sheet date. Revenues and expenses are translated at weighted average exchange rates for the period to approximate translation at the exchange rates prevailing at the dates those elements are recognized in the consolidated financial statements. Translation adjustments resulting from the process of translating the local currency *consolidated financial statements into U.S. dollars are included in determining comprehensive loss.*

As of October 31, 2014, the exchange rate for the Canadian Dollar was \$1.00 U.S. for \$1.13 Canadian (July 31, 2014 - \$1.00 U.S. for \$1.00 Canadian). The annual average exchange rate for the 2014 fiscal year was \$1.08 U.S. for \$1.00 Canadian (fiscal 2013 - \$1.00 U.S. for \$1.00 Canadian).

As of the 3-month period ended October 31, 2014 the Company incurred an aggregated foreign currency translation loss of \$309,569.

(e) Cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, the Company considers all highly liquid investments purchased with an original maturity of 90 days or less to be cash equivalents.

(f) Revenue recognition

Revenue is recognized when it is realized or realizable and earned. Megola considers revenue realized or realizable and earned when persuasive evidence of an arrangement exists, services have been provided, and collectability is reasonably assured. In the case of exclusive agreements with distributors, finished goods are shipped directly FOB manufacturer/point of assembly. Megola offers no independent warranty and refers any warranty claims to the manufacturer for products it sells. Therefore, Megola recognizes revenue under these agreements when the goods are shipped. Megola recognizes royalty revenue as the Company is informed that such payments are due.

(g) Shipping and Handling

Megola provides all customers the option of having product delivered or making their own shipping arrangements. All shipping and handling costs are disclosed in the pricing estimate. Megola contacts its primary shipping facility for shipping costs at the time orders are received and provides to customer in the pricing estimate.

(i) Financial Instruments

MEGOLA, INC.
Notes to Consolidated Financial Statements for the Years ended October 31, 2014 and 2013
(Amounts expressed in US dollars)

Fair Value of Financial Instruments

The carrying amounts of certain of the Company's financial instruments including cash and cash equivalents, accounts payable, and accrued liabilities approximate fair value because of their short maturities. The Company measures and reports fair value in accordance with ASC 820, "Fair Value Measurements and Disclosure" defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value investments.

Fair value, as defined in ASC 820, is 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. The fair value of an asset should reflect its highest and best use by market participants, principal (or most advantageous) markets, and an in-use or an in-exchange valuation premise. The fair value of a liability should reflect the risk of nonperformance, which includes, among other things, the Company's credit risk.

Valuation techniques are generally classified into three categories: the market approach; the income approach; and the cost approach. The selection and application of one or more of the techniques may require significant judgment and are primarily dependent upon the characteristics of the asset or liability, and the quality and availability of inputs. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also provides fair value hierarchy for inputs and resulting measurement as follows:

Level 1

Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2

Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3

Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair values.

Fair value measurements are required to be disclosed by the Level within the fair value hierarchy in which the fair value measurements in their entirety fall. Fair value measurements using significant unobservable inputs (in Level 3 measurements) are subject to expanded disclosure requirements including a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following: (i) total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings, and a description of where those gains or losses included in earnings are reported in the statement of income.

Foreign Currency Risk

The company is exposed to currency risks due to potential variation of the currencies in which it operates. Principal currencies include the United States dollar and Canadian Dollar. The company monitors the foreign currency exposure regularly to minimize the foreign currency risk exposure.

Liquidity Risk

The company is exposed to liquidity risk as its continued operations are dependent upon obtaining additional capital to satisfy its liabilities as they come due.

(j) Allowance for doubtful accounts

Megola does not require collateral from its customers with respect to accounts receivable but performs periodic credit evaluations of such customers' financial conditions. Megola determines any required allowance by considering a number of factors including

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Notes to Consolidated Financial Statements for the Years ended October 31, 2014 and 2013
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lengths of time accounts receivable are past due and Megola's previous loss history. Megola provides reserves for accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. Megola requires payment in full for most orders, which minimizes collection requirements. Certain customers are able to provide us with a deposit of 50% up front with the balance due on shipping. Our standard procedures related to any delayed payments are to follow up within 10 days with a friendly reminder phone call and a letter in 30 days. After 60 days, the Company will have a letter drafted by our lawyer go out demanding payment in full along with any outstanding interest charges. Failure to make payment in the next 15 days will result in the account being forwarded to a collection agency for recovery. Receivables will be classified as doubtful after 120 days and written off as Bad Debt. Interest charges will start to accumulate on the 30th day following the Invoice for any unpaid balances at a rate of 18% per annum calculated daily.

As of October 31, 2014 and 2013, Megola had \$nil as an allowance for doubtful accounts.

(k) Impairment of long-lived assets

Long-lived assets other than intangible assets require the recognition of an impairment loss whenever it is indicated that an asset may be impaired and the future cash flows from that asset are less than the asset's carrying value.

(l) Comprehensive income (loss)

The Company has adopted ASC 220 Reporting Comprehensive Income. This standard requires companies to disclose comprehensive income (loss) in their consolidated financial statements. In addition to items included in net income, comprehensive income (loss) includes items currently charged or credited directly to stockholders' deficiency, such as foreign currency translation adjustments.

(m) Concentration of credit risk

Disclosure of Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk", requires disclosure of any significant off-balance sheet risk and credit risk concentration. The Company does not have significant off-balance sheet risk or credit concentration.

(n) Income taxes

Megola accounts for income taxes under ASC Topic 740, "Accounting for Income Taxes.". Under Statement 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. There was no current or deferred income tax expense or benefits for the period ending October 31, 2014 and 2013.

(o) Net earnings (loss) per common share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is computed using the treasury stock method. Under this method, the diluted weighted average number of shares is calculated assuming the proceeds that arise from the exercise of stock options and other dilutive instruments are used to repurchase the Company's shares at their weighted average market price for the period.

(p) Share-based compensation

The Company has adopted the requirements of ASC Topic 718, "Share-Based Payments". This pronouncement requires that the fair value method of accounting be applied to all share-based compensation payments to both employees and non-employees respectively.

The fair value method of accounting is used to account for share based payments granted to directors, officers, employees and others whereby the fair value of share based payments granted is recorded as an expense in the consolidated financial statements. The expense is based on the estimated fair value at the time of the grant and recognized over any vesting period.

The fair value of share based payments granted to employees and non-employees is determined using the Black-Scholes option pricing model.

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Notes to Consolidated Financial Statements for the Years ended October 31, 2014 and 2013
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(q) Recent accounting pronouncements

The Company has evaluated all the recent accounting pronouncements and determined there are none having a material effect on the Company's financial statements.

**4. INTANGIBLE ASSET
DISTRIBUTION RIGHTS**

In May, 2011 Megola purchased from 1771601 Ontario Inc. "the formula" for the Fire Inhibitor Product line for 250,000 shares of Preferred Series B shares and 1,000,000 restricted common shares

Megola has no other contract obligations.

5. PROPERTY AND EQUIPMENT

	Original Cost	31-Jul-14 Accumulated Amortization	Net Book Value	31-Jul-13 Net Book Value
IP Fire Inhibitor	2,501,000	-	2,501,000	2,501,000

Depreciation expense for the years ended October 31, 2014 and 2013 was \$ nil.

6. CURRENT LIABILITIES

The composition of short term liabilities is as follows:

	October 31, 2014	July 31, 2014
Due to Shareholder	-	205,184
Total Accounts Payable & Accrued Liabilities	-	205,184

7. CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL

(a) Common stock

Common stock (\$0.001 par value per share): 200,000,000 shares are authorized, with 133,622,280 shares issued and outstanding at October 31, 2014 (133,622,280 at July 31, 2014).

All Preferred Series "A" stock held 12 months are eligible for conversion back to common stock at a conversion price set at \$0.20 cents. Each Preferred Series "A" share is entitled to cast 100 votes in a shareholder meeting. There are 1,058,538 Preferred Series "A" shares outstanding at October 31, 2014 (1,058,538 at July 31, 2014)

All Preferred Series "B" stock held 12 months are eligible for conversion back to common stock at a conversion price set at \$0.10 cents. This conversion price was amended to \$0.05 cents June 2012 with the State of Nevada. Each Preferred Series "B" share is

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Notes to Consolidated Financial Statements for the Years ended October 31, 2014 and 2013
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entitled to cast 100 votes in a shareholder meeting. There are 153,811 Preferred Series "B" shares outstanding at October 31, 2014 (48,811 at July 31, 2014)

All Preferred Series "C" stock held 12 months are eligible for conversion back to common stock at a conversion price set at \$0.20 cents. Each Preferred Series "A" share is entitled to cast 2000 votes in a shareholder meeting. There are 340,000 Preferred Series "C" shares outstanding at October 31, 2014 (340,000 at July 31, 2014)

The Company has a Stock Incentive Plan for employees and consultants. There were no shares issued under the plan during the years ended October 31, 2014 and July 31, 2014.

Capital Transactions during the period

- For the Fiscal year ended July 31, 2014
 - o 8,927 Preferred Series "B" shares and 283,757 Preferred Series "C" shares were exchanged for 51,939,872 Common shares
 - o A 1:2 reverse stock split resulted in the reduction of 50,147,999 Common shares
 - o 215,000 Preferred series "C" shares were issued for services rendered. These services were valued at \$430,000
- For the Fiscal year ended July 31, 2014, 2014
 - o 125,000 Preferred series "C" shares were issued in exchange for professional services performed.
 - o 30 million Common shares were issued in exchange for professional services performed
 - o 123,750 Preferred series "B" shares were converted to 24,750,000 Common Shares
- For the Fiscal period ended October 31, 2014
 - o 105,000 Preferred series "B" shares were issued in exchange for \$204,021 in Shareholder debt.

8. CONTINGENCIES

There are no contingencies to report for the years ending October 31, 2014 or 2013.