QUARTERLY REPORT OF

Minerco, Inc.

FOR THE SIX MONTHS ENDED JANUARY 31, 2017

A NEVADA CORPORATION

800 Bering Drive, Suite 201, Houston, TX 77057

(866-601-2639)

TABLE OF CONTENTS

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 January 31, 2017, 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 October 25, 2014 to October 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 October 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.

During the six months ended January 31, 2017, the Company converted $21,180 of principal and interest of the line of credit into 5,000,000 shares of common stock and recorded a loss of $29,720 due the difference between the fair market value of $50,900 and note and interest converted to settle the debt respectively

During the six months ended January 31, 2017, the Company issued, 29,090,025 common shares for the conversion of $46,323 convertible promissory notes and accrued interest. These notes converted at conversion rates between $0.0012 and $0.0022.

Minerco, Inc.
Consolidated Balance Sheets
(unaudited)

	January 31, 2017	July 31, 2016
ASSETS		
Cash	$ —	$ —
Accounts Receivable, Net	—	—
Inventory	—	—
Prepaid Expenses	—	—
Notes Receivable, Current	—	—
Current Assets	—	—
Other Assets		
Property and Equipment, net	5,492	6,531
Prepaid Expenses, Noncurrent	—	—
Goodwill	—	—
Customer Relationships, net	—	—
Intangible Assets, net	296,468	299,973
Total Assets	$ 301,960	$ 306,524
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,775,049	$ 1,116,131
Note Payable, net of unamortized discount $18,360 and $0	—	—
Accounts Payable – Related Party	8,666	8,666
Convertible debt, net unamortized discount $1,873,968 and $204,036	448,224	416,674
Capital Lease Obligations, Current	—	—
Line of Credit	—	—
Derivative liabilities	4,074,636	2,207,352
Short term Debt	2,094,383	2,465,563
Total Current Liabilities	8,400,958	6,214,385
Capital Lease Obligations, Noncurrent	—	—
Total Liabilities	8,400,958	6,214,385
Stockholders' Deficit		
Series A Convertible Preferred stock, $0.001 par value, 15,000,000 shares authorized, 150,000 outstanding at January 31, 2017 and at July 31, 2016	150	150
Series B Convertible Preferred stock, $0.001 par value, 2,000,000 shares authorized, 1,074,309 and 1,074,309 outstanding at January 31, 2017 and at July 31, 2016	1,074	366
Series C Convertible Preferred stock, $0.001 par value, 1,000,000 shares authorized, 836,543 outstanding at January 31, 2017 and at July 31, 2016	837	837
Common stock, $0.001 par value, 250,000,000 shares authorized, 144,977,412 and 110,887,387 outstanding at January 31, 2017 and at July 31, 2016	144,978	110,888
Additional paid-in capital	28,473,278	27,774,453
Accumulated deficit	(36,719,314)	(33,952,013)
Total Stockholders' Deficit	(8,098,998)	(5,907,881)
Total Liabilities and Stockholders' Deficit	$ 301,960	$ 306,524

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

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

	Three Months Ended January 31, 2017	Six Months Ended January 31, 2017	Three Months Ended January 31, 2016	Six Months Ended January 31, 2016
Sales:				
Products	$ 105,000	$ 555,534	$ 196,021	$ 450,534
Services	—	66,000	—	66,000
Total Sales	105,000	621,534	196,021	515,534
Cost of Goods Sold	119,012	568 097	160,609	449,085
Gross Profit	(14,012)	53,437	35,412	67,449
Selling and Marketing	-	58,991	11,000	58,991
General and Administrative	485,631	2,156,034	792,328	1,670,403
Total Operating Expenses	485,631	2,215,025	803,328	1,729,394
Net Loss from Operations	(499,652)	(2,161,588)	(767,916)	(1,661,945)
Other Income (Expenses):				
Interest Expense, net	(240,135)	(668,004)	(242,583)	(417,668)
Gain/(Loss) on Derivative Liability	(737,940)	(1,137,921)	(110,901)	(399,981)
Gain/(Loss) on Debt for Equity Swap			(187,200)	(364,109)
Total Other Expenses	(1,128,168)	(2,309,126)	(540,684)	(1,181,758)
Net loss	(1,627,811)	(4,470,714)	(1,308,600)	(2,843,703)
Net loss attributable to Noncontrolling interest	(41,500)	(179,608)	(42,579)	(138,108)
Net loss attributable to Minerco	(1,586,311)	(4,291,106)	(1,266,021)	(2,705,595)
Preferred Stock Dividends	(1,794,340)	(4,806,499)	194,328	306,564
Net loss attributable to common shareholders			(1,460,349)	(3,012,159)
Net Loss Per Common Share – Basic and Diluted	$ (0.01)	$ (0.02)	$ (0.03)	$ (0.07)
Weighted Average Common Shares Outstanding	141,874,548	128,890,086	49,538,915	45,132,238

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

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

	Six months ended January 31, 2017	Six months ended January 31, 2016
Cash Flows from Operating Activities		
Net income (loss) for the period	$ (2,767,301)	$ (2,843,703)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on debt for equity swap	29,720	364,109
Loss on derivative liability	1,392,482	399,981
Accretion Discount	41,550	263,941
Stock-based Compensation	602,994	639,600
Amortization and Depreciation	4,544	19,044
Changes in operating assets and liabilities:		
Prepaid expenses	—	1,000

Inventory	—	116,871
Accounts Receivable	—	(20,168)
Accounts payable	696,011	(8,138)
Accrued Expenses	—	92,472
Accounts payable - related parties	—	55,974
Net Cash Used in Operating Activities	—	(918,959)
Cash Flow from Investing Activities		
Cash paid for purchase of intangible assets	—	(35,874)
Net Cash Used in Investing Activities	—	(35,874)
Cash Flows from Financing Activities		
Repayments of note payable	—	(100,458)
Proceeds from short term debt	—	480,000
Proceeds from note payable	—	40,000
Net proceeds (payments) from line of credit	—	77,047
Repayments of Capital Lease Obligations	—	(18,669)
Net Cash Provided by Financing Activities	—	947,920
Net change in cash	—	(6,913)
Cash, Beginning of Period	—	7,258
Cash, End of Period	$ —	$ 345
Supplemental disclosures of cash flow information		
Cash paid for interest	$ —	$ 102,106
Cash paid for income taxes	—	—
Non Cash investing and Financing activities:		
Exchange Accounts Payable for Series B Convertible Preferred	—	20,000
Reclass Prepaids to Intangibles	—	250,000
Convertible Debt and accrued interest converted into common shares	—	163,421
Debt and accrued interest Converted into Shares	46,323	322,336
Debt Discount recorded for derivative liability	—	850,363
Reclass derivative liability to equity	62,698	302,690
Conversion of Series B Convertible Preferred stock to Common Shares	—	7,063
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	428,546	306,564

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

Minerco, Inc.
Consolidated Statements of Members' Deficit and Stockholders' Deficit
Six Months Ended January 31, 2017
(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
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)
Common Stock Issued for Debt Conversion	29,090,025	29,090	—	—	—	—	—	—	17,233	—	—	—	46,323
Stock in resolution of debt liabilities	5,000,000	5,000	—	—	—	—	—	—	45,900	—	—	—	50,900
Write off of derivative liability	—	—	—	—	—	—	—	—	62,698	—	—	—	62,698
Preferred stock issued for employment agreements	—	—	—	—	—	—	—	—	602,993	—	—	—	602,993
Net loss	—	—	—	—	—	—	—	—	—	(2,767,300)	—	—	(2,767,300)
Balance, January 31, 2017	120,942,928	$ 120,943	150,000	$ 150	1,074,309	$ 1,074	836,543	837	$ 28,473,277	$ (36,719,313)	$ —	$ —	$ (8,098,998)

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 six months ended January 31, 2017, the Company has an accumulated deficit of $36,719,313, net loss of $2,767,300 and no revenue. 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 January 31, 2017.

3. Intangible Assets

Finite lived Intangible Assets, net, at January 31, 2017 and October 31, 2015 consists of:

	January 31, 2017	July 31, 2016
VitaminFizz Name Licensing Rights	$ 30,000	$ 30,000
VitaminFizz Brand Purchase	285,874	285,874
Vitamin Creamer	—	—
Less accumulated amortization	(19,406)	(15,901)
Intangible Assets, net	$ 296,468	$ 299,973

The Company had amortization expense of $3,504 and $3,504 during the six months ended January 31, 2017 and 2016, respectively.

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 January 31, 2017, $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 January 31, 2017 and July 31, 2016 consists of:

	Useful Life	January 31, 2017	July 31, 2016
Furniture and Fixtures	5 years	$ 7,830	$ 7,830
Computer and Equipment	3 years	2,413	2,413
Accumulated Depreciation		(4,541)	(3,711)
Property and Equipment, net		$ 5,491	$ 6,532

Depreciation expense was $22,042 and $1,038 for six months ended January 31, 2016 and 2017 respectively.

5. 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 January 31, 2017.

	Level 1	Level 2	Level 3	Total
Assets	$ —	$ —	$ —	$ —
Liabilities				
Derivative Financial Instruments	$ —	$ —	$ 4,074,636	$ 4,074,636

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

6. Convertible note payable and derivative liabilities

The total principal due at July 31, 2016 was $1,726,241 with an unamortized discount of $1,309,568 resulting in a balance of $416,673 at July 31, 2016. The Company had conversions of $10,000 in principal and $1,122 in accrued interest during the six months ended January 31, 2017. Total principal due at January 31, 2017 is $2,222,191 with an unamortized discount of $1,773,968 with a resulting balance of $448,223.

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.

Derivative Liability:

As of January 31, 2017, the fair values of the conversion options on the convertible notes were determined to be $4,074,636 using a Black-Scholes option-pricing model. Upon the issuance dates of the Convertible Promissory Notes, $537,500 was recorded as debt discount and $926,759 was recorded as day one loss on derivative liability. During the six months ended January 31, 2017, there was a loss on mark-to-market of the conversion options of $62,698. As of January 31, 2017 and July 31, 2016, the aggregate unamortized discount is $1,773,968 and $1,309,568, respectively. During the six months ended January 31, 2017, the loss on derivative liability was $429,272.

The following table summarizes the derivative liabilities included in the consolidated balance sheet at January 31, 2017:

Balance at July 31, 2016	$ 2,207,803
Debt discount	537,500
Day one loss on fair value	926,759
Loss on change in fair value	429,272
Write off due to Conversion	(62,698)
Balance at January 31, 2017	$ 4,074,636

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 $0.0017 to $0.0115, a conversion price between and $0.0012 and $0.0022, expected volatility of 225% to 225%, 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 six months ended January 31, 2017, the Company recorded amortization of debt discount of $41,550.

7. 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 January 31, 2017 and October 31, 2015, the Company had 1,865,563 and 2,175,000 outstanding under the line of credit respectively.

During the six months ended January 31, 2017, the Company converted $21,180 of principal and interest of the line of credit into 5,000,000 shares of common stock and recorded a loss of $29,720 due the difference between the fair market value of $50,900 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.

8. Common Stock

For the six months ended January 31, 2017, Minerco has issued following shares:

During the six months ended January 31, 2017, the Company converted $21,180 of principal and interest of the line of credit into 5,000,000 shares of common stock and recorded a loss of $29,720 due the difference between the fair market value of $50,900 and note and interest converted to settle the debt respectively

During the six months ended January 31, 2017, the Company issued, 29,090,025 common shares for the conversion of $46,323 convertible promissory notes and accrued interest. These notes converted at conversion rates between $0.0012 and $0.0022.

9. 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.

<u>Class A Convertible Preferred Stock</u>

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.

<u>Class B Convertible Preferred Stock</u>

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.

<u>Conversion</u>

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.

<u>Redemption</u>

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% .

<u>Liquidation</u>

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.

<u>Anti-Dilution</u>

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.

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 October 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 six months ended January 31, 2017 is $301,497.

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 October 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 six months ended January 31, 2017 is $301,497.

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 six months ended January 31, 2017, the Company had accrued preferred dividends of $428,546.

10. Related Parties

As of January 31, 2017, the Company owes its current Chief Executive Officer $576,411 ($463,911 – July 31, 2016) in accrued salary ($18,750 per month) and $11,166 ($11,166 – July 31, 2016) for advances made to the Company. The Company owes its current Chief Financial Officer $165,000 ($90,000 – July 31, 2016) in accrued salary ($12,500 per month).

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.

On October 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.

On January 31, 2017, 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.

11. Subsequent Events

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 January 31, 2017 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 January 31, 2017, $37,500 dated January 31, 2017, $37,500 dated January 31, 2017, $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 October 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 October 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 October 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 October 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 THREE MONTHS ENDED JANUARY 31, 2017 COMPARED TO THE THREE MONTHS ENDED JANUARY 31, 2016:

Revenues: The Company had $0 in revenue for the three months ended January 31, 2017, compared to $196,021 revenue for the six months ended October 31, 2015.

Cost of Revenues: the Company had $0 in costs of revenue for the three months ended January 31, 2017 compared to $160,609 cost of revenue for the three months ended January 31, 2016.

Gross Profit: The Company had $0 in gross profit for the three months ended January 31, 2017, compared to $35,412 gross profit for the three months ended January 31, 2016.

Operating Costs: Operating costs consist of the Company's administrative expenses before depreciation and interest. Operating costs for the three months ended January 31, 2017 totaled $397,644 compared to $803,328 for the three months ended January 31, 2016.

Operating Gain (Loss): The Company produced an operating loss for the six months ended January 31, 2017 of $397,644 compared to a loss of $767,916 for the three months ended January 31, 2016.

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 six months January 31, 2017, the company had a net loss of $739,121 compared to a net loss of $1,308,600 for the three months ended January 31, 2016.

Liquidity and Capital Resources: During the three months ended January 31, 2017, the Company used cash or cash equivalents from operations of $0.

F. RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JANUARY 31, 2017 COMPARED TO THE SIX MONTHS ENDED JANUARY 31, 2016:

Revenues: The Company had $0 in revenue for the six months ended January 31, 2017, compared to $516,534 revenue for the six months ended January 31, 2016.

Cost of Revenues: the Company had $0 in costs of revenue for the six months ended January 31, 2017 compared to $449,085 cost of revenue for the six months ended January 31, 2016.

Gross Profit: The Company had $0 in gross profit for the six months ended January 31, 2017, compared to $58,991 gross profit for the six months ended January 31, 2016.

Operating Costs: Operating costs consist of the Company's administrative expenses before depreciation and interest. Operating costs for the six months ended January 31, 2017 totaled $397,644 compared to $1,729,394 for the six months ended January 31, 2016.

Operating Gain (Loss): The Company produced an operating loss for the six months ended January 31, 2017 of $1,661,945 compared to a loss of $894,029 for the six months ended January 31, 2016.

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 six months January 31, 2017, the company had a net loss of $739,121 compared to a net loss of $2,843,703 for the six months ended January 31, 2016.

Liquidity and Capital Resources: During the six months ended January 31, 2017, the Company used cash or cash equivalents from operations of $0.

G. OFF-BALANCE SHEET ARRANGEMENTS

The Company did not engage in any off-balance sheet arrangements during the SIX MONTHS ended January 31, 2017.

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