ANNUAL REPORT OF

Minerco, Inc.

FOR THE TWELVE MONTHS ENDED JULY 31, 2016

A NEVADA CORPORATION

800 Bering Drive, Suite 201, Houston, TX 77057

(866-601-2639)

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ITEM 1. EXACT NAME OF THE ISSUER AND ITS PREDECESSORS

The exact name of the company is Minerco, Inc.

Minerco, Inc. formerly known as Minerco Resources, Inc., was incorporated in Nevada on June 21, 2007. The Company was engaged in the exploration stage from its June 21, 2007 (inception) to May 27, 2010. As of May 27, 2010, the Company was no longer in the oil and natural gas business. The Company intended to develop, produce, and provide clean, renewable energy solutions in Central America. On October 16, 2012, the Company added an additional line of business, Athena Brands, Inc., formerly known as Level 5 Beverage Company, Inc., a progressive specialty beverage retailer. The company has decided to divest of itself of its clean, renewable energy projects in Central America. The company has evaluated its clean energy projects in Central America and has determined they are too capital intensive to pursue at this time. The Company has transitioned its focus to its specialty beverage market retailer, Athena Brands, Inc., formerly known as Level 5 Beverage Company, Inc. and its products.

ITEM 2. ADDRESS OF THE ISSUER'S PRINCIPAL EXECUTIVE OFFICES

A. Company Headquarters

Our principal executive and administrative offices are located at 800 Bering Drive, Suite 201, Houston, TX 77057

Email: info@minercoinc.com

Website: www.minercoinc.com

B. IR Contact

None.

ITEM 3. SECURITY INFORMATION

Trading symbol: MINE

CUSIP: 603171 109

As of the period ended July 31, 2016, the capital stock of the company was as follows:
Class: Common stock, $ 0.001 par value;
Number of shares authorized: 250,000,000 shares;
Number of shares outstanding: 144,977,912
Freely tradable shares: 143,658,244
Total number of shareholders of record: 1,529
Class: Preferred Series A, $0.001 par value;
Number of shares authorized: 15,000,000
Number of shares outstanding: 150,000
Class: Preferred Series B, $0,001 par value;
Number of shares authorized: 2,000,000
Number of shares outstanding: 1,074,309
Class: Preferred Series C, $0.001 par value;
Number of shares authorized: 1,000,000
Number of shares outstanding: 836,543

Transfer Agent: Worldwide Stock Transfer LLC
One University Plaza, Suite 500
Hackensack, NJ 07601
Telephone: (201) 820-2008
FAX: ( )

Is the transfer agent registered under the Exchange Act?
Yes.

List any restrictions on the transfer of security:
None.

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

ITEM 4. ISSUANCE HISTORY

List of securities offerings and shares issued for services in the past two fiscal years.

During the period from August 1, 2014 to October 24, 2014, the Company issued 3,535,975 common shares for the conversion of $156,785 convertible promissory notes along with $10,646 of accrued interset. These notes converted at conversion rates between $0.025 and $0.26 .
During the period from August 1, 2014 to October 24, 2014, the Company issued 317,500 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $252,900 and was expensed as stock compensation.
Subsequent to the Acquisition of Avanzar on October 24, 2014, the Company had issued the below shares during the period from October 25, 2014 to July 31, 2015.
On January 6, 2015, the Company exchanged 60,000 shares of Series B Preferred for 300,000 shares of common stock.

On January 6, 2015, the Company exchanged 207,000 shares of Series B Preferred for 1,035,000 shares of common stock.

On January 28, 2015, the Company issued 60,000 common shares to settle debt and interest of $27,747 and recorded a loss of $23,253 .

On January 30, 2015, the Company exchanged 100,000 shares of Series B Preferred for 500,000 shares of common stock.

On February 26, 2015, the Company exchanged 132,000 shares of Series B Preferred for 660,000 shares of common stock.

On April 2, 2015, the Company exchanged 60,000 shares of Series B Preferred for 300,000 shares of common stock.

On April 27, 2015, the Company exchanged 50,000 shares of Series B Preferred for 250,000 shares of common stock.

During the period October 25, 2014 to July 31, 2015, the Company issued 30,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $29,125 and was expensed as stock compensation.

During the period October 25, 2014 to July 31, 2015, the Company issued, 3,539,580 common shares for the conversion of $365,524 convertible promissory notes along with $21,036 of accrued interest. These notes converted at conversion rates between $0.025 and $0.23 .

On September 15, 2015, the Company issued 100,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $11,000 and was expensed as stock compensation.
On October 1, 2015, the Company exchanged 595,000 shares of Series B Preferred for 2,975,000 shares of common stock.

On October 9, 2015, the Company exchanged 80,000 shares of Series B Preferred for 400,000 shares of common stock.

On November 21, 2015, the Company issued 1,116,000 shares of common stock for consulting services in three (3) separate transactions. The fair value of these shares were determined to be $25,668 and was expensed as consulting expense.

On November 30, 2015, the Company exchanged 500,000 shares of Series B Preferred for 2,500,000 shares of common stock.
On December 8, 2015, the Company exchanged 236,970 shares of Series B Preferred for 1,184,850 shares of common stock.

During the twelve months ended July 31, 2016, the Company converted $510,581 of principal and interest of the line of credit into 38,035,350 shares of common stock and recorded a loss of $352,960 due the difference between the fair market value of $863,451 and note and interest converted to settle the debt respectively

During the twelve months ended July 31, 2016, the Company issued, 36,794,859 common shares for the conversion of $425,482 convertible promissory notes and accrued interest. These notes converted at conversion rates between $0.00625 and $0.035.

Minerco, Inc.
Consolidated Balance Sheets
(unaudited)

		July 31, 2016		July 31, 2015
ASSETS				
Cash	$	—	$	7,258
Accounts Receivable, Net		—		128,029
Inventory		—		304,746
Prepaid Expenses		—		5,896
Notes Receivable, Current		—		117,196
Current Assets		—		563,125
Other Assets				
Property and Equipment, net		6,531		112,360
Prepaid Expenses, Noncurrent		—		250,000
Goodwill		—		607,891
Customer Relationships, net		—		148,077
Intangible Assets, net		299,973		98,048
Total Assets	$	306,524	$	1,779,501
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current Liabilities				
Accounts payable and accrued liabilities	$	1,116,131	$	2,460,186
Note Payable, net of unamortized discount $18,360 and $0		—		149,970
Accounts Payable – Related Party		8,666		453,705
Convertible debt, net unamortized discount $1,309,568 and $204,036		416,674		89,690
Capital Lease Obligations, Current		—		22,080
Line of Credit		—		12,660
Derivative liabilities		2,207,352		352,587
Short term Debt		2,465,563		2,175,000
Total Current Liabilities		6,214,385		5,715,878
Capital Lease Obligations, Noncurrent		—		1,758
Total Liabilities		6,214,385		5,717,636
Stockholders' Deficit				
Series A Convertible Preferred stock, $0.001 par value, 15,000,000 shares authorized, 150,000 outstanding at July 31, 2016 and at July 31, 2015		150		150
Series B Convertible Preferred stock, $0.001 par value, 2,000,000 shares authorized, 1,074,309 and 365,809 outstanding at July 31, 2016 and at July 31, 2015		1,074		366
Series C Convertible Preferred stock, $0.001 par value, 1,000,000 shares authorized, 836,543 outstanding at July 31, 2016 and at July 31, 2015		837		837
Common stock, $0.001 par value, 250,000,000 shares authorized, 110,887,387 and 34,962,336 outstanding at July 31, 2016 and at July 31, 2015		110,888		34,963
Additional paid-in capital		27,744,453		25,748,411
Accumulated deficit		(33,952,013)		(28,128,489)
Total Minerco stockholders' Deficit		(6,094,614)		(2,343,762)
Noncontrolling Interest		—		(1,594,373)
Total Stockholders' Deficit		(6,094,614)		(3,938,135)
Total Liabilities and Stockholders' Deficit	$	306,524	$	1,779,501

The accompanying notes are an integral part of these unaudited consolidated financial statements

Minerco, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(unaudited)

	Twelve months Ended July 31, 2016 (Successor)	October 25, 2014 through July 31, 2015 (Successor)	August 1, 2014 Through October 24, 2014 (Predecessor)
Sales:			
Products	$ 555,534	$ 1,898,007	$ 409,803
Services	66,000	79,189	66,000
Total Sales	621,534	1,997,196	475,803
Cost of Goods Sold	568 097	1,947,728	335,197
Gross Profit	53,437	29,468	140,606
Selling and Marketing	64,391	153,487	—
General and Administrative	2,387,206	2,999,828	272,959
Total Operating Expenses	2,451,597	3,153,315	272,959
Net Loss from Operations	(2,398,160)	(3,123,847)	(132,353)
Other Income (Expenses):			
Interest Expense, net	(629,981)	(569,529)	(17,465)
Gain/(Loss) on Derivative Liability	(1,343,096)	(39,947)	—
Impairment of Cost Method Investments	—	(630,000)	—
Gain/(Loss) on Debt for Equity Swap	(652,229)	(815,219)	—
Gain on Sale of Intangible Assets	—	149,838	—
Total Other Expenses	(2,625,306)	(1,904,964)	(17,465)
Loss from Continuing Operations	(5,023,466)	(5,028,811)	(149,818)
Gain/(Loss) on Sale of Discontinued Operations	(250,000)	—	—
Net loss	(5,273,466)	(5,028,811)	(149,818)
Net loss attributable to Noncontrolling interest	(179,608)	(1,332,364)	—
Net loss attributable to Minerco	(5,093,858)	(3,696,547)	(149,818)
Preferred Stock Dividends	729,666	(113,387)	—
Net loss attributable to common shareholders	$ (5,823,524)	$ (3,809,934)	$ (149,818)
Total Other Comprehensive Income (Loss)			
Unrealized gain (loss) on AFS securities	—	—	9,356
Total Other Comprehensive Income (Loss)	—	—	9,356
Other Comprehensive Income (Loss) attributable to noncontrolling interest	—	—	—
Other Comprehensive Income (Loss) attributable to Minerco	$ —	—	$ 9,356
Total Comprehensive Income (Loss)	$ (5,823,524)	$ (3,809,934)	$ (140,462)
Net Loss Per Common Share – Basic and Diluted	$ (0.09)	(0.12)	$ (0.08)
Weighted Average Common Shares Outstanding	67,798,845	32,680,556	1,680,000

The accompanying notes are an integral part of these unaudited consolidated financial statements

Minerco, Inc.
Consolidated Statements of Cash Flows
(unaudited)

	Twelve months ended July 31, 2016 (Successor)	The Period October 25, 2014 to July 31, 2015(Successor)	The Period August 1, 2014 to October 24, 2014 (Predecessor)
Cash Flows from Operating Activities			
Net income (loss) for the period	$ (5,823,524)	$ (5,028,811)	$ (240,818)
Adjustments to reconcile net loss to net cash used in operating activities:			
Gain on sale of intangible asset	—	(149,838)	—
Impairment Expense	—	36,231	—
Bad Debt Expense	—	62,851	90,300
Write off of Investment	—	630,000	—
Loss on debt for equity swap	652,229	815,299	—
Loss on derivative liability	1,343,096	39,974	—
Accretion Discount	545,507	342,183	—
Stock-based Compensation	1,232,823	709,963	—
Amortization and Depreciation	25,517	69,088	11,020
Changes in operating assets and liabilities:			
Prepaid expenses	111,252	166,519	—
Inventory	116,871	48,543	166,736
Accounts Receivable	1,000	44,692	16,626
Accounts payable	599,011	441,885	(217,226)
Accrued Expenses	294,576	112,964	70,546
Accounts payable - related parties	112,964	273,500	—
Net Cash Used in Operating Activities	(788,678)	(1,384,957)	(102,116)
Cash Flow from Investing Activities			
Cash paid for business combinations, net	—	(149,050)	—
Acquisition of Brands	—	(200,000)	—
Cash paid for purchase of fixed assets	(150,000)	(1,533)	—
Net Cash Used in Investing Activities	(150,000)	(350,583)	—
Cash Flows from Financing Activities			
Proceeds from Convertible Notes	871,000	—	—
Repayments of Convertible Notes	(60,458)	—	—
Repayments of note payable	(40,000)	(9,300)	(27,500)
Proceeds from long term debt	-	1,625,000	—
Proceeds from note payable	40,000	5,812	150,000
Member Contributions	—	—	26,750
Proceeds from line of credit	187,500	—	—
Payments to line of credit	(47,953)	(90,063)	(31,467)
Repayments of Capital Lease Obligations	(18,669)	(30,847)	(14,717)
Net Cash Provided by Financing Activities	931,420	1,684,555	103,066
Net change in cash	(7,258)	(50,585)	950
Cash, Beginning of Period	7,258	58,243	—
Cash, End of Period	$ —	$ 7,258	$ 950
Supplemental disclosures of cash flow information			
Cash paid for interest	$ 102,106	$ —	$ 16,082
Cash paid for income taxes	—	—	—

Non Cash investing and Financing activities:			
Net liabilities of Successor	$ —	$ 3,049,908	$ —
Net liabilities of Predecessor	—	1,611,274	—
Assumptions of Liabilities by Third Parties		32,642	_
Increase in fair value of assets due to Acquisition	—	(42,573)	—
Exchange of Dividens for Preferred B		298,301	
Exchange Accounts Payable for Series B Convertible Preferred	35,000	—	—
Reclass Prepaids to Intangibles	250,000	—	—
Convertible Debt and accrued interest converted into common shares	163,421	—	—
Debt and accrued interest Converted into Shares	425,482	301,296	—
Debt Discount recorded for derivative liability	1,890,276	—	—
Reclass derivative liability to equity	739,459	975,216	—
Conversion of Series B Convertible Preferred stock to Common Shares	7,063	304,500	—
Exchange Common for Series B Convertible Preferred Stock	525	—	—
Exchange Note Receivable for Athena interest	117,196	—	—
Shares Issued for Athena Acquisition	122,693	—	—
Dividend Declared	728,866	—	—
Preferred C issued for Purchase of NCI	-	337	-
Payable Issued for Cost Method Investment	-	480,000	-
Conversion of Series B Convertible Preferred stock into Series C	—	500	—

The accompanying notes are an integral part of these unaudited consolidated financial statements

Minerco, Inc.
Consolidated Statements of Members' Deficit and Stockholders' Deficit
Twelve months Ended July 31, 2016
(unaudited)

	COMMON STOCK		PREFERRED STOCK SERIES A		PREFERRED STOCK SERIES B		PREFERRED STOCK SERIES C		ADDITIONAL PAID-IN	ACCUMULATED	NONCONTROLLING	ACCUMUL:ATED OTHER COMPREHENSIVE	
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	DEFICIT	INTEREST	LOSS	TOTAL
Predecessor													
Balance, July 31, 2013	—	—	—	—	—	—	—	—	81,017	(503,037)	—	—	(422,020)
Member Contributions	—	—	—	—	—	—	—	—	70,753	—	—	—	70,753
Member Distributions	—	—	—	—	—	—	—	—	(66,300)	—	—	—	(66,300)
Net loss	—	—	—	—	—	—	—	—	—	(416,133)	—	—	(416,133)
Unrealized Loss on Investments	—	—	—	—	—	—	—	—	—	—	—	(73,125)	(73,125)
Balance, July 31, 2014	—	—	—	—					85,470	(919,170)	—	(73,125)	(906,825)
Member Contributions	—	—	—	—	—	—	—	—	30,000	—	—	—	30,000
Member Distributions	—	—	—	—	—	—	—	—	(3,250)	—	—	—	(3,250)
Net loss	—	—	—	—	—	—	—	—	—	(240,118)	—	—	(240,118)
Unrealized Loss on Investments	—	—	—	—	—	—	—	—	—	—	—	9,356	9,356
Balance, October 24, 2014	—	—	—	—	—	—	—	—	112,220	(1,159,288)	—	(63,769)	(1,110,837)
Successor													
Balance, October 24, 2014	28,287,756	28,288	150,000	150	1,436,000	1,436	—	—	22,157,623	(24,318,555)	(140,833)	—	(2,271,891)
Business combination adjustment	—	—	—	—	—	—	—	—	—	—	(664,831)	—	(664,831)
Common Shares Issued for Debt Conversion	3,539,580	3,540	—	—	—	—	—	—	383,020	—	—	—	386,560
Preferred stock issued for employment agreements	—	—	—	—	—	—	—	—	615,838	—	—	—	615,838
Common stock issued for consulting services	30,000	30	—	—	—	—	—	—	29,095	—	—	—	29,125
Preferred stock issued for	—	—	—	—	—	—	336,543	337	(574,831)	—	543,555	—	(30,939)

acquisition of Avanzar additional interest													
Preferred stock for Dividends Declared	—	—	—	—	—	—	—	—	—	(113,387)	—	—	(113,387)
Preferred stock issued for Dividends	—	—	—	—	29,809	30	—	—	298,031	—	—	—	298,061
Stock in resolution of debt liabilities	60,000	60	—	—	489,000	489	—	—	1,697,001	—	—	—	1,697,550
Preferred stock exchanged for shares	3,045,000	3,045	—	—	(1,609,000)	(1,609)	500,000	500	(1,936)	—	—	—	—
Preferred stock issued for consulting services	—	—	—	—	20,000	20	—	—	64,980	—	—	—	65,000
Write off of derivative liability	—	—	—	—	—	—	—	—	1,079,590	—	—	—	1,079,590
Net loss	—	—	—	—	—	—	—	—	—	(3,696,547)	(1,332,264)	—	(5,028,811)
Balance, July 31,2015	34,962,336	$ 34,963	150,000	$ 150	365,809	$ 366	836,543	837	$ 25,748,411	$ (28,128,489)	$ (1,594,373)	$ —	$ (3,938,135)
Common Shares Issued for Debt Conversion	36,794,859	36,795	—	—	—	—	—	—	388,687	—	—	—	425,482
Preferred stock issued for employment agreements	—	—	—	—	—	—	—	—	1,196,155	—	—	—	1,196,155
Common Shares Issued for Debt Conversion	31,375,500	31,375	—	—	—	—	—	—	802,728	—	—	—	834,103
Preferred stock issued for minority interest	—	—	—	—	550,000	550	—	—	(122,693)	—	122,143	—	—
Common stock issued for consulting services	1,216,000	1,216	—	—	—	—	—	—	35,452	—	—	—	36,668
Common stock for Cash	—	—	—	—	—	—	—	—	—	—	—	—	—
Preferred stock for Dividends Declared	—	—	—	—	—	—	—	—	—	(728,866)	—	—	(728,866)
Common Stock exchanged for Preferred Stock	(521,158)	(521)	—	—	29,809	30	—	—	298,031	—	—	—	298,061
Stock in resolution of debt liabilities	60,000	60	—	—	489,000	489	—	—	1,697,001	—	—	—	1,697,550
Preferred stock exchanged for shares	7,059,850	7,060	—	—	(80,000)	(80)	—	—	323,278	—	—	—	330,258
Preferred stock issued for consulting services	—	—	—	—	132,000	132	—	—	32,318	—	—	—	32,450
Write off of derivative liability	—	—	—	—	—	—	—	—	739,459	—	—	—	739,459
Sale of Subsidiary	—	—	—	—	—	—	—	—	(1,118,606)	—	1,591,269	—	402,663
Net loss	—	—	—	—	—	—	—	—	—	(5,049,659)	(179,608)	—	(5,307,655)
Balance, July 31, 2016	110,887,387	$ 110,888	150,000	$ 150	1,074,309	$ 1,074	836,543	837	$ 27,744,453	$ (33,952,013)	$ —	$ —	$ 6,094,614)

Minerco, Inc.
Consolidated Notes to the Financial Statements
(unaudited)

1. Basis of Presentation

The accompanying unaudited interim financial statements of Minerco, Inc. ("Minerco" or the "Company"), have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission (the "SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in Minerco's Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein.

On October 24, 2014, through its subsidiary, Athena Brands, Inc. ("Athena"), the Company entered into an Agreement (the "Membership Interest Purchase Agreement") with Avanzar Sales and Distribution, LLC, a California Limited Liability Company ("Avanzar") to acquire an initial thirty percent (30%) equity position and fifty-one percent (51%) voting interest of Avanzar for the Purchase Price of $500,000 with an option to acquire an additional twenty-one percent (21%) interest and Second Option to acquire up to seventy-five percent (75%) of Avanzar (the "Acquisition"). The Acquisition broadens the Company's base in the consumer packaged goods industry through vertical integration. The acquisition was accounted for in accordance with ASC 805, Business Combinations.

The Acquisition has been accounted for in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for business combinations and accordingly, the Company's assets and liabilities, excluding deferred income taxes, were recorded using their fair value as of October 24, 2014. Under SEC rules, Avanzar is considered the predecessor business to Minerco given Avanzar's significant size compared to Minerco at the date of acquisition

The basis of presentation is not consistent between the successor and predecessor entities and the financial statements are not presented on a comparable basis. As a result, the accompanying consolidated statements of operations, cash flows and comprehensive income (loss) are presented for two different reporting entities:

Successor — relates to the financial periods and balance sheets succeeding the Membership Interest Purchase Agreement; and
Predecessor — relates to the financial periods preceding the Acquisition (prior to October 24, 2014).

Unless otherwise indicated, the "Company" as used throughout the remainder of the notes, refers to both the Successor and Predecessor.

On July 15, 2016, the Company entered into an Asset Purchase Agreement with Pacific Isle, Ltd., to divest of One Hundred percent (100%) of all of the Seller's rights, title and interest in and to Seller's subsidiary, Athena Brands, Inc., formerly Level 5 Beverage, Inc., including all Seller's right, title and interest to Avanzar Sales & Distribution, LLC. The Company issued Pacific Isle, Ltd. a Promissory Note in principal amount of Two Hundred and Fifty Thousand Dollars (US$250,000).

2. Going Concern

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. During the twelve months ended July 31, 2016, the Company has an accumulated deficit of $33,952,013, net loss of $5,823,524 and revenue of $621,534. The continuation of the Company as a going concern is dependent upon the Company's continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company intends to fund operations through revenue from operations and equity and debt financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements for the year ending July 31, 2016.

3. Intangible Assets

Finite lived Intangible Assets, net, at July 31, 2016 and July 31, 2015 consists of:

	July 31, 2016	July 31, 2015
VitaminFizz Name Licensing Rights	$ 30,000	$ 30,000
VitaminFizz Brand Purchase	285,874	—
Vitamin Creamer	—	75,000
Less accumulated amortization	(15,901)	(6,952)
Intangible Assets, net	$ 299,973	$ 98,048

The Company had amortization expense of $1,752, $0, and $7,010 during the during period from October 25, 2014 to July 31, 2015, the period from August 1, 2014 to October 24, 2014 and twelve months ended July 31, 2016 respectively.

Customer Relationships, net, at July 31, 2016 and July 31, 2015 consists of:

	July 31, 2016	July 31, 2015
Customer Relationships	-	177,036
Less accumulated amortization	-	(28,959)
Customer Relationships, net	$ -	$ 148,077

The Company recorded amortization of expense of $3,879 during the twelve months ended July 31, 2016.

VITAMINFIZZ ® BRAND PURCHASE

On November 21, 2013, through its subsidiary, Athena, the Company entered into an Agreement with VITAMINFIZZ, L.P ("Licensor"), a California Limited Partnership where the Company acquired the exclusive rights in North America to use VitaminFIZZ® on and in connection with the marketing, distribution and sale of the Brand. On June 25, 2014, we amended the agreement, through our subsidiary, Athena ("Licensee"), we entered into an Agreement with the licensor where the Licensee acquires the exclusive worldwide rights to use VitaminFIZZ® on and in connection with the marketing, distribution and sale of the Brand. Athena agreed to pay a licensing fee of $250,000 which was originally classified as prepaid royalties.

On September 28, 2015, the Company, through its subsidiary Athena, and VitaminFIZZ Brands, LP ("VF Brands") entered into an Asset Purchase Agreement for the VitaminFIZZ Brand (the "Brand") to purchase certain intellectual property and tangible assets from VF Brands including but not limited to the trademark "VitaminFIZZ," formulation, website, design logos and other trade secrets relating to the VitaminFIZZ Brand for a purchase price of $550,000 which includes the $250,000 in prepaid royalties paid in June 2014, the assumption by VF Brands of certain of Athena's debts payable in the amount $214,126 and the rest $85,874 will be capitalized into Brand when paid. The balance to be distributed at the discretion of VF Brands in 4 installments over 120 days. As of July 31, 2016, $250,000 was paid to VF Brands and $214,126 of Athena's debts were assumed by VF Brands. The difference of $35,874 was capitalized into Brands and the last installment of $50,000 was paid on February 3, 2016 and the acquisition was completed. Upon acquisition of the Brand, the brand licensing agreement dated November 21, 2013, as amended June 25, 2014 was terminated. Pursuant to this transaction we reclassified $250,000 from originally classified under Prepaid Expenses, Noncurrent under the Licensing Agreement to Intangible Assets.

4. Property and Equipment, Net

Equipment, net, at July 31, 2016 and July 31, 2015 consists of:

	Useful Life	July 31, 2016	July 31, 2015
Furniture and Fixtures	5 years	$ 7,830	$ 6,297
Computer and Equipment	3 years	2,413	2,413
Leasehold Improvements	Remaining life of lease	830	830
Capital Leases	Term of lease	-	266,017
Accumulated Depreciation		(4,540)	(163,197)
Property and Equipment, net		$ 6,532	$ 112,360

Depreciation expense was $0, $11,021 and $12,170 for the period October 25, 2014 to July 31, 2015, for the period August 1 to October 24, 2014 and twelve months ended July 31, 2016 respectively.

5. Inventory

Inventory, at July 31, 2016 and July 31, 20145 consists of:

	July 31, 2016	July 31, 2015
Raw Materials	$ —	$ —
Work in progress	—	—
Finished Goods	-	304,746
Inventory, net	$ -	$ 304,746

6. Fair Value of Financial Instruments

ASC 820, "Fair Value Measurements", requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, accounts payable and accrued liabilities, and due to related party. Pursuant to ASC 820, the fair value of the Company's cash equivalents is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of all of the other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

The following table sets forth by level with the fair value hierarchy the Company's financial assets and liabilities measured at fair value on July 31, 2016.

	Level 1	Level 2	Level 3	Total
Assets	$ —	$ —	$ —	$ —
Liabilities				
Derivative Financial Instruments	$ —	$ —	$ 2,207,803	$ 2,207,803

The following table sets forth by level with the fair value hierarchy the Company's financial assets and liabilities measured at fair value on July 31, 2015.

	Level 1	Level 2	Level 3	Total
Assets	$ —	$ —	$ —	$ —
Liabilities				
Derivative Financial Instruments	$ —	$ —	$ 352,587	$ 352,587

7. Convertible note payable and derivative liabilities

During the twelve months ended July 31, 2016, the Company exchanged $380,363 in principal and accrued interest under its line of credit with Post Oak for two convertible promissory notes in the amount of $380,363. The notes carry an interest rate of 8%. The notes are convertible at a variable conversion price of 50% of the market price and calculated using the lowest trading days during the preceding 20 days before conversion. The total principal due at July 31, 2015 was $293,726 with an unamortized discount of $204,036 resulting in a balance of $89,690 at July 31, 2015. The Company had conversions of $409,802 in principal and $15,680 in accrued interest during the twelve months ended July 31, 2016. Total principal due at July 31, 2016 is $1,726,241 with an unamortized discount of $1,309,568 with a resulting balance of $416,673.

Due to their being no explicit limit to the number of shares to be delivered upon settlement of the above conversion options embedded in the Convertible Promissory Notes, the options are classified as derivative liabilities and recorded at fair value.

During the twelve months ended July 31, 2016, the Company received proceeds of $871,000 from the issuance of convertible notes. During the twelve months ended July 31, 2016, the Company repaid $60,458 of convertible notes. The notes carry an interest rate of 8%. The notes are convertible at a variable conversion price of 50% of the market price and calculated using the lowest trading days during the preceding 20 days before conversion.

Derivative Liability:

As of July 31, 2016, the fair values of the conversion options on the convertible notes were determined to be $2,207,803 using a Black-Scholes option-pricing model. Upon the issuance dates of the Convertible Promissory Notes, $1,890,726 was recorded as debt discount and $1,736,343 was recorded as day one loss on derivative liability. During the twelve months ended July 31, 2016, there was a loss on mark-to-market of the conversion options of $1,031,944. As of July 31, 2016 and July 31, 2015, the aggregate unamortized discount is $1,309,568 and $204,036, respectively. During the twelve months ended July 31, 2016, the loss on derivative liability was $1,736,343.

The following table summarizes the derivative liabilities included in the consolidated balance sheet at July 31, 2016:

Balance at July 31, 2015	$ 352,587
Debt discount	1,890,726
Day one loss on fair value	1,736,343
Loss on change in fair value	(1,031,944)
Write off due to Conversion	(739,459)
Balance at July 31, 2016	$ 2,207,803

Pursuant to ASC 815, "Derivatives and Hedging," the Company recognized the fair value of the embedded conversion feature of all the notes. The initial fair value of the derivative liability was determined using the Black Scholes option pricing model with a quoted market price of $0.02 to $0.30, a conversion price of $0.00625 to $0.035, expected volatility of 22% to 424%, no expected dividends, an expected term of one year and a risk-free interest rate of 0.01% to 0.32% . The discount on the convertible loan is accreted over the term of the convertible loan. During the twelve months ended July 31, 2016, the Company recorded amortization of debt discount of $545,507.

8. Debt

Short Term Debt - Minerco Line of Credit

On May 1, 2014, the Company entered into an Agreement (the “Line of Credit”) with Post Oak, LLC ("Post Oak”), where, among other things, the Company and Lender entered into a Line of Credit Financing Agreement in the principal amount of up to Two Million Dollars ($2,000,000), or such lesser amount as may be borrowed by the Company as advances under this line of credit (the “Line of Credit”). On April 1, 2015, the Company increased the line of credit to Three Million Dollars ($3,000,000). As of July 31, 2016 and July 31, 2015, the Company had 1,865,563 and 2,175,000 outstanding under the line of credit respectively.

On May 17, 2016, Post Oak agreed to forgive $96,052 in accrued interest and sign a promissory note for the remaining $96,052 due on May 17, 2017.

During the twelve months ended July 31, 2016, Post Oak exchanged $583,934 outstanding under its line of credit with us with unrelated third parties and loaned the Company $542,500.

During the twelve months ended July 31, 2016, the Company exchanged $380,363 in principal and accrued interest under its line of credit with Post Oak for two convertible promissory notes in the amount of $380,363.

During the twelve months ended July 31, 2016, the Company converted $188,281 of principal and interest of the line of credit into 1,363,970 Series B Preferred shares and recorded a loss of $161,177 due to the difference between the fair market value of $349,458 and note and interested converted to settle the debt respectively. There is no accounting impact for the modification as there were not associated fees with the line of credit.

During the twelve months ended July 31, 2016, the Company converted $341,300 of principal and interest of the line of credit into 31,375,500 shares of common stock and recorded a loss of $492,363 due the difference between the fair market value of $622,763 and note and interest converted to settle the debt respectively. There is no accounting impact for the modification as there were not associated fees with the line of credit.

The summary of the Line of Credit is as:

This Line of Credit bears interest at the rate of ten percent (10.00%) per annum.

The entire outstanding principal amount of this Line of Credit is due and payable on July 31, 2016 (the “Maturity Date”).

Advances. Subject to the provisions of the line of credit, the Company has the right, at any time or from time to time prior to the Maturity Date to request loans and advances from the Lender (individually an “Advance” and collectively, the “Advances”). Each such Advance is to be considered a legal promissory note, is to be in the amount of $250,000 and is to be reflected on Schedule A to this Line of Credit and initialed as received by an officer or director of the Company. The Lender is not under any obligation to make advances under this Line of Credit.

Use of Proceeds. All proceeds received by the Company from each Advance made by the Lender under this Line of Credit are to be used by the Company for expenses incurred by the Company in connection with working capital and any other operating expenses determined to be necessary by the Company.

Interest Payments, Balloon Payment. The Company pays interest at the rate of ten percent (10.00%) per annum, calculated on a per day basis for each Advance made by Lender, and the Company is obligated to make one interest payment in twelve (12) months and one interest payment in eighteen (18) months. The Company is obligated to make a payment for the entire unpaid balance of all Advances, plus any accrued unpaid interest, as per a “balloon” payment, in two (2) years from the date of the Line of Credit.

Minerco Notes Payable

On September 11, 2015, the Company signed a line of credit with Capital Advance Partners, LLC for the amount of $58,360 with $18,360 recognized as a discount on the note payable for net proceeds of $40,000 payable over 4 months. $40,000 was repaid during the twelve months ended July 31, 2016 and as of July 31, 2016, $0 is outstanding, net of discount of $18,360.

Avanzar Notes Payable

Avanzar has received proceeds from various unrelated third parties and these notes have an interest rate of between 8% and 12% and matured between February 28, 2015 and December 31, 2015. The total principal due as of July 31, 2016 is $149,970. A schedule of the notes payable are below:

Principal at 7/31/2015	Principal at 7/31/2016	Interest Rate	Maturity
$ 20,000	$ -	8%	In default
$ 10,000	$ -	8%	In default
$ 20,000	$ -	8%	In default
$ 49,970	$ -	12%	In default
$ 10,000	$ -	Non-interest bearing	In default
$ 20,000	$ -	8%	In default
$ 20,000	$ -	8%	In default
$ 149,970	$ -		

There were no repayments during the three months ended July 31, 2016.

Avanzar Line of Credit

On September 1, 2015, Avanzar signed a line of credit with BFS West Capital for a principal amount of $125,000. The factor rate is 1.42.

During the twelve months ended July 31, 2016, $47,953 was repaid from the line of credit and as of July 31, 2016, $0 is outstanding.

9. Common Stock

On August 5, 2014, the Company effectuated an increase in our authorized shares of common stock from 2,500,000,000 to 3,500,000,000. On October 2, 2015, the Company effected a 100 for 1 reverse stock split, decreasing authorized shares of common stock from 3,500,000,000 to 250,000,000 and as a result decreasing the issued and outstanding share of common stock from 3,496,233,557 to 34,962,336 and decreasing the issued and outstanding shares of Class A Preferred from 15,000,000 to 150,000. All shares amounts in these financial statements have been retroactively adjusted for all periods presented to reflect this stock split.

For the twelve months ended July 31, 2016, Minerco has issued following shares:

On September 15, 2015, the Company issued 100,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $11,000 and was expensed as stock compensation.

On October 1, 2015, the Company exchanged 595,000 shares of Series B Preferred for 2,975,000 shares of common stock.

On October 9, 2015, the Company exchanged 80,000 shares of Series B Preferred for 400,000 shares of common stock.

On November 21, 2015, the Company issued 1,116,000 shares of common stock for consulting services in three (3) separate transactions. The fair value of these shares was determined to be $25,668 and was expensed as consulting expense.

On November 30, 2015, the Company exchanged 500,000 shares of Series B Preferred for 2,500,000 shares of common stock.

On December 8, 2015, the Company exchanged 236,970 shares of Series B Preferred for 1,184,850 shares of common stock.

During the twelve months ended July 31, 2016, the Company converted $510,581 of principal and interest of the line of credit into 38,035,350 shares of common stock and recorded a loss of $352,960 due the difference between the fair market value of $863,451 and note and interest converted to settle the debt respectively

During the twelve months ended July 31, 2016, the Company issued, 36,794,859 common shares for the conversion of $425,482 convertible promissory notes and accrued interest. These notes converted at conversion rates between $0.00625 and $0.035.

10. Preferred Stock

The preferred stock may be divided into and issued in series. The Board of Directors of the Company is authorized to divide the authorized shares of preferred stock into one or more series, each of which shall be so designated as to distinguish the shares thereof from the shares of all other series and classes.

On January 11, 2011, the Company authorized 25,000,000 shares of unclassified preferred stock.

Class A Convertible Preferred Stock

On January 11, 2011, the Company designated 15,000,000 shares of its preferred stock as Class A Convertible Preferred Stock ("Class A Stock"). Each share of Class A Stock is convertible into 10 shares of common stock, has 100 votes, has no dividend rights except as may be declared by the Board of Directors, and has a liquidation preference of $1.00 per share.

Class B Convertible Preferred Stock

Dividends

The Series B Shares accrue dividends at the rate per annum equal to 8% of the Stated Value which initially is ten dollars per share payable in cash; provided that after an initial public offering of the Company's common stock the dividends may be paid at the option of the Company in cash or additional shares of common stock.

Conversion

Each Series B Share (together with any accrued but unpaid dividends thereon) is convertible into shares of Common Stock at the option of the holder at any time at a conversion price per share equal to the sum of the Stated Value a divided by the Conversion Price, subject to adjustment as described below. The initial Conversion Price is equal to $0.02 . The Series B Shares automatically convert to common stock immediately prior to the closing of a firmly underwritten public offering for gross offering proceeds of at least $10,000,000 or upon the consent of two-thirds of the holders of Series B Shares.

Redemption

The Company has the right to redeem the Series B Shares at any time at a price per share equal to the Stated Value multiplied by 125% .

Liquidation

In the event of a liquidation, dissolution or winding up of the Company and other Liquidation Events as defined in the Certificate of Designations, holders of Series B Shares are entitled to receive from proceeds remaining after distribution to the Company's creditors and prior to the distribution to holders of Common Stock but junior to the Series A Preferred Stock the (x) Stated Value (as adjusted for any stock splits, stock dividends, reorganizations, recapitalizations and the like) held by such holder and (y) all accrued but unpaid dividends on such shares.

Anti-Dilution

The Series B Shares are entitled to weighted average anti-dilution protection under certain circumstances specified in the Certificate of Designations.

Voting

Except as otherwise required by law and except as set forth below, holders of Series B Shares will, on an as-converted basis, vote together with the Common Stock as a single class. Each holder of Series B Shares is entitled to cast the number of votes equal to five times the number of shares of Common Stock into which such shares of Series B Shares could be converted at the record date for determining stockholders entitled to vote at the meeting.

During the twelve months ended July 31, 2016, the Company converted $188,281 of principal and interest under the line of credit into 1,363,970 Series B Preferred shares and recorded a loss of $161,177 due the difference between the fair market value of $349,458 and note and interested converted to settle the debt respectively.

On September 9, 2015, the Company and JusThink, Inc. entered into an exchange agreement, whereby the Company issued 32,000 shares of Series B Preferred shares in settlement of $20,000 in accounts payable. The Company recognized a gain of $800 on the transaction due to the difference between the fair market value of $19,200 and accounts payable settled.

On September 28, 2015, the Company and MSF International, Inc. ("MSF"), effective August 1, 2015, entered into an exchange agreement whereby MSF exchanged 50 shares, or approximately five percent (5%), of Athena owned by MSF in exchange for 400,000 shares of the Company's Class B Preferred Stock. This transaction was recognized through equity section on the balance sheet in the amount of $93,956 and there was no gain or loss on the transaction.

On October 1, 2015, the Company and Eco Processing, LLC ("Eco"), entered into an exchange agreement whereby Eco exchanged 15 shares, or approximately one and half percent (1.5%), of Athena owned by Eco in exchange for 150,000 shares of the Company's Class B Preferred Stock. This transaction was recognized through equity section on the balance sheet in the amount of $28,187 and there was no gain or loss on the transaction.

On February 9, 2016, the Company and JusThink, Inc. entered into an exchange agreement, whereby the Company issued 100,000 shares of Series B Preferred shares in settlement of $15,000 in accounts payable. The Company recognized a gain of $1,750 on the transaction due to the difference between the fair market value of $13,250 and accounts payable settled.

During the twelve months ended July 31, 2016, the Company entered into exchange agreements with 12 shareholders to exchange 752,713 shares of common stock for 156,900 shares of Series B Preferred shares, as of July 31, 2016, only 524,258 shares of common stock have been exchanged for 106,500 shares of Series B.

On September 10, 2014, the Company issued 500,000 Class B convertible preferred shares to V. Scott Vanis ("Vanis"), its Chief Executive Officer valued at $0.62 or $1,550,000. The Company recognized this as compensation and will amortize this over the vesting period which is July 31, 2017. On January 7, 2015, the Company entered into an exchange agreement with Vanis, where, among other things, the Company and Vanis exchange Vanis' five hundred thousand (500,000) shares of the Company's Class 'B' Preferred stock and all accrued and unpaid dividends for two hundred fifty thousand (250,000) shares of the Company's Class 'C' Preferred stock. The total expense for twelve months ended July 31, 2016 is $598,078.

On September 10, 2014, the Company issued 500,000 Class B convertible preferred shares to Sam J Messina III ("Messina"), our former Chief Financial Officer valued at $0.62 or $1,550,000. The Company recognized this as compensation and will amortize this over the vesting period which is July 31, 2017. On January 7, 2015, the Company entered into an exchange agreement with Messina, where, among other things, the Company and Messina exchange Messina's five hundred thousand (500,000) shares of the Company's Class 'B' Preferred stock and all accrued and unpaid dividends for two hundred fifty thousand (250,000) shares of the Company's Class 'C' Preferred stock. The total expense for the twelve months ended July 31, 2016 is $598,078.

Class C Convertible Preferred Stock

On January 7, 2015, the Company filed a Certificate of Designations for the creation of a class of Series C Preferred Stock with the Nevada Secretary of State. The number of shares constituting Series C Preferred is 1,000,000. The stated value is $20.00 per share. The holders of the Series C Preferred are also entitled to a liquidation preference equal to the stated value plus all accrued and unpaid dividends. Each share of Series C Preferred is convertible into 1,000 shares of common stock; however the conversion price is subject to adjustment. Holders of shares of Series C Preferred vote together with the common stock as a single class and each holder of Series C Preferred is entitled to 5 votes for each share of Common Stock into which such shares of Series C Preferred held by them could be converted. The Company has the right to redeem the shares of Series C Preferred at any time after the date of issuance at a per share price equal to 125% of the stated value.

During the twelve months ended July 31, 2016, the Company had accrued preferred dividends of $797,839.

11. Related Parties

As of July 31, 2016, the Company owes its current Chief Executive Officer $463,911 ($238,911 – July 31, 2015) in accrued salary ($18,750 per month) and $11,166 ($181,044 – July 31, 2015) for advances made to the Company. The Company owes its current Chief Financial Officer $90,000 ($33,500 – July 31, 2015) in accrued salary ($12,500 per month).

As of July 31, 2016 and July 31, 2015, Avanzar owes one of its members $0 and $23,170 , respectively, for advances made to the Company.

On April 30, 2016, the Company entered into a Convertible Promissory Note with its Chief Executive Officer in the amount of $407,661 for salary accrued. The notes carry an interest rate of 5%. The note is convertible at the lower of a variable conversion price of 50% of the market price and calculated using the lowest trading days during the preceding 5 days before conversion or $0.015.

On April 30, 2016, the Company entered into a Convertible Promissory Note with its former Chief Financial Officer in the amount of $52,500 for salary accrued. The notes carry an interest rate of 5%. The note is convertible at the lower of a variable conversion price of 50% of the market price and calculated using the lowest trading days during the preceding 5 days before conversion or $0.015.

On July 31, 2016, the Company entered into a Convertible Promissory Note with its Chief Executive Officer in the amount of $56,250 for salary accrued. The notes carry an interest rate of 5%. The note is convertible at the lower of a variable conversion price of 50% of the market price and calculated using the lowest trading days during the preceding 5 days before conversion or $0.015.

On July 31, 2016, the Company entered into a Convertible Promissory Note with its former Chief Financial Officer in the amount of $37,500 for salary accrued. The notes carry an interest rate of 5%. The note is convertible at the lower of a variable conversion price of 50% of the market price and calculated using the lowest trading days during the preceding 5 days before conversion or $0.015.

12. Commitments

Capital Leases

We have a capital leases for property and equipment through our subsidiary Avanzar. At July 31, 2016, total future minimum payments on our capital lease were as follow fiscal years:

2017		-
Total	$	-

Operating Leases

We have an operating lease for San Diego office. At July 31, 2016, total future minimum payments on our operating lease were as follow fiscal years:

2017		-
2018		-
Total	$	-

13. Noncontolling Interest

The Company owns 81.8% of its subsidiary Athena. The remaining 18.2% is owned by unrelated third parties. Athena owns 75% equity interest of Avanzar Sales and Distribution, LLC. The net loss attributable to noncontrolling interest for the twelve months ended July 31, 2016 was $179,608.

On September 2, 2015, the Company and MSF entered into a Mutual Release and Settlement Agreement for the Pledge and Security Agreement. In exchange for forgiving the promissory note in the amount $682,850 which was impaired to $117,196 as of July 31, 2015, MSF exchanged 50 shares, or approximately five percent (5%), of Athena owned by MSF. During the three months ended July 31, 2016, this transaction was recognized through equity section on the balance sheet in the amount of $117,196 and there was no gain or loss recognized.

On July 5, 2016, the Company entered into an Exchange Agreement with MSF International, Inc. ("MSF") where, among other things, the Company and MSF agreed to Exchange MSF's Eighteen and Two-Tenths percent (18.2%) equity in Athena Brands, Inc. for a Promissory Note in the amount of Three Hundred Fifty Thousands Dollars ($350,000). The Exchange Agreement left the company with 100% right, title and equity interest in Athena Brands, Inc.

14. Sale of Discontinued Operations

On July 15, 2016, the Company entered into an Asset Purchase Agreement with Pacific Isle, Ltd., to divest of One Hundred percent (100%) of all of the Seller's rights, title and interest in and to Seller's subsidiary, Athena Brands, Inc., formerly Level 5 Beverage, Inc., including all Seller's right, title and interest to Avanzar Sales & Distribution, LLC. The Company issued Pacific Isle, Ltd. a Promissory Note in principal amount of Two Hundred and Fifty Thousand Dollars (US$250,000).

15. Subsequent Events

On August 2, 2016, the Company issued 3,300,000 common shares in one (1) transaction upon exchange of $13,530 pursuant to a debt exchange agreement under the line of credit with Post Oak, LLC.

On August 10, 2016, the Company issued 1,700,000 common shares in one (1) transaction upon exchange of $7,650 pursuant to a debt exchange agreement under the line of credit with Post Oak, LLC.

On October 26, 2016, the Company issued 5,055,541 common shares in one (1) transaction upon the exchange of $11,122 in principal and accrued interest under a convertible promissory note dated October 22, 2014.

On November 2, 2016, the Company issued 506,250 common shares in one (1) transaction upon the exchange of $1,114 in principal and accrued interest under a convertible promissory note dated October 22, 2014.

On November 4, 2016, the Company issued 5,416,211 common shares in one (1) transaction upon the exchange of $9,749 in principal and accrued interest under a convertible promissory note dated October 22, 2014.

On November 10, 2016, the Company issued 5,577,533 common shares in one (1) transaction upon the exchange of $8,366 in principal and accrued interest under a convertible promissory note dated October 22, 2014.

On November 15, 2016, the Company issued 6,203,348 common shares in one (1) transaction upon the exchange of $8,375 in principal and accrued interest under a convertible promissory note dated October 22, 2014.

On November 18 2016, the Company issued 6,331,142 common shares in one (1) transaction upon the exchange of $7,597 in principal and accrued interest under a convertible promissory note dated October 22, 2014.

On January 5, 2017, the Company entered into an Exchange Agreement with MSF, where, among other things, the Company and MSF agreed to exchange the Original Promissory Note, dated July 5, 2016, for a new Convertible Promissory Note with a convertible feature, with a new due date of July 5, 2017.

On February 1, 2017, the Company entered into an Exchange Agreement regarding Convertible Promissory Note, in default at the time, with Rios ("Rios"), where, among other things, the Company and Rios agreed to exchange the Original Promissory Note , dated July 31, 2016 and reissued on August 15, 2016, with principal amount of $100,000 and due on November 1, 2016, for an extended due date Convertible Promissory Note, with a new due date of July 5 ,2017.

On April 3, 2017, the Company entered into an Exchange Agreement with the former Chief Financial Officer and former member of the Board of Directors, who resigned on March 31, 2017, where, among other things, the Company and the former CFO exchanged his Two Hundred Fifty-Thousand shares of Class C Preferred Stock for amendment and restatement of his five (5) Convertible Promissory Notes. They are in the amounts of $52,500 dated July 31, 2016, $37,500 dated July 31, 2016, $37,500 dated October 31, 2016, $37,500 dated January 31, 2017 and $25,000 dated March 31, 2017.

On July 3, 2017, the Company entered into an Exchange Agreement with our Chief Executive Officer and Chairman of the Board of Directors, where, among other things, the Company and our CEO exchanged Vanis' accrued salary, for fiscal year 2017 (August 1, 2016 through July 31, 2017), in amount of Two Hundred and Twenty-Five Thousand Dollars and 00/100 Cents ($225,000.00), One Hundred Twelve Thousand Five Hundred Twenty-Six (112,526) shares the Company's Preferred Class 'B' Stock AND Two Hundred and Fifty Thousand (250,000) shares of the Company's Preferred Class 'C' Stock for Five Hundred Thousand Shares (500,000) of the Company's Preferred Class 'A' Stock.

On July 13, 2017, with an effective date of July 7, 2017, the Company filed a Certificate of Amendment with the Secretary of State of Nevada to increase its authorized common stock to 5,000,000,000, reduce its Class A Preferred Stock to authorized to 3,000,000, amend the Voting Rights of the Class A Preferred Stock to 10,000 to 1 and create a Class D Preferred Stock with an authorized of 3,000,000.

ITEM 6. DESCRIBE THE ISSUER'S BUSINESS, PRODUCTS AND SERVICES.

A. DESCRIPTION OF ISSUER'S BUSINESS OPERATIONS.

MINE is a holding company with one subsidiary and one indirect subsidiary.

Since 2012, our primary focus has been on our subsidiary Athena Brands, Inc., formerly Level 5 Beverage Company, Inc., and its functional beverage business. In September, 2012, we formed Athena, a specialty beverage company which develops, produces, markets and distributes a diversified portfolio of forward-thinking, good-for-you consumer brands. Athena has developed or acquired exclusive rights to four separate and distinct brands: VitaminFIZZ®, Vitamin Creamer®, COFFEE BOOST and The Herbal Collection™, and The Herbal Collection has been transferred and assigned from Athena to us. During the year ended July 31, 2015 we generated revenue of $233,824 all of which was generated from sales of our VitaminFIZZ® products.

We organically developed the COFFEE BOOST™ Brands, and we acquired the exclusive, worldwide rights to the VitaminFIZZ® Brand from VITAMINFIZZ, L.P. in November, 2013. In 2014, we acquired 100% of the right, title and intellectual property to the Vitamin Creamer® Brand. The current focus of our business is on the VitaminFIZZ® brand and in September 2014, we acquired 100% ownership of the brand. We are currently completing the research and development of the VitaminCreamer® brand to include a Boost and Relax, and we are completing the formulation and packaging for The Herbal Collection™ brand.

Athena also owns a majority interest in Avanzar, a sales and distribution company locate in Brea, California. Avanzar is a full service brokerage which includes account management, trade development and logistics services as well as in house DSD operations throughout Southern California. Avanzar distributes products to some of the most trusted retailers in the United States, including Kroger, Albertsons, HEB, Golub (Price Chopper), Whole Foods, Walgreens, 7-Eleven, Tesoro, Circle K, Chevron, Kmart, Gelson's and Winco , On October 24, 2014 (effective September 15, 2014), we entered into a Membership Interest Purchase Agreement with Avanzar to acquire the controlling interest in Avanzar. Athena acquired an initial thirty percent (30%) equity position and fifty-one percent (51%) voting interest in Avanzar for the purchase pice of $500,000 with an option to acquire a twenty-one percent (21%) interest in Avanzar and second option to acquire up to an aggregate of seventy-five percent (75%) interest in Avanzar. The Agreement was effective as of September 15, 2014. As of July 31, 2015, all 3 of the options were exercised.

On July 15, 2016, the Company entered into an Asset Purchase Agreement with Pacific Isle, Ltd., to divest of One Hundred percent (100%) of all of the Seller's rights, title and interest in and to Seller's subsidiary, Athena Brands, Inc., formerly Level 5 Beverage, Inc., including all Seller's right, title and interest to Avanzar Sales & Distribution, LLC. The Company issued Pacific Isle, Ltd. a Promissory Note in principal amount of Two Hundred and Fifty Thousand Dollars (US$250,000).

As of September 20, 2013, we completely discontinued operations of our Renewable Energy line of business. On May 5, 2015, effective July 31, 2015, we entered into a Securities Purchase Agreement (the "Agreement") with MSF a Belize corporation for the sale to MSF of all our rights and title and interest in its (i) Chiligatoro Hydro-Electric Project and its earned interest therein; (ii) Iscan Hydro-Electric Project and its 10% royalty interest therein; and (iii) its Sayab Wind Project and its 6% royalty interest therein (the "Assets"). The purchase price shall consist of MSF assuming Thirty Two Thousand Six Hundred Forty-two US Dollars ($32,642) of certain accounts payable of the Company and a note payable by MSF to the Company in the principal amount of Six Hundred Eighty Two Thousand Eight Hundred Fifty US Dollars ($682,850) Dollars, accruing interest at a rate of 5% per annum, with interest payable quarterly commencing September 1, 2015 and the principal balance thereof and accrued and unpaid interest due and payable twelve (12) months after the date of its closing.

B. DATE AND STATE OF INCORPORATION

The Company was originally incorporated in the State of Nevada on June 21, 2007.

C. PRIMARY AND SECONDARY SIC CODES

The Company's primary (and only) SIC code is 2833(Holding Companies)

D. THE COMPANY'S FISCAL YEAR END DATE

The Company's fiscal year ends on July 31.

E. RESULTS OF OPERATIONS FOR THE TWELVE MONTHS ENDED JULY 31, 2016 COMPARED TO THE TWELVE MONTHS ENDED JULY 31, 2015:

Revenues: The Company had $621,534 in revenue for the twelve months ended July 31, 2016, compared to $2,452,999 revenue for the three months ended July 31, 2015.

Cost of Revenues: the Company had $568,097 in costs of revenue for the twelve months ended July 31, 2016 compared to $2,282,925 cost of revenue for the twelve months ended July 31, 2015.

Gross Profit: The Company had $53,437 in gross profit for the twelve months ended July 31, 2016, compared to $170,074 gross profit for the twelve months ended July 31, 2015.

Operating Costs: Operating costs consist of the Company's administrative expenses before depreciation and interest. Operating costs for the twelve months ended July 31, 2016 totaled $2,653,074 compared to $3,516,574 for the three months ended July 31, 2015.

Operating Gain (Loss): The Company produced an operating loss for the twelve months ended July 31, 2016 of $2,599,637 compared to a loss of $3,346,500 for the twelve months ended July 31, 2015.

Net Gain (Loss) Before Income Taxes: Net gain or loss before income taxes represents operating gain or loss plus other (non-operating) gain or loss. For the twelve months July 31, 2016, the company had a net loss of $5,224,943 compared to a net loss of $5,268,929 for the twelve months ended July 31, 2015.

Liquidity and Capital Resources: During the twelve months ended July 31, 2016, the Company used cash or cash equivalents from operations of $770,826.

G. OFF-BALANCE SHEET ARRANGEMENTS

The Company did not engage in any off-balance sheet arrangements during the twelve months ended July 31, 2016.

ITEM 7. DESCRIBE THE ISSUER'S FACILITIES

The Company is currently operating from leased offices located at 800 Bering Drive, Suite 201, Houston, TX 77057.

ITEM 8. OFFICERS, DIRECTORS AND CONTROL PERSONS

A. NAMES OF OFFCERS, DIRECTORS AND CONTROL PERSONS

The current CEO of the Company is V. Scott Vanis

There is one members of the board of directors: V. Scott Vanis

B. LEGAL/DISCIPLINARY HISTORY

Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

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

NO.

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

NO.

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

NO.

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

NO.

C. BENEFICIAL SHAREHOLDERS

None.

ITEM 9. THIRD PARTY PROVIDERS

A. Legal Counsel

None.

B. Accountant or Auditor

None.

C. Investor Relations Consultant

None.

D. Other Advisor(s)

None.

ITEM 10. OTHER INFORMATION

None.

ITEM 11. EXHIBITS

N/A

ITEM 12. CERTIFICATIONS

I, V. Scott Vanis, certify that:

1. I have reviewed this quarterly disclosure statement of Minerco, Inc.

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements and other financial information included or incorporated by reference in this disclosure statement, fairly present, in all material respects, the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

V. Scott Vanis
CEO

Dated: July 28, 2017